NEW MEXICO MORTGAGE FINANCE AUTHORITY
Board Meeting
344 4th St. SW, Albuquerque, NM
Wednesday, December 18, 2019 at 9:30 a.m.

**Agenda**

**Chair Convenes Meeting**
- Roll Call (Jay Czar)
- Approval of Agenda – Board Action
- Approval of November 20, 2019 Board Meeting Minutes – Board Action

**Board Action Items**

<table>
<thead>
<tr>
<th>Finance Committee</th>
<th>Action Required?</th>
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<tbody>
<tr>
<td>1 FY2020 Internal Audit Plan (Jessica Bundy and Claire Hilleary-REDW)</td>
<td>YES</td>
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**Other**

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<tbody>
<tr>
<td>2</td>
<td>2020 Open Meetings Resolution (Jeremiah Ritchie)</td>
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<tr>
<td>3</td>
<td>2020 Series A Single Family Bond Resolution (Kathy Keeler)</td>
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<td>4</td>
<td>Revised MFA 2020 Legislative Agenda (Rebecca Velarde)</td>
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<td>5</td>
<td>Assignment of General Counsel Contract to Stelzner, Winter, Warburton, Flores, Sanchez, Dawes, P.A. (Gina Hickman)</td>
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<tr>
<td>6</td>
<td>Assignment of Housing Development Counsel Contract to Stelzner, Winter, Warburton, Flores, Sanchez, Dawes, P.A. (Gina Hickman)</td>
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</tbody>
</table>

**Closed Session**

- Limited Personnel Matters
  - Closed Session to be held Pursuant to Section 10-15-1(H) (2) of the Open Meetings Act – discussion of candidates for the position of executive director and potential terms of employment (Chair Angel Reyes)

  (Motion and affirmative vote are required to close the meeting for this limited purpose)

**Open Session**

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<tr>
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<tr>
<td>8</td>
<td>Limited Personnel Matters</td>
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</table>
  - Action related to the hiring and employment of executive director (Jeremiah Ritchie) Board’s Discretion |

**Other Board Items**

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<tbody>
<tr>
<td>9</td>
<td>Staff is available for questions</td>
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</tbody>
</table>
  - Staff Action Requiring Notice to Board |
  - 2019 Series F Pricing Summary |

**Monthly Reports**

<table>
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<tbody>
<tr>
<td>10</td>
<td>Staff is available for questions</td>
</tr>
</tbody>
</table>
  - October 31, 2019 Financial Statements |
  - Communications Department Reports |

**Announcements and Adjournment**

**Confirmation of Upcoming Board Meetings**
- January 22, 2020 – 9:30 a.m. Wednesday (Inn & Spa of Loretto, Santa Fe)
- February 19, 2020 – 9:30 a.m. Wednesday (Albuquerque – MFA)
- March 19, 2019 - 9:30 a.m. Wednesday (Albuquerque – MFA)
Adjournment
NEW MEXICO MORTGAGE FINANCE AUTHORITY
Board Meeting
344 4th St. SW, Albuquerque, NM
Wednesday, December 18, 2019 at 9:30 a.m.

Agenda

Chair Convenes Meeting
➢ Roll Call (Jay Czar)
➢ Approval of Agenda – Board Action
➢ Approval of November 20, 2019 Board Meeting Minutes – Board Action

Board Action Items

Finance Committee
1 FY2020 Internal Audit Plan (Jessica Bundy and Claire Hillary-REDW) - REDW will present the internal audit plan for FY2020 for board approval. YES

Other
2 2020 Open Meetings Resolution (Jeremiah Ritchie) - The New Mexico Mortgage Finance Authority Open Meetings Resolution is submitted for MFA Board of Directors approval pursuant to Section 10-15-1 (B) and (D) of the New Mexico Open Meetings Act (Sections 10-15-1 to 10-15-4 NMSA 1978), and the MFA Bylaws, Section 7.4, which require that the MFA determine annually, in a public meeting, what constitutes reasonable notice of its public meetings. YES

3 2020 Series A Single Family Bond Resolution (Kathy Keeler) - To authorize future bonding activity and to ensure MFA can be responsive to market conditions, Staff is requesting approval of the 2020 Series A Single Family Bond Resolution in the aggregate amount of not to exceed $85 million. MFA anticipates providing funds for $70-$85 million of new single family mortgage loans. YES

4 Revised MFA 2020 Legislative Agenda (Rebecca Velarde) - Board approval is requested for MFA’s revised legislative agenda for the 2020 New Mexico Legislative Session. The 2020 legislative agenda includes eight appropriations requests: Regional Housing Authority Oversight, Affordable Housing Act Oversight, the New Mexico Housing Trust Fund, the NM Energy$mart Program, Veteran Home Rehabilitation, Emergency Home Repair, Homebuyer Counseling and Furnace Replacement Program. The final request in this list was added by the Legislative Oversight Committee at their November meeting. YES

5 Assignment of General Counsel Contract to Stelzner, Winter, Warburton, Flores, Sanchez, Dawes, P.A. (Gina Hickman) - Staff recommends approval of the assignment of the General Counsel Legal Services Agreement by Sheehan & Sheehan, P.A. (the Sheehan Firm) to Stelzner, Winter, Warburton, Flores, Sanchez, Dawes, P.A. (the Stelzner Firm) for the remainder of the contract term under the same terms, conditions and pricing included in the General Counsel Services Agreement with the Sheehan Firm. YES

6 Assignment of General Counsel Contract to Stelzner, Winter, Warburton, Flores, Sanchez, Dawes, P.A. (Gina Hickman) - Staff recommends approval of the assignment of the Housing Development Legal Services Agreement by Sheehan & Sheehan, P.A. (the Sheehan Firm) to Stelzner, Winter, Warburton, Flores, Sanchez, Dawes, P.A. (the Stelzner Firm) for the remainder of the contract term under the same terms, conditions and pricing included in the Housing Development Legal Services Agreement with the Sheehan Firm. YES

Closed Session
7 Limited Personnel Matters
   ▪ Closed Session to be held Pursuant to Section 10-15-1(H) (2) of the Open Meetings Act – discussion of candidates for the position of executive director and potential terms of employment (Chair Angel Reyes) (Motion and affirmative vote are required to close the meeting for this limited purpose)

Open Session
8 Limited Personnel Matters
   ▪ Action related to the hiring and employment of executive director (Jeremiah Ritchie) Board’s Discretion
Other Board Items                                                                 Information Only
9  (Staff is available for questions)
    Staff Action Requiring Notice to Board
    2019 Series F Pricing Summary

Monthly Reports                                                                 No Action Required
10 (Staff is available for questions)
    October 31, 2019 Financial Statements
    Communications Department Reports

Announcements and Adjournment                                                                 Discussion Only
Confirmation of Upcoming Board Meetings
   ➢ January 22, 2020 – 9:30 a.m. Wednesday (Inn & Spa of Loretto, Santa Fe)
   ➢ February 19, 2020 – 9:30 a.m. Wednesday (Albuquerque – MFA)
   ➢ March 19, 2019 - 9:30 a.m. Wednesday (Albuquerque – MFA)

Adjournment
Minutes
Chair Reyes convened the meeting on November 20, 2019 at 9:34 a.m. Secretary Czar called the roll. Members present: Chair Angel Reyes, Vice Chair Derek Valdo, Sally Malavé (designee for Attorney General Hector Balderas), Lieutenant Governor Howie Morales, Rebecca Wurzburger, and Randy McMillan. Absent: Tim Eichenberg. Czar informed the Board that everyone had been informed about today’s meeting in accordance with the New Mexico Open Meetings Act.

Chair Reyes welcomed board members and staff. He informed the audience of the microphone sensitivity and that today’s meeting is being webcast. He further stated that Channel 4 news was in attendance.

Approval of Agenda - Board Action. Motion to approve the November 20, 2019 Board agenda as presented: Wurzburger. Second: Valdo. Vote: 6-0.

Approval of October 16, 2019 Board Meeting Minutes – Board Action. Motion to approve the October 16, 2019 Board Meeting Minutes as presented: Malavé. Second: Wurzburger. Vote: 6-0.


Finance Committee

1 9/30/19 Quarterly Financial Statement Review (Gina Hickman). Hickman informed the Board that 9/30 is MFA’s fiscal year end and reviewed the financial statements which are located behind tab one and will be included in the official board packet. She began by reviewing the comparative year to date summary of highlights discussing the year to date metrics and variances which included the following: Production, Statement of Net Position, Statement of Revenues, Expenses and Net Position, Moody’s Benchmarks and Servicing. Hickman then reviewed the monthly and quarterly graphs, the Housing Opportunity Fund report, Effect of GASB31on Financials data and the Loan and Credit Line Activity report. She further informed the Board that MFA’s year end production report is located behind tab 15. Motion to approve the 9/30/19 Quarterly Financial Statement Review as presented: Wurzburger. Second: Morales. Vote: 6-0.

2 9/30/19 Quarterly Investment Review (Kathy Keeler). Keeler presented the Quarterly Investment Review packet behind tab two which will be included in the official board packet. She began by informing the Board that this report is as of year-end. She reviewed the General Fund Investment Compliance Report, the Portfolio Summary-Short & Intermediate Term Investments, the Portfolio Summary-Long Term State Investment Council Investments, the Portfolio Summary-Housing Trust Fund and the General Fund Investment Portfolio Metrics highlighting the asset class balances and yields/rates of returns. Motion to approve the September 30, 2019 Quarterly Investment Review as presented: Valdo. Second: Malavé. Vote: 6-0.

3 Authorized Signatures Resolution (Yvonne Segovia). Segovia began by explaining that the Authorized Signatures Resolution is updated periodically as needed. Staff recommends the update of the Authorized Signature Resolution to capture the signatures of the newly appointed Vice Chair and Treasurer of the Board and add the Secondary Market Loan Processor as an authorized signor of program and servicing documents. Motion to approve the Authorized Signatures Resolution as presented: Malavé. Second: McMillan. Vote: 6-0.

4 2020 Draft Qualified Allocation Plan (Kathryn Turner/Shawn Colbert). Turner began her presentation by informing the Board that the QAP is a required document for all Low Income Housing Tax Credit (LIHTC) allocation agencies to produce on an annual basis. This document will outline the tax credit process for the 2020 year. She then went through the process explaining that while stakeholder feedback is encouraged throughout the year, MFA staff holds a “Developer’s Forum” focus group prior to beginning draft revisions. A draft QAP is composed and posted on MFA’s website and published in three newspapers of general circulation. This posting and publication mark the beginning of a 21-day public comment period during which a public hearing is held.
After the public comment period is concluded, a final QAP is composed and presented to Policy Committee, Finance Committee and then the Board of Directors for approval. Once it has Board approval, the QAP is sent to the Governor for signature and then placed into effect. Turner further explained that several changes are being considered for the Draft 2020 QAP which are referenced in the memo provided along with a redlined draft of the QAP located behind tab four, which will become a part of the official board packet. Other changes found in the draft are clarifications of existing policies/terms in the QAP i.e. insertion of answers/clarifications generated during last year’s Frequently Asked Questions period, which becomes a part of the QAP by reference. Discussion ensued regarding the developer’s forum/process for input and suggested changes for the future, costs, non-profit set aside, scoring and fees. Motion to approve the 2020 Draft Qualified Allocation Plan as presented: Valdo.

Second: Malavé. Vote: 5-1 (McMillan).

Contracted Services/Credit Committee

5 State Neighborhood Stabilization Program (NSP) Service Provider Awards (Theresa Laredo-Garcia/Izzy Hernandez). Hernandez began the presentation by providing background information stating that MFA had received funds from the U.S. Department of Housing and Urban Development (HUD) for NSP. NSP is authorized under the Housing and Economic Recovery Act of 2008 (HERA), and provided to MFA through the New Mexico Department of Finance and Administration (DFA). Hernandez informed the Board that member McMillan had a few questions following the Contracted Services/Credit Committee and addressed them at this time. Hernandez stated that under this award, the allowable administration fee covers at least a two-year period for all activities from program development to closeout with DFA. The projected cost includes salaries and benefits for all MFA staff required to administer NSP, staff travel, supplies, legal and indirect cost. He clarified that any unused administration fees will be transferred to cover acquisition, rehabilitation and sale/rent activities for NSP. Laredo Garcia began by stating that MFA issued an RFP on September 19, 2019 soliciting qualified service providers to provide acquisition, rehabilitation and sale or rent services in NSP approved geographic areas identified in the RFP. RFP training was held on October 2, 2019 and responses to the RFP were due on October 18, 2019. She further informed the Board that the purpose of the RFP is to select qualified service providers to partner with MFA in the utilization of NSP funds. NSP funds awarded to MFA are targeted to Albuquerque, Las Cruces, Santa Fe and 10 counties throughout New Mexico that meet NSP’s “areas of greatest need” requirements, as defined in DFA’s Action Plan. NSP assists communities that have been or are likely to be affected by foreclosed and abandoned properties and provides affordable housing opportunities to residents at or below 120% of area median income (AMI) with a 25 percent set aside for residents at or below 50% AMI and promotes housing market stabilization for the benefit of low- and moderate-income New Mexicans. MFA received four responses; one Offeror did not meet the “Minimum Qualifications and Requirements.” She then reviewed the scoring results as provided in the memo located behind tab five and will be made a part of the official board packet. Staff recommends approval of the following qualified service providers for MFA’s State NSP to provide acquisition, rehabilitation and sale/rent services using State NSP funding in the amount of $3,847,254 less allowable administration fees up to $299,218, for an available funding of $3,548,036. The following agencies are being recommended for awards to participate in the NSP program: Homewise, Inc., Tierra del Sol Housing Corporation and Bernalillo County Housing Department. Board members asked a few questions that were answered by Hernandez and Laredo Garcia. Motion to approve the State Neighborhood Stabilization Program (NSP) Service Provider Awards as presented: Wurzburger. Second: Malavé. Vote: 6-0.

6 Youth Homeless Demonstration Award (John Garcia). Garcia began by introducing Hank Hughes, Executive Director The New Mexico Coalition to End Homelessness (NMCEH). Garcia informed the Board that during the 2019 state legislature, three Jr House Bills (Appropriation Number ZD5035 $400,000, ZD9016 $50,000 and ZD9017 $73,000) were approved which awarded a total of $523,000 to provide match funds for the HUD Continuum of Care Youth Homeless Demonstration Project. Procurement for the Project was completed by NMCEH and the Department of Finance and Administration (DFA) appropriations were specifically awarded to MFA as match funds for the HUD Homeless Youth Demonstration Project. The NMCEH has been working with Youth Shelter & Family Services in Santa Fe and DreamTree Project in Taos to create a Continuum of Care Youth Homeless Demonstration Project to assist homeless young adults to transition into housing through supportive services and rental assistance in northern NM. Staff is recommending approval to award $518,000 from the 2019 New Mexico state legislature (HB2 Jr, HB548 Jr), to the following six service providers; Youth
Shelter & Family Services, DreamTree Project, Rio Arriba County, San Juan County, Samaritan House and NMCEH (Kewa House). The remaining $5,000 from the original award of $523,000 will be awarded to MFA for admin costs. All awards must be fully expended by June 30, 2020. The NMCEH released a Request for Proposal “RFP” for the HUD Youth demonstration grant and received six responses. The NMCEH scored the proposals and selected all six service providers. A needs analysis by county using public school and Department of Health homeless youth data was performed to determine a fair distribution of the award among the service providers. Motion to approve the Youth Homeless Demonstration Award as presented: Wurzburger. Second: Valdo. Vote: 6-0.

7 Primero loan request - Sandia Vista & Plaza David Chavez Apartments (George Maestas/Kevin Drexel). Maestas informed the Board that he is presenting a Primero construction loan request for Sandia Vista & Plaza David Chavez Apartments located in NW Albuquerque. The request is for $1mm, interest rate of 2.5%, and interest monthly during the construction period not to exceed 24 months. Outstanding P&I due at the earlier of maturity, refinance or sale of the project. It is an acquisition/rehab of two scattered-site multifamily projects totaling 213 rental units with 54 units (25%) serving households with children. The combined project will continue to provide HUD Project-Based Section 8 rental subsidy to 183 of the 213 units. Ninety-four units are income-restricted to households earning 30% or less of Area Median Income (AMI), 43 units restricted to households earning 50% or less of AMI, and 76 units income restricted to households earning 60% or less of AMI. He also provided information on the developer – Cesar Chaves Foundation and the special conditions of the loan. He introduced Cesar Toledo, Project from Manager a representative the Cesar Chaves Foundation, who was in attendance and available to take any questions. Discussion ensued regarding expenses related to the projects, general partners, owners, reserves, appraisal, related entities, further underwriting, additional appraisal and Citibank’s stake in the project. Morales motioned to table this item; seconded by Wurzburger subject to having an appraisal available and work with staff for further clarification of related entities if acceptable. Member Morales concurred. Vote: 6-0.

8 MFA Rules and Regulations Updates 2019 (Robyn Powell). Powell informed the board that from time to time as needed MFA Rules and Regulations are updated. Staff is proposing amendments to the MFA Rules and Regulations for reasons of accuracy in respect to the current practices in the implementation of MFA programs, and consistency with the applicable regulatory schemes. She further informed the Board that the proposed changes were presented to and approved by the Legislative Oversight Committee on November 7, 2019. Powell also added that pursuant to Section 58-18-8 NMSA 1978, Rules and Regulations of the authority: A. The authority shall adopt and may from time to time modify or repeal, subject to prior approval by the Mortgage Finance Authority Act oversight committee, rules and regulations...Pursuant to New Mexico Statutes Section 58 Financial Institutions and Regulations, Article 18, the rules and regulations governing MFA must be approved by an oversight committee from the New Mexico legislature. As required by Section 10 of the MFA Rules and Regulations, MFA provided an opportunity for public comment by posting the Notice of Request for Public Comment and Proposed Amendments to MFA’s website from October 3, 2019 through November 4, 2019. No comments were received. Powell reviewed the changes to the Rules and Regulations as provided in the memo and redlined version of MFA’s Rules and Regulations located behind tab eight, which will become a part of the official board packet. Motion to approve the MFA Rules and Regulations Updates 2019 as presented: Malavé. Second: McMillan. Vote: 6-0.

9 FY 2019 Strategic Plan Close Out (Gina Hickman/Izzy Hernandez). Hernandez explained that he and Hickman would be providing a closeout report for the 2nd year of the strategic plan. He further informed the Board that there are five goals and 29 benchmarks this year. The benchmarks are the metrics used to measure our progress in meeting the overall strategic plan and goals for the year which ties in to our incentive compensation. He and Hickman provided an overview of the benchmark report for each of the strategic plan goals: Goal 1-respond to New Mexico’s affordable housing needs, Goal 2-ensure prudent stewardship of affordable housing resources, Goal 3-strengthen affordable housing partners, Goal 4-provide robust technology solutions, and Goal 5-foster a dynamic work environment. Motion to approve the FY 2019 Strategic Plan Close Out as presented: Wurzburger. Second: Valdo. Vote: 6-0.
10 Single Family Program Report (René Acuña). Acuña reviewed the single-family program production report located behind tab 10. He discussed the following charts and data during his presentation: historical rate trend by program, loan reservation vs loan purchases (total units), financing execution trends, reservations by program, comparison of loan types, borrower demographics, market utilization comparison by quarter, state wide median sales price of homes and state wide home sales. Non-Action Item.

Closed Session  12:29 p.m.  Action Required
11 Limited Personnel Matters

Motion to enter into closed session pursuant to Section 10-15-1(H) (2) of the Open Meetings Act for the purpose of discussing personnel matters - candidates for the position of executive director. Wurzburger. Second: Morales. Vote: 6-0. (Reyes, Malavé, Morales, Valdo, McMillan and Wurzburger voting for; no members voting against).

Chair Reyes asked everyone except the Board members present, Board counsel, and the HR Director of MFA to leave the room. He further requested that staff terminate the webcast and recording at this time.

Members present for Closed Session: Chair Angel Reyes, Sally Malavé, Lieutenant Governor Howie Morales, Derek Valdo, Randy McMillan and Rebecca Wurzburger. Also, present: Dolores Wood, Board Counsel Jeremiah Ritchie and Counsel Eleanor C. Werenko.

Open Session – 3:42 p.m.  Action Required
12 Motion to come into open session: Wurzburger. Second: Malavé. Vote: 6-0.

Chair Reyes confirmed the board meeting is back in open session, the webcast resumed and minutes are being recorded.

Chair Reyes made a statement that the Board met in closed session and discussed only those limited personnel matters that were identified in the agenda - discussion on candidates for the position of Executive Director. No other issues were discussed, and no actions were taken by the board. Motion to make this statement a part of the minutes of this meeting: Wurzburger. Second: Malavé. Vote: 6-0.

Other Board Items - Information Only
13 There were no questions asked of staff.
   - Staff Action Requiring Notice to Board
   - FY 2019 Q3 Strategic Plan Dashboard

Monthly Reports - No Action Required
14 There were no questions asked of staff.
   - Communications Department Reports

Monthly Reports - No Action Required
15 There were no questions asked of staff.
Quarterly Board Report

**Announcements and Adjournment - Confirmation of Upcoming Board Meetings.** Chair Reyes informed the Board that the next Board of Directors meeting will be held on December 18, 2019 at the offices of the MFA.

There being no further business the meeting was adjourned at 3:45 p.m.

**Approved: December 18, 2019**

___________________________  ____________________________  
Chair, Angel Reyes                Secretary, Jay Czar
| Tab 1 |
**NEW MEXICO MORTGAGE FINANCE AUTHORITY**

*Finance/Operations Committee Meeting*

Monday, December 9, 2019 at 10:00 a.m.

To dial in to the conference call dial: *All participants Dial-in number: (605) 313-4821 Participant code: 561172 # Host Code: 561172 *

<table>
<thead>
<tr>
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<th>COMMITTEE RECOMMENDED</th>
<th>BOARD ACTION REQUIRED</th>
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<td>1 FY2020 Internal Audit Plan (Jessica Bundy and Claire Hilleary-REDW)</td>
<td>2-0</td>
<td>YES</td>
</tr>
</tbody>
</table>

**Committee Members present:**

- Derek Valdo, Chair
  - present
  - absent
  - conference call
- State Treasurer Tim Eichenberg
  - present
  - absent
  - conference call
- Lt. Governor Howie Morales or Proxy Martina C’de Baca
  - present
  - absent
  - conference call

`Secretary:` [Signature]
New Mexico Mortgage Finance Authority

Internal Audit Plan

Fiscal Years Ending September 30, 2020 through 2021
New Mexico Mortgage Finance Authority
Internal Audit Plan
Fiscal Years Ending September 30, 2020 through 2021

Background
REDW LLC (REDW) suggests the following plan for internal audit services to the New Mexico Mortgage Finance Authority (MFA) for the fiscal years ending September 30, 2020 through 2021.

REDW’s audit team includes:
- Jessica Bundy, Principal
- Claire Hilleary, Senior Manager
- Yvette Nunez, Senior Internal Audit Associate

This audit plan summarizes planning and risk assessment procedures and describes the planned allocation of internal audit resources. As additional information is obtained throughout the years, we will reevaluate the risk areas and will adjust the audit plan as considered necessary upon approval by management and the Finance Committee.

Planning and Risk Assessment
To plan the nature, scope and extent of internal audit services we:
1. Focused on areas identified during the Enterprise Risk Management process
2. Considered internal audits performed in prior years
3. Discussed changes in processes and new areas with MFA management
4. Discussed proposed audit areas with MFA management

Enterprise Risk Management Prioritization and Prior Audits
Attachment A depicts risks that were identified during the enterprise risk management prioritization process conducted by MFA which are ranked by likelihood of occurrence and magnitude of potential impact. All risk departments/topics were considered in the two year audit plan, or are being addressed elsewhere as part of the MFA’s Strategic Plan. Attachment B lists audits performed from 2015 through 2019 and anticipated audits for 2020 through 2021.
Estimated Allocation of Effort

Based on our planning risk assessment, we propose the following allocation of internal audit resources.

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<tr>
<th>Fiscal Year 2020</th>
<th>Internal Audit Area</th>
<th>Estimated Hours</th>
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<tbody>
<tr>
<td>ERM &amp; Risk Assessment</td>
<td></td>
<td>100</td>
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<tr>
<td>IT Operations</td>
<td></td>
<td>120</td>
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<tr>
<td>Fair Housing and Fair Lending – focus on social media, advertising and marketing</td>
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<td>80</td>
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<tr>
<td>Automated Process Flow, Document Management and &amp; Electronic Signatures (consulting and best practice recommendations)</td>
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<td>100</td>
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<tr>
<td>National Housing Trust Fund</td>
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<td>80</td>
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<tr>
<td>Follow-up, Annual Reporting and Administration</td>
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<td>50</td>
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<tr>
<td>Total hours</td>
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<td>530</td>
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<tr>
<th>Fiscal Year 2021</th>
<th>Internal Audit Area</th>
<th>Estimated Hours</th>
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<tbody>
<tr>
<td>ERM &amp; Risk Assessment</td>
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<td>80</td>
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<tr>
<td>Mortgage Operations</td>
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<td>140</td>
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<tr>
<td>Employee Management and Retirement Plans</td>
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<td>120</td>
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<tr>
<td>Section 811 Program</td>
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<td>100</td>
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<tr>
<td>Follow-up, Annual Reporting and Administration</td>
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<td>50</td>
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<td>Total hours</td>
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Management Engagements

In addition to the internal audits listed above, management has requested that we perform additional services that will not result in a presentation to the Board. These engagements include, but are not limited to a one hour fraud training, loan servicing and Section 8 quality control reviews.

Management and the Board have also requested that REDW provide consulting services and project audits related to the Low Income Housing Tax Credit program as we have done for the past two years.

Planned Procedures

We will discuss the specific audit procedures with management before beginning each internal audit.
Board Approval

The plan will be presented for approved by the Board on December 18, 2019.

Albuquerque, New Mexico
December 3, 2019
2019 Enterprise Risk Management

Risks Identified by MFA’s Strategic Management Committee

High Risks
- Organizational development, staffing and staff development
- Partner and sub-recipient capacity
- Loss of affordable housing
- Governmental policy and funding
- Data security

Other Risks
- Technology systems and software
- Mortgage operations
- MFA reputation
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<td>Enterprise Risk Management</td>
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<tr>
<td>IT – Technology systems, software and operations</td>
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<td>Fair Lending and Fair Housing</td>
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<td>National Housing Trust</td>
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<td>Employee Management</td>
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Tab 2
MEMORANDUM

TO: MFA Board of Directors

Through: Policy Committee – December 9, 2019

FROM: Jeremiah Ritchie

DATE: December 18, 2019

SUBJECT: MFA 2020 Open Meetings Resolution

Recommendation: Staff recommends the MFA’s Board of Directors approve the 2020 Open Meetings Resolution.

Background: MFA Bylaws Section 7.4 and the New Mexico Open Meetings Act (“OMA”), NMSA 1978, Section 10-15-1(D), requires public bodies, at least annually, to determine what constitutes “reasonable notice” as applied to that body. This resolution states MFA’s policy to make all meetings in which there is a quorum of members of the Board of Directors open to the public, except as otherwise provided in the State Constitution or the Open Meetings Act, and sets forth the notice requirements for MFA regular, special, and emergency meetings.

Discussion: The MFA Open Meetings Resolution of 2020 is being presented for approval by the MFA Board of Directors. The proposed amendments to this year’s resolution are intended to clarify certain provisions as they pertain to open or closed meetings, and to streamline notice requirements by eliminating requirements that are not included in the OMA. All suggested changes are marked in the attached draft. The substantive changes are as follows:

- ¶ 2 is amended to make clear that the notice requirement for a Special Meeting is 72 hours. The prior language stated “three (3) days,” and left some ambiguity as to whether it required 3 working days, or calendar days, or how exactly a “day” would be calculated depending on the time of the notice issued. This might require notice be given as many as seven calendar days in advance, for example, for a special meeting on the Monday following Thanksgiving. Given the nature of electronic notice and the fact that the MFA website is available at all times, it is not essential to tie notice requirements to the office hours or business days of the MFA.
¶ 4 is amended to remove the requirement that notice be published to two newspapers of general circulation. Publishing notice in any newspaper is not required under the OMA, unless the papers (or broadcast media) request in writing that they receive notice. Even then, MFA’s obligation is not to ensure that the notice is actually published—only to ensure that those media sources receive it. They may or may not decide to publish it. The current language in the OMA Resolution makes MFA’s compliance with the OMA dependent upon a newspapers’ publishing schedules, which can make compliance more difficult.

¶ 5 is amended to limit the statement regarding accessibility to open meetings, as opposed to closed meetings. While a closed meeting is still noticed to the public, there are no minutes kept and there is no public attendance or participation. The accessibility statement is designed to ensure the public is aware of certain accommodations that are not applicable to closed meetings, and including the statement in a notice of a closed meeting would create confusion and may be misleading with respect to the opportunity to attend or obtain closed meeting minutes.

Summary: The New Mexico Mortgage Finance Authority Open Meetings Resolution is submitted for MFA Board of Directors approval pursuant to Section 10-15-1 (B) and (D) of the New Mexico Open Meetings Act (Sections 10-15-1 to 10-15-4 NMSA 1978), and the MFA Bylaws, Section 7.4, which require that the MFA determine annually, in a public meeting, what constitutes reasonable notice of its public meetings.
WHEREAS, the New Mexico Mortgage Finance Authority (“MFA”) met in a regular meeting at 344 4th St. SW, Albuquerque, New Mexico, on Wednesday, December 18, 2019 at 9:30 a.m.; and,

WHEREAS, the MFA’s Open Meetings policy is intended to follow the Open Meetings Act (Sections 10-15-1 to 10-15-4 NMSA 1978) which requires at Section 10-15-1(B) that, all meetings of a quorum of members of any board, commission, administrative adjudicatory body or other policymaking body of any state agency or any agency or authority of any county, municipality, district or political subdivision, held for the purpose of formulating public policy, including the development of personnel policy, rules, regulations or ordinances, discussing public business or taking any action within the authority of or the delegated authority of any board, commission or other policymaking body are declared to be public meetings open to the public at all times, except as otherwise provided in the constitution of New Mexico or the Open Meetings Act; and further requires at Section 10-15-1(D) such policymaking body to determine annually what constitutes reasonable notice of its public meetings;

NOW, THEREFORE, BE IT RESOLVED:

1. Regular meetings shall be held at the discretion of the MFA Board of Directors. Notice of regular meetings will be given ten (10) days in advance of the meeting date. The notice will include a copy of the agenda or information on how a copy of the agenda may be obtained. The agenda will be posted on the MFA website and available from the MFA to the public at least seventy-two (72) hours prior to the regular meeting.

2. Special meetings may be called by the Chair or three (3) of the members MFA Board of Directors (“Members”) upon three (3) days’ seventy-two (72) hours’ notice. The notice shall include a copy of the agenda for the meeting or information on how members of the public may obtain a copy of the agenda. The agenda shall be posted on the MFA website and available to the public at least seventy-two (72) hours before any special meeting.

3. Emergency meetings will be called only under circumstances permitted by, and in accordance with the provisions of, Section 10-15-1 (F) of the Open Meetings Act, and only under unforeseen circumstances that demand immediate action to protect the health, safety and property of citizens or to protect the MFA from substantial financial loss. The MFA will avoid emergency meetings whenever possible. Emergency meetings may be called by the Chair or a majority of MFA’s Board of Directors upon twenty-four (24) hours’ notice, unless threat of injury or damage to persons or property or substantial financial loss to MFA requires less notice. The notice for all emergency meetings shall include an agenda for the meeting or information on how the public may obtain a copy of the agenda. Within ten days of taking action on an emergency matter, the MFA will notify the Attorney General’s Office.

4. For the purposes of regular meetings described in paragraph 1 of this resolution, notice requirements are met if notice of the date, time, place and an agenda or information on how an agenda may be obtained is placed in two (2) newspapers of general circulation in the state and posted in the lobby of the MFA offices located at 344 4th St. SW, Albuquerque, New Mexico, and posted to the MFA website the agenda is posted on MFA’s website. The MFA shall also e-mail copies of the written notice to those broadcast stations licensed by the Federal Communications Commission and newspapers of general circulation which have made a written request for notice of MFA meetings.

5. For the purposes of special and emergency meetings described in paragraphs 2 and 3 of this resolution, notice requirements shall be met by posting notice of the date, time, and place of the meeting.
meeting and agenda at the in the lobby of the MFA offices located at 344 4th St. SW, Albuquerque, New Mexico, MFA and on MFA’s website, and by e-mailing copies of the written notice providing facsimile notice to those broadcast stations licensed by the Federal Communications Commission and newspapers of general circulation that have made a written request for notice of MFA meetings.

In addition to the information specified above, all notices of open meetings shall include the following language:

If you are an individual with a disability who is in need of a reader, amplifier, qualified sign language interpreter, or any other form of auxiliary aid or service to attend or participate in the hearing or meeting, please contact the MFA at 843-6880 at least one week prior to the meeting or as soon as possible. Public documents, including the agenda and minutes, can be provided in various accessible formats. Please contact the MFA at 843-6880 if a summary or other type of accessible format is needed.

7. The MFA may close a meeting to the public only if the subject matter of such discussion or action is exempted from the open meeting requirement under Section 10-15-1(H) of the Open Meetings Act.

   a) If any meeting is closed during an open meeting, such closure shall be approved by a majority vote of a quorum of the MFA Board of Directors taken during the open meeting. The authority for the closure and the subjects to be discussed shall be stated with reasonable specificity in the motion for closure and the vote on closure of each individual member shall be recorded in the minutes. Only those subjects specified in the motion may be discussed in a closed meeting.

   b) If the decision to hold a closed meeting is made when the MFA is not in an open meeting, the closed meeting shall not be held until public notice, appropriate under the circumstances consistent with paragraph 2 of this resolution, and stating the specific provision of law authorizing the closed meeting and the subjects to be discussed with reasonable specificity, is given to the members and to the general public.

   c) Following completion of any closed meeting, the minutes shall state whether the matters discussed in the closed meeting were limited only to those specified in the motion or notice for closure.

   d) Except as provided in Section 10-15-1(H) of the Open Meetings Act, any action taken as a result of discussions in a closed meeting shall be made by vote of the MFA Board of Directors in an open public meeting.

8. Members are strongly encouraged to attend all meetings in person. However, when it is otherwise difficult or impossible for the member to attend the meeting in person a member may participate in a meeting by means of a conference telephone or other similar communications equipment, provided that each member participating by conference telephone can be identified when speaking, all participants are able to hear each other at the same time and members of the public attending the meeting are able to hear any member who speaks during the meeting.

After discussion, the foregoing Resolution was adopted.

Date Adopted: December 18, 2019
Tab 3
Recommendation:
Staff is recommending the approval of the 2020 Series A Single Family Bond Resolution in the amount of not to exceed $85 million to provide funding for new single family mortgage loans.

Background:
Prior to FY2018, MFA relied mainly on the to be announced (“TBA”) market to fund new single family mortgage loans. The bond market has improved to the point where it is now more advantageous to fund first-time homebuyer single family mortgage loans with tax-exempt bond proceeds than to utilize the TBA market. Starting with fiscal year 2019, single family mortgages for first time homebuyers were solely funded with bond proceeds.

During fiscal year 2019, MFA issued four bond issues which were used to originate new loans totaling approximately $299.9 million and two bond issues totaling $48.9 million which were used to refund five prior bond issues. MFA sold its first single family bond issue for fiscal year 2020, namely, 2019 Series F which sold on October 2 and closed on November 5, 2019. The 2019 Series F issue will be used to originate approximately $120 million of new single family mortgage loans.

It has been MFA’s practice to keep a Board approved single family program bond resolution in place to allow staff to respond to market conditions as needed in order to provide beneficial funding executions for the program.

Discussion:
The 2020 Series A bond issue is anticipated to be in the $70-$85 million range based on the current level of loan reservations since bond proceeds will be used to originate these new single family mortgage loans. Given Board approval of the bond resolution, the 2020 Series A bond issue will be the second bond issue for fiscal year 2020. MFA anticipates selling bonds and closing in the January to February time frame depending on actual reservation activity and bond market conditions.
Summary:
To authorize future bonding activity and to ensure MFA can be responsive to market conditions, Staff is requesting approval of the 2020 Series A Single Family Bond Resolution in the aggregate amount of not to exceed $85 million. MFA anticipates providing funds for $70-$85 million of new single family mortgage loans.
CERTIFICATE REGARDING THE RESOLUTION OF THE AUTHORITY

I, the undersigned, Jay Czar, Secretary of the New Mexico Mortgage Finance Authority (the “Authority”), DO HEREBY CERTIFY that: (i) the annexed Resolution was duly adopted by the members of the New Mexico Mortgage Finance Authority at a meeting thereof duly called and held on December 18, 2019, at which meeting a quorum was present and acting throughout; (ii) the annexed Resolution has been compared by me with the original thereof recorded in the minute book of the Authority and is a correct transcript therefrom and of the whole of said original; (iii) the annexed Resolution has not been altered, amended or repealed; and (iv) the annexed Resolution is in full force and effect on the date of this Certificate.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the Authority this 18th day of December, 2019.

______________________________
Jay Czar, Secretary
New Mexico Mortgage Finance Authority

(SEAL)
A RESOLUTION

OF THE NEW MEXICO MORTGAGE FINANCE AUTHORITY (THE “AUTHORITY”) AUTHORIZING AND PROVIDING FOR THE ISSUANCE AND SALE BY THE AUTHORITY OF ITS SINGLE FAMILY MORTGAGE PROGRAM CLASS I BONDS, 2020 SERIES A IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED $85,000,000; AUTHORIZING THE EXECUTION AND DELIVERY BY THE AUTHORITY OF A SERIES INDENTURE, A BOND PURCHASE CONTRACT, AN OFFICIAL STATEMENT, INVESTMENT AGREEMENTS, AND OTHER DOCUMENTS REQUIRED IN CONNECTION THEREWITH; AND AUTHORIZING THE TAKING OF ALL OTHER ACTIONS NECESSARY TO THE CONSUMMATION OF THE TRANSACTIONS CONTEMPLATED BY THIS RESOLUTION; AND RELATED MATTERS.

WHEREAS, the Legislature of the State of New Mexico (the “State”), at its 1975 regular session, adopted Chapter 303, Laws of New Mexico, 1975, known and cited as the Mortgage Finance Authority Act, being Sections 58-18-1 through 58-18-27, inclusive, NMSA 1978 and Section 2-12-5, NMSA 1978, as amended (collectively, the “Act”); and

WHEREAS, there was created by the Act, a public body politic and corporate, separate and apart from the State, constituting a governmental instrumentality known and identified as the “New Mexico Mortgage Finance Authority” (the “Authority”), said Authority being created and established to serve a public purpose and to act for the public benefit by improving the health, safety, welfare and prosperity of the State and the general public; and

WHEREAS, the purposes of the Authority are to provide decent, safe and sanitary residential housing to persons of low or moderate income, and the Authority has determined that it will serve and fulfill the purposes for which it was created by the establishment of a program to finance the purchase of mortgage loans made by eligible mortgage lenders for the financing of residential housing; and

WHEREAS, the Authority is authorized by the Act to purchase and contract to purchase, mortgage loans, or securities backed by mortgage loans, originated by mortgage lenders to finance residential housing for persons of low or moderate income under rules adopted by the Authority; and

WHEREAS, in furtherance of its Single Family Mortgage Program and to finance the purchase of housing by persons of low or moderate income within the State, it has been deemed appropriate and necessary that the Authority authorize the issuance of its Single Family Mortgage Program Class I Bonds, 2020 Series A (or such other or additional series/title designation(s) as the Authority may determine and including the issuance of MBS pass through program bonds) (the “Bonds”), and prescribe and establish conditions and other appropriate matters with respect to the issuance of the Bonds; and
WHEREAS, the Bonds shall be special obligations of the Authority payable solely from and secured by a lien on the proceeds, moneys, revenues, rights, interest and collections pledged therefor under a General Indenture of Trust dated as of November 1, 2005, as heretofore supplemented and amended (the “General Indenture”) between the Authority and Zions Bancorporation, National Association, as trustee (the “Trustee”); and

WHEREAS, there has been presented to the Authority at this meeting a proposed form of Bond Purchase Contract relating to the Bonds (the “Purchase Contract”) to be entered into among the Authority, and any of RBC Capital Markets LLC, Raymond James & Associates, Inc. (including any of their successors) or any other purchasers to be named therein (collectively, the “Underwriters”), a form of 2020 Series A Indenture (the “2020 Series A Indenture” and collectively with the General Indenture, the “Indenture”) to be entered into between the Authority and the Trustee, and a form of a Preliminary Official Statement to be used by the Underwriters in marketing the Bonds.

NOW, THEREFORE, BE IT RESOLVED BY THE NEW MEXICO MORTGAGE FINANCE AUTHORITY, AS FOLLOWS:

Section 1. The Authority has determined and hereby determines that the supply of funds available in the private banking system in the State for residential mortgages is inadequate to meet the demand of persons of low or moderate income for residential mortgage financing, and that financing the making of loans by the Authority will alleviate such inadequate supply of residential mortgage money in the State’s banking system.

Section 2. All other action heretofore taken (not inconsistent with the provisions of this resolution) by the Authority and by the officers of the Authority directed toward the issuance of the Bonds are hereby ratified, approved and confirmed.

Section 3. The 2020 Series A Indenture in substantially the form presented to this meeting is in all respects authorized, approved and confirmed. The Chair, Vice Chair, Executive Director, Secretary, Deputy Director of Finance and Administration and the Assistant Secretary of the Authority are hereby authorized to execute, attest, seal and deliver the 2020 Series A Indenture in the form and with substantially the same content as presented to this meeting for and on behalf of the Authority with such alterations, changes or additions as may be authorized by Section 16 hereof.

Section 4. The mortgage loans shall be pooled and serviced pursuant to the Mortgage Loan Sub-servicing Agreements or Master Servicing Agreements each previously entered into or to be entered into by the Authority. The Chair, Vice Chair, Executive Director, Deputy Director of Finance and Administration or Secretary are hereby authorized to execute and deliver the Mortgage Loan Sub-servicing Agreements or Master Servicing Agreements (to the extent not previously executed and delivered) and any necessary supplement thereto to reflect the terms of the mortgage loans attributable to the Bonds, and the inclusion of any other loans approved by the governing board of the Authority thereunder.
Section 5. Employees of the Authority designated by the Chair, Vice Chair, Executive Director, Deputy Director of Finance and Administration or Secretary are hereby authorized to give notice of the availability of funds from this issue (if applicable) and to enter into, execute and deliver program documents for and on behalf of the Authority.

Section 6. For the purpose of providing funds to finance the purchase of housing by persons of low or moderate income within the State, all as authorized under the Indenture, the Authority is authorized to issue the Bonds which shall be designated New Mexico Mortgage Finance Authority “Single Family Mortgage Program Class I Bonds, 2020 Series A” (or such other or additional Series/title designation as the Chair, Vice Chair, Executive Director, Deputy Director of Finance and Administration or Secretary shall determine). The Bonds shall be issued only in fully registered form.

Section 7. The Authority hereby declares its intention to reimburse itself from all or a portion of proceeds of the Bonds for expenditures for costs of making the mortgage loans. The Authority intends that the Bonds are to be issued and the reimbursements made, by the later of 18-months after the payment of the costs or after the project financed by each respective mortgage loan is placed in service, but in any event, no later than three years after the date the mortgage loan was made.

Section 8. The Authority hereby authorizes the issuance of the Bonds in the aggregate principal amount of not to exceed $85,000,000. The Bonds shall mature on the dates and in the principal amounts and shall bear interest at rates and payable all as provided in the Indenture, within the parameters set forth in Exhibit A hereto.

Section 9. The form, terms and provisions of the Bonds and the provisions for the signatures, authentication, payment, registration, transfer, exchange, redemption, and number shall be as set forth in the Indenture. The Chair, Vice Chair, Secretary and Assistant Secretary of the Authority are hereby authorized to execute, attest and seal by facsimile the Bonds and to deliver the Bonds to the bond registrar for authentication. All terms and provisions of the Indenture are hereby incorporated in this resolution.

Section 10. The appropriate officials of the Authority are hereby authorized to execute and deliver to the bond registrar the written order of the Authority for authentication and delivery of the Bonds in accordance with the provisions of the Indenture.

Section 11. The Bonds shall be sold to the Underwriters at a purchase price of not less than 100% of the principal amount thereof plus accrued interest in accordance with the provisions of the Purchase Contract. Pursuant to the Purchase Contract the Authority may agree to pay an underwriting fee to the Underwriters in an amount not to exceed 1.0% of the principal amount of the Bonds. The Chair, the Vice Chair, the Executive Director, the Deputy Director of Finance and Administration or the Secretary, of the Authority are hereby authorized to execute and deliver the Purchase Contract in substantially the form and with substantially the same content as presented at this meeting for and on behalf of the Authority with such alterations, changes or additions as may be authorized by Section 16 hereof. The Chair, Vice Chair, Executive Director, Deputy Director of Finance and
Administration and Secretary are hereby authorized to specify and agree as to the principal amounts, interest rates, maturities, purchase price and underwriting fee with respect to the Bonds for and on behalf of the Authority by the execution of the Purchase Contract and the Indenture, provided such terms are within the parameters set by this resolution.

Section 12. The Chair, Vice Chair, Executive Director, Deputy Director of Finance and Administration and Secretary are hereby authorized to approve the distribution of a Preliminary Official Statement (in substantially the form presented to the Authority at this meeting) and an Official Statement in substantially the form of the Preliminary Official Statement, with modifications determined at the time of the sale of the Bonds and to execute and deliver for and on behalf of the Authority an Official Statement in connection with the sale of the Bonds.

Section 13. The Trustee and the Chair, Vice Chair, Executive Director, Deputy Director of Finance and Administration or Secretary are hereby authorized to enter into investment agreements (“Investment Agreements”), in form and substance satisfactory to the Authority. Any and all proceeds of, and investment income attributable to, the Bonds may be loaned to or deposited from time to time pursuant to the Investment Agreements for the periods, and at the interest rates, specified therein.

Section 14. The appropriate officers of the Authority, including without limitation the Chair, Vice Chair, the Secretary, the Assistant Secretary, the Executive Director and Deputy Director of Finance and Administration are authorized to take all action necessary or reasonably required by the Bonds, the Indenture, the Mortgage Loan Sub-servicing Agreement, the Master Servicing Agreement and the Purchase Contract to carry out, give effect to and consummate the transactions as contemplated thereby and are authorized to take all action necessary in conformity with the Act.

Section 15. Upon their issuance, the Bonds will constitute special obligations of the Authority payable solely from and to the extent of the sources set forth in the Bonds and the Indenture. No provision of this resolution, the Indenture, the Bonds or the Purchase Contract shall be construed as creating a general obligation of the Authority or as incurring or creating a charge upon the general credit of the Authority. No provision of this resolution or of the Purchase Contract, the Indenture or the Bonds shall be construed as creating a general or special obligation of the State of New Mexico or any political subdivision thereof.

Section 16. The appropriate officials of the Authority, including without limitation the Chair, the Vice Chair, the Secretary, the Assistant Secretary, the Executive Director and the Deputy Director of Finance and Administration are authorized to make any alterations, changes or additions in the Indenture, the Bonds, the Purchase Contract, the Preliminary Official Statement, the Official Statement, the Investment Agreements, the Mortgage Loan Sub-servicing Agreement, the Master Servicing Agreement or any other document herein authorized and approved which may be necessary to correct errors or omissions therein, to remove ambiguities therefrom, to permit the inclusion under the Indenture of any other loans approved by the governing board of the Authority, and maintain the expected rating on the Bonds, to conform the same to other provisions of said
instruments, to the final terms established for the Bonds (within the parameters established
herein), and the final agreement with the Underwriters, to the provisions of this resolution
or any resolution adopted by the Authority, or the provisions of the laws of the State of
New Mexico or the United States.

Section 17. The operating budget of the Authority is hereby amended to provide
funds to pay costs relating to the issuance of the Bonds, any negative carry costs, or other
related expenses in amounts not to exceed amounts specified in Exhibit A. Such amounts
may also be taken from the Surplus Fund under the Indenture. The Authority may also
allocate mortgage backed securities and/or cash held by the Authority (in the Surplus Fund
or otherwise) to provide additional collateral for the Bonds.

Section 18. If any provisions of this resolution should be held invalid, the
invalidity of such provision shall not affect the validity of any of the other provisions of
this resolution.

Section 19. The appropriate officials of the Authority, including without
limitation the Chair, the Vice Chair, the Secretary, the Assistant Secretary, the Executive
Director and the Deputy Director of Finance and Administration are hereby authorized and
directed to execute and deliver for and on behalf of the Authority any or all additional
certificates, documents and other papers and to perform all other acts they may deem
necessary or appropriate in order to implement and carry out the matters authorized in this
resolution and the documents authorized and approved herein.

Section 20. After any of the Bonds are delivered by the Trustee to the
Underwriters and upon receipt of payment therefor, this resolution shall be and remain
irrepealable until the principal of, premium, if any, and interest on the Bonds are deemed
to have been fully discharged in accordance with the terms and provisions of the Indenture.

Section 21. No member or employee of the Authority has any interest, direct or
indirect, in the transactions contemplated by the Authority and authorized by this
resolution.

Section 22. All resolutions of the Authority or parts thereof, inconsistent
herewith, are hereby repealed to the extent only of such inconsistency.

Section 23. This resolution shall become effective immediately upon its
adoption.
ADOPTED:

Aye:

Nay:

Abstain:

Absent:

PASSED AND APPROVED BY THE NEW MEXICO MORTGAGE FINANCE AUTHORITY THIS 18th DAY OF DECEMBER, 2019.

________________________________________

Chair

(SEAL)

ATTEST:

________________________________________

Secretary
**EXHIBIT A**

Single Family Mortgage Program Bonds, 2020 Series A

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Tab 4
MFA 2020 Legislative Agenda

**New Mexico Housing Trust Fund**  
*Sponsor: Senator Nancy Rodriguez*  
$10 million  
This appropriation will help build or rehabilitate approximately 1,000 quality affordable homes for low-income New Mexicans. A $10 million request for each year has been included in MFA’s FY 2021-2025 Infrastructure Capital Improvements Plan (ICIP).

**Background:** The New Mexico Housing Trust Fund was created by the New Mexico Legislature in 2005 with an initial appropriation of $10 million and subsequent appropriations of $10.85 million. **Results:** MFA has grown the fund to $27.9 million through loan and investment interest and has awarded more than $49 million by recycling interest and principal payments. The New Mexico Housing Trust Fund has helped to construct or rehabilitate over 3,500 homes in 57 housing developments and has leveraged over $507 million in other funding—a 25-to-1 return on the state’s investment.

**Regional Housing Authority Oversight**  
*Sponsor: Senator Mary Kay Papen*  
$300,000  
Twenty-five percent of this appropriation will be used to cover MFA’s oversight costs, with the remaining seventy-five percent dedicated to specialized training, technical assistance and capacity building for New Mexico’s three regional housing authorities, which exclusively serve rural counties.

**Background:** In 2009, MFA was mandated by the state to restructure and oversee the regional housing authorities (RHAs), which exclusively serve New Mexico’s rural counties. MFA consolidated the seven RHAs into three (Northern RHA in Taos, Eastern RHA in Roswell, and Western RHA in Silver Gty and Deming) and began providing training and technical assistance and ensuring annual audits. MFA receives no recurring funds for its oversight function. **Results:** The RHAs continue to successfully administer Section 8 vouchers and public housing in rural areas, have consolidated with smaller public housing authorities, and have added new programs and housing development capacity.

**Affordable Housing Act Oversight Duties**  
*Sponsor: Senator Stuart Ingle*  
$250,000  
This appropriation will enable MFA to 1) oversee the Affordable Housing Act, including review and approval of plans and ordinances; 2) provide direct technical assistance to local governments, and 3) offer planning and implementation grants to local governments on an as-needed basis.

**Background:** The Affordable Housing Act was signed into law in 2004. Like the Local Economic Development Act (LEDA), it is an exemption to the state’s Anti-Donation clause. It permits the state and local governments to contribute public funds, land, buildings and other resources to create and preserve affordable housing. MFA is charged with rulemaking...
authority and oversight of the Act but receives no funds for these purposes. **Results:** To date, MFA has assisted 34 local governments in adopting an affordable housing ordinance and 37 local governments in creating affordable housing plans. These local governments have donated land and resources totaling more than $56 million for affordable housing as of January 2019.

**Low-Income Energy Conservation Program** $2 million

*Sponsor: Senator Richard C. Martinez*

*This appropriation will weatherize and provide energy-efficiency upgrades for an additional 300 low-income households statewide. The request has been included in MFA’s FY 2021-2025 Infrastructure Capital Improvements Plan (ICIP).*

**Background:** MFA has operated New Mexico’s weatherization program—NM Energy$mart—since 1997. NM Energy$mart weatherizes the homes of approximately 750 low-income families each year using two federal sources, the Weatherization Assistance Program (WAP) and the Low Income Home Energy Assistance Program (LIHEAP), in addition to utility company sources. Demand for the program is great. Based on income eligibility, more than 200,000 households across the state are eligible, and our current wait list numbers over 2,300 households. **Results:** Low-income homeowners, many of who are frail elderly with fixed incomes, save hundreds of dollars in annual utility costs, realize an improved quality of life and are healthier and safer in their homes.

**Home Rehab for Certain Veterans** $2 million

*Sponsor: Senator Richard C. Martinez*

*This appropriation will rehabilitate an additional 120 homes of low-income, honorably discharged veterans. If funded, this request will be used as matching funds for HUD’s Veterans Home Rehabilitation and Modification (VHRM) pilot program, for which MFA has been awarded funding.*

**Background:** New Mexico has a high percentage of veterans. Our state is home to 150,650 veterans representing 9.5 percent of our adult population, compared to only 7.7 percent in the U.S. Of these, 45,849 are disabled veterans, and 5,075 are disabled veterans in poverty. More than 25,000 New Mexico veterans live in homes with one or more major problem with quality, crowding or cost and an estimated 248 veterans are currently homeless. Furthermore, approximately half of New Mexico veterans are over age 65, meaning the need to modify homes to address physical mobility and other age-related issues is increasing over time (Sources: Veterans Data Central, [http://veteransdata.info/](http://veteransdata.info/); VA state summary and U.S. Census, 2016). While veterans are eligible for MFA’s existing rehabilitation and weatherization programs, high demand and limited funding only enable us to assist approximately 100 veteran households each year.
Low-Income Home Emergency Repairs  

**Sponsor:** Representative Roberto J. Gonzales  

This appropriation will provide emergency home repair, including mitigation of health and safety hazards, roof replacement and accessibility improvements, for approximately 250 low-income households.  

**Background:** New Mexico's housing stock is aging. Forty-six percent of homes were built before 1980, with only 19 percent built since 2000. Furthermore, New Mexico has one of the highest rates of poverty (20.6 percent) and one of the lowest household median incomes ($46,718) in the U.S. (2013-2017 American Community Survey 5-Year Estimates). A high percentage of low-income households own their homes but often lack resources to make repairs, much less respond to life-changing conditions, natural disasters or emergencies. While MFA receives many requests for emergency assistance each year, it cannot fund these requests through its existing rehabilitation program due to high demand, limited funding and federal requirements that the home be brought fully up to code.

Pre-Purchase Homebuyer Education  

**Sponsor:** Senator Michael Padilla  

This appropriation will enable MFA to create and begin implementation of a statewide pre-purchase education program for first-time homebuyers. This legislation was originally proposed in 2015 by the Foreclosure Process Task Force, which was established by SM11 in 2014.  

**Background:** Studies have found that pre-purchase homebuyer counseling significantly reduces the rate of delinquencies and foreclosures and is therefore an effective tool to promote neighborhood and community stability. MFA requires pre-purchase homebuyer education for all MFA loans and confirms these findings. However, pre-purchase homebuyer education is not required by other lenders unless they are using MFA mortgage products. This appropriation would allow MFA to develop a more robust homebuyer counseling program that can potentially be deployed statewide, by all lenders.

Furnace Replacement Program  

**Sponsor:** Representative Eliseo Lee Alcon  

This appropriation will enable MFA to develop and implement a furnace replacement program to replace low-efficiency furnaces for low-income persons in New Mexico with high-efficiency furnaces.  

**Background:** This program would leverage New Mexico Gas Company (NMGC) funds in partnership with MFA to replace low-efficiency furnaces in an effort to meet the Governor's goal of reducing greenhouse gas emissions by 45% by 2030. The program would also benefit low income residents by lowering their utility bills. Assuming that NMGC would contribute $1 million, MFA estimates the combined funding would lead to 125 replaced furnaces.
Tab 5
Recommendation: Staff recommends approval of the assignment of the General Counsel Legal Services Agreement by Sheehan & Sheehan, P.A. (the Sheehan Firm) to Stelzner, Winter, Warburton, Flores, Sanchez, Dawes, P.A. (the Stelzner Firm) for the remainder of the contract term under the same terms, conditions and pricing included in the General Counsel Services Agreement with the Sheehan Firm.

Background: In June 2015 the Board awarded the General Counsel legal services contract to the Sheehan Firm. The term of the contract is from August 1, 2015 and ended on the first anniversary date thereafter. At the option of the Board, the contract was extended for four one-year periods on the same terms and conditions. The term of the current contract with the Sheehan firm expires July 31, 2020.

Discussion: In November MFA received notice that the Sheehan Firm was closing. The MFA’s Policy Committee discussed several alternatives and has decided that it is in the best interest of MFA to move to the Stelzner firm with three existing Sheehan firm attorneys’, two of which have worked with MFA, including Eleanor Werenko, who is very experienced in supporting MFA’s legal needs. Stelzner meets the minimum qualifications as set forth in the original request for proposal for these services. The following are included in your packet:

- Form of assignment agreement
- Certification of minimum qualifications
- The Stelzner Firm profile
- Attorney bios

Summary: Staff recommends approval of the assignment of the General Counsel Legal Services Agreement by Sheehan & Sheehan, P.A. (the Sheehan Firm) to Stelzner, Winter, Warburton, Flores, Sanchez, Dawes, P.A. (the Stelzner Firm) for the remainder of the contract term under the same terms, conditions and pricing included in the General Counsel Services Agreement with the Sheehan Firm.
ASSIGNMENT OF GENERAL COUNSEL
LEGAL SERVICES AGREEMENT

Sheehan & Sheehan, P.A., a professional corporation (“the Sheehan Firm”), hereby assigns, transfers, and set over to Stelzner, Winter, Warburton, Flores, Sanchez & Dawes, P.A., a professional corporation (the “Stelzner Firm”), all of its remaining and executory duties, obligations, rights and responsibilities under the General Counsel Legal Services Agreement (“Agreement”) entered into with New Mexico Mortgage Finance Authority (“MFA”) on August 1, 2015, with a term ending August 1, 2020. The Sheehan Firm makes this assignment pursuant to Section 8 Assignment, and Section 16 Termination, of the Agreement.

MFA hereby consents to this Assignment to the Stelzner Firm, pursuant to Sections 8 and 16 of the Agreement, of all of the Sheehan Firm’s duties, obligations, rights and responsibilities under the Agreement, for the remainder of the term of the Agreement, under all of the same terms and conditions contained in the Agreement.

The Stelzner Firm hereby agrees to assume all of the Sheehan Firm’s duties, obligations, rights and responsibilities under the Agreement, for the remainder of the term of the Agreement, under all of the same terms and conditions contained in the Agreement.

IN WITNESS WHEREOF, MFA, the Sheehan Firm and the Stelzner Firm have executed this Assignment of the General Counsel Legal Services Agreement effective as of December 31, 2019.

NEW MEXICO MORTGAGE
FINANCE AUTHORITY

By
Gina Hickman, Deputy Director of Finance and Administration

SHEEHAN & SHEEHAN, P.A.

By
Quentin Smith, Managing Director

STELZNER, WINTER, WARBURTON, FLORES, SANCHEZ & DAWES P.A.

By
Nann Winter, President
Certification

Stelzner, Winter, Warburton, Flores, Sanchez & Dawes, P.A., a professional corporation, (the “Firm”) does hereby certify that it meets the following minimum qualifications and requirements to serve as general counsel to the New Mexico Mortgage Finance Authority under the General Counsel Legal Services Agreement.

I. Luis G. Stelzner is listed in the most recent edition of the Martindale-Hubbell Law Directory with a rating of AV. Juan L. Flores and Robert P. Warbuton are listed in the most recent edition of the Martindale-Hubbell Law Directory with a rating of BV. The Firm is located in Albuquerque, New Mexico with a satellite office in Santa Fe, New Mexico. All attorneys are licensed in New Mexico and are available for travel within and outside of New Mexico.

II. The Firm has over ten years of experience in corporate law, including federal and state laws, rules, and regulations governing non-profit corporations; employment law; and with government and commercial contracts. The Firm has substantial expertise in New Mexico laws and rules governing municipal and state agencies and instrumentalities.

III. The Firm represents it is not restricted from participating in Housing & Urban Development (“HUD”) programs.

IV. The Firm maintains professional liability insurance with per claim and aggregate limits of $10,000,000. The Firm shall update the policy to provide for not less than thirty (30) days’ notice to MFA of non-renewal or cancellation. See attached certificate of insurance.

Stelzner, Winter, Warburton, Flores, Sanchez & Dawes, P.A.

By:

Nann M. Winter, President
Established in 2010, Stelzner, Winter, Warburton, Flores, Sanchez & Dawes, P.A. (the Firm), is a woman-owned business, owned, operated and controlled on a daily basis by three female partners (Winter, Sanchez & Dawes). The Firm is proud to be adding on January 1, 2020, the following three attorneys from Sheehan & Sheehan, P.A.: Dan Gershon, Quentin Smith, and Eleanor C. Werenko.

The Firm is committed to the highest quality, efficient, long-term representation of local government interests including matters related to litigation, consultation, contracts, legislation, procurement, right-of-way, employment, and multiple other aspects of local government practice.

The Firm currently employs 9 attorneys including two contract counsel, 2 law clerks, 2 full-time paralegals, 3 full-time support staff, and 3 additional part-time support staff. Nann M. Winter is President of the Firm.

All 5 partners and most of the support staff have worked together for nearly 20 years and were previously part of the law firm formerly known as Sheehan, Sheehan & Stelzner P.A.

Collectively, Mr. Stelzner, Ms. Winter, Mr. Warburton, and Mr. Flores have well over 130 years of practicing legal experience in New Mexico, California, Wyoming and Colorado.
The Firm has represented – on a long term basis – dozens of local government interests in New Mexico and Colorado, including municipalities, counties, villages, towns, public improvement districts, and Indian Tribes.

The Firm prides itself on “repeat” business and has represented the following as indicated:

Albuquerque Bernalillo County Water Utility Authority – Since 2003
Bernalillo County – Since 2003
City of Raton – Since 2004
City of Albuquerque – Since 2004
Catholic Charities – Since 2006
Angel Fire Public Improvement District – Since 2008
New Mexico Department of Transportation – Since 2008
Archdiocese of Santa Fe (General Counsel) Since 2008
Jicarilla Apache Nation – Since 2011
City of Gallup – Since 2012
City of Socorro – Since 2012
Dona Ana County – Since 2015
City of Bloomfield – Since 2015

The Firm has also been retained – on a project basis or litigation related matter – by dozens more including the Village of Corrales, City of Las Cruces, City of Hobbs, City of Santa Fe, Los Alamos County, Santa Fe County, Town of Taos, Village of Taos Ski Valley, City of Trinidad, Colorado, City of Sheridan, Wyoming, and the Pueblo of Acoma.

THE FIRM HOLDS THE FOLLOWING DISTINCTIONS:

2017 U.S. News & World Report Best Law Firms in New Mexico:
Stelzner, Winter, Warburton, Flores, Sanchez & Dawes, 1st Tier Ranking

Best Lawyers in America:
Luis G. Stelzner
Super Lawyers of the Southwest:
   Luis G. Stelzner
   Juan L. Flores
   Sara N. Sanchez
   Robert Warburton

Board Certified Specialist:

Chairman, New Mexico Finance Authority:
   Nann Winter, 2012-2013

All lawyers of the firm possess a Juris Doctorate and graduated from an ABA-accredited law school. All lawyers of the firm are members in good standing of the New Mexico Bar Association.
ELEANOR C. WERENKO
Sheehan & Sheehan, P.A.
P.O. Box 271
Albuquerque, New Mexico 87103
Office: (505) 247-0411; Fax: (505) 842-8890
ecw@sheehansheehan.com

Areas of Law:
- Business Formation/Entity Choice
- Mergers/Conversions/Dissolutions
- Asset/Stock Transactions
- Contracts
- Business/Commercial Litigation
- Land Use and Zoning
- Construction Law
- Employment Law

Education:
University of New Mexico School of Law, Albuquerque, New Mexico, J.D. 2008; Dean’s List Spring 2008, Fall 2007; Honor Roll, Spring 2007, Fall 2007, Spring 2006.


Universidad de Granada, Granada, Spain, 1997 – 1998 Liberal Arts Curriculum

LEGAL PRACTICE:
May 2016 to Present

Sheehan & Sheehan, P.A., Associate. Practicing in the areas of general business/commercial law with an emphasis in business formation/entity choice, mergers/conversions/dissolutions, asset/stock transactions, contracts, land use and zoning, and business/commercial litigation. Also practicing in the areas of construction and employment law.
September 2014 – December 2015

**Norvell Werenko, P.A.,** Shareholder/Attorney. Maintained a general business law practice advising clients on and drafting contracts related to: distribution of goods, domestically and internationally; intellectual property development and protection; stock transactions; commercial leases; professional services agreements; mergers and acquisitions. Drafted motions, and conducted discovery in business law disputes. Representative cases include a construction law matter involving a dispute between a concrete supplier and concrete subcontractor on multiple public works projects and a tort claims case arising out of a business law dispute related to improvements at a commercial business center.

November 2012 – August 2014

**Rammelkamp, Muehlenweg & Cordova, P.A.,** Associate. Handled business law matters including evaluating and negotiating all types of contracts for a variety of corporate clients. Represented clients with public works contracts with respect to bids, disputes, compliance, and payment issues. Drafted documents related to mergers and acquisitions. Provided business formation advice and services. Performed research and advised clients on complex tax issues within and outside of New Mexico. Represented clients in commercial/contract litigation. Represented lenders in secured transactions litigation. Drafted pleadings, motions, briefs, and mediation and arbitration position statements. Representative cases include a land use and zoning dispute, an international arbitration in a breach of contract case involving issues related to a European distribution agreement and intellectual property matters, and a breach of contract dispute between two former members in a uranium mining business.

January 2009 – November 2012

**Werenko Law,** Principal/Attorney. Worked on a contract basis to provide legal research and writing to hiring attorneys in the following areas: insurance law, health law, employment law, business law, and federal taxation. Drafted legal memoranda, pleadings, motions, and briefs. Provided the following direct contract and transactional services to clients of Werenko Law: drafted, modified and analyzed contracts. Provided business formation services. Reviewed business insurance policies and advised clients about rights and responsibilities under policies. Drafted significant contract for IT firm contracting with the State of Colorado. Drafted HIPAA-compliant privacy and security policies for developer of large-scale online health care outreach and patient management systems.

August 2007 – December 2007

**University of New Mexico School of Law, Community Lawyering Clinic,** Law Student. Interviewed clients. Maintained regular written and oral communication with clients in English and Spanish. Made appearances in Second Judicial District Court and Children's Court. Obtained favorable rulings for clients in family and criminal law cases.
December 2006 – August 2007

Sanders & Westbrook, P.C., Legal Intern. Researched legal issues including defamation and privileged communication with governmental bodies, the rules for judicial application of the sanction of dismissal, regulatory issues having to do with the Department of Insurance and the Public Regulation Commission, prescriptive easements, and water rights. Drafted motions for summary judgment, and to compel response to request for production, briefs, and insurance demand letters. Gathered and analyzed medical billing documents to successfully support a policy limits insurance claim. Worked collaboratively with a team of law professors on an appeal including research, drafting, editing, and cite checking.

BAR ADMISSIONS:

◊ New Mexico, 2008
◊ U.S. District Court, District of New Mexico, 2012

PUBLISHED WORKS:

Ms. Winter’s twenty-nine years in practice has been intensely focused on all matters related to incumbent utility practices and the inter-relationship of those practices with local government rights and powers. Thus, Ms. Winter’s practice includes the study of state and federal regulatory schemes as well as the law relevant to eminent domain and right-of-way powers granted cities, counties and tribes. This practice necessarily involves appearances in
Federal and State courts, and before regulatory bodies as well as city, county and tribal councils and state legislatures.

Most recently, Ms. Winter was lead counsel in a $38 million project that resulted in the creation of the Jicarilla Apache Nation Power Authority, a tribally-owned electric distribution and transmission utility created on May 9, 2014. The project included the acquisition (by eminent domain) of incumbent electric cooperative assets, the construction of 60 miles of transmission line, a switchyard and multiple substations, and the interconnection of those assets to an alternative supply source.

Ms. Winter continues to represent the Jicarilla Apache Nation Power Authority as well as other New Mexico and Colorado municipally owned electric utility systems.

Given the recent enactment of various legislation relevant to renewable energy and energy efficiency, Ms. Winter has also entered her appearance in a series of regulatory cases addressing renewable riders, energy efficiency riders and integrated resource plans of incumbent utilities. These same legislative initiatives (occurring locally and nationally) have also caused incumbent providers to file rate cases to incorporate into rate base, resource portfolios that add renewables and demand-side resources. Ms. Winter uses the information gained from the renewable and efficiency dockets in the rate cases to promote her clients’ interest in the lowest cost resource addition that complies with the law.

On behalf of numerous local governments, Ms. Winter has drafted and negotiated solar purchase power agreements and related ground lease arrangements. This work has continued to escalate as the price of solar energy continues to decline and becomes competitive with incumbent rates. She has also drafted legislation and otherwise assisted in analyzing and negotiating franchise agreements, interconnection agreements, network agreements, system-related procurements and DBO contracts.

Representative clients include Raton Natural Gas, the Angel Fire Public Improvement District, Bernalillo County, Dona Ana County, Los Alamos County, City of Santa Fe, City of Las Cruces, City of Socorro, City of Bloomfield, the Pueblo of Acoma, the Jicarilla Apache Nation, City of Las Vegas (Natural Gas), City of Trinidad, Colorado, City of Scottsdale, Arizona, and City of Sheridan, Wyoming.

She currently serves as outside general counsel to the Albuquerque Bernalillo County Water Utility Authority, the largest water and waste water utility in New Mexico. She served as the Water Authority’s first executive director in 2003 before becoming its general counsel in
2004. She served as lead counsel in the Water Authority’s acquisition of a contiguous 17,000 connection water and waste water system.

In July 2012, New Mexico Governor Susana Martinez appointed Ms. Winter Chair of the New Mexico Finance Authority immediately after that agency disclosed the posting of a fraudulent audit. In March 2013, Moody’s reinstated the Authority’s high bond rating, citing strong governance and “positive organizational changes.”

Publications:

*MIS Report* – Electric Industry Restructuring

*Municipal Lawyer*: Tightening the Screws: Identifying and Collecting Telecommunications Franchise Fees

*Preparing for that Hostile Takeover*, IMLA’s – International Municipal Lawyer’s Association, 61st Annual Conference

*Municipal Lawyer*: Tales from the Dark Side: Lessons Learned Negotiating for Fiber Optic Facilities

Additional presentations supplied on request.

Ms. Winter is credited with dozens of published appellate opinions, supplied on request.
Jaime L. Dawes

**Practice Areas:** Administrative, Contract, Civil and Employment Law

**Education:** University of New Mexico, J.D., 2003
Graduated first in class; Summa Cum Laude; Outstanding Torts Scholar Award; Robert C. Poole Merit Award; Bondurant Merit Scholar

New Mexico State University, B.A. in Psychology, May 2000, Graduated with Honors and Distinction; Phi Kappa Phi; Golden Key National Honor Society

**CURRENT EMPLOYMENT**
6/10 to Present  Stelzner, Winter, Warburton, Flores, Sanchez & Dawes, P.A.
302 8th Street NW, Suite 200
Albuquerque, New Mexico 87102

**PAST EMPLOYMENT**
10/04 to 5/10  Shareholder/Director
Sheehan, Sheehan & Stelzner, P.A.
Albuquerque, New Mexico

9/03 to 9/04  Law Clerk to the Honorable Harris L Hartz,
United States Court of Appeals for the Tenth Circuit
Albuquerque, New Mexico

5/02 to 8/03  Law Clerk
Sheehan, Sheehan & Stelzner, P.A.
Albuquerque, New Mexico

1/02 to 5/02  Extern
The Honorable James A. Parker, Chief District Judge,
United States District Court for the District of New Mexico

5/01 to 5/02  Research Assistant and Torts Class Tutor for Professor M.E. Occhialino
University of New Mexico School of Law
Albuquerque, New Mexico

**PUBLICATIONS**

*Palazzolo v. Rhode Island: Clarification and More Confusion on the Notice Issue*
Natural Resources Journal, Vol. 42, No. 3, Summer 2003
Keith W. Herrmann

Practice Areas: Administrative, Contract, Civil, Land Use, Oil and Gas, Regulatory and Water Law

Education: University of New Mexico, J.D., 2013
Tulane University, B.S. Civil Engineering

CURRENT EMPLOYMENT
3/19 to Present
Associate Counsel
Stelzner, Winter, Warburton, Flores Sanchez & Dawes, P.A.
302 8th Street NW Suite 200
Albuquerque, New Mexico 87102

PAST EMPLOYMENT
3/14 to 3/19
Assistant General Counsel
New Mexico Energy Minerals and Natural Resources Department
Santa Fe, New Mexico, 87505

8/12 to 12/12
Law Clerk
Federal Energy Regulatory Commission
Washington, District of Columbia

5/11 to 8/12
Law Clerk
New Mexico Attorney General’s Office

8/06 to 8/09
Project Analyst
Kimley-Horn and Associates
Miami Beach, Florida
LEGAL PRACTICE:

October 2012 to Present

Sheehan & Sheehan, P.A., Shareholder and Director, practicing in civil defense litigation, primarily in the areas of construction, government procurement, and eminent domain; including discovery, motions practice, trial preparation, client counseling, mediation/negotiation, and research; counsel to government agencies and boards regarding contracts, procurement, and statutory and regulatory compliance.

September 2000 – October 2012

New Mexico Department of Transportation, Office of General Counsel, Santa Fe, New Mexico

Acting General Counsel from November 2010 – April 2011 and March 2012 – October 2012. In addition to duties as Deputy General Counsel for NMDOT Construction and Operations, served as Acting General Counsel during Gubernatorial and NMDOT transition period by providing general counsel services to outgoing and incoming NMDOT management team and State Transportation Commission and managing day-to-day operations for Office of General Counsel.
Deputy General Counsel from November 2007 – October 2012. Lead counsel for variety of administrative, litigation and appellate cases involving bidding disputes, construction claims, construction delay and utility claims, right-of-way issues, and inverse condemnation matters. Provide counsel to client on a wide variety of issues relating to highway construction, contracts and procurement, Inspection of Public Records Act requests, Open Meetings Act issues, Indian tax issues, federal regulations, rulemaking, bond and finance issues, Disadvantaged Business Enterprise program, drafting of legislation and regulations, and other issues as assigned. Represent Department before claims board, administrative hearing officers, and mediations regarding construction and contract matters, including bid and proposal protests. Review and prepare bill analyses during legislative session. Serve on NMDOT’s Debt Management Team.

Assistant General Counsel from September 2000 - November 2007. Lead counsel for diverse litigation caseload ranging from construction delay claims, eminent domain and right-of-way issues, quiet title, tort and inverse condemnation issues, water law, and utility and railroad matters.

1997 – 2000

Law Office of Daniel E. Gershon, Santa Fe, New Mexico. Civil defense litigation primarily involving civil rights defense of cases brought against police officers, personal injury claims, workers’ compensation, and employment matters.

1993 – 1997

Baca, Coryell, Gershon & Hall, P.A., Santa Fe, New Mexico. Civil defense litigation primarily involving personal injury claims, workers’ compensation, and employment matters.

1989 – 1993

Compton, Coryell, Hickey & Ives, P.A., Santa Fe, New Mexico. Civil defense litigation primarily involving personal injury claims, workers’ compensation, and employment matters.

1986 – 1989

BAR ADMISSIONS:

◊ New Mexico, 1987
◊ Colorado, 1988 (currently inactive status)
◊ U.S. Court of Appeals, 10th Circuit, 1987
◊ U.S. District Court, District of New Mexico, 1987

PROFESSIONAL ASSOCIATIONS AND MEMBERSHIPS:

◊ American Bar Association
◊ Albuquerque Bar Association

HONORS AND AWARDS:

◊ BV® Preeminent™ rating in Martindale-Hubbell®
◊ Winner of University of Denver College of Law Moot Court Competition
◊ Member of University of Denver College of Law Barristers Cup Team
◊ Recognition for Pro Bono Service from Lawyers Referral Project for the Elderly
◊ Special Recognition Award from New Mexico Department of Transportation for Dedicated Service and Professionalism, 2008

COMMUNITY INVOLVEMENT:

◊ Vice-President, Santa Fe American Little League, 2005 – 2007
◊ Coach, Santa Fe American Little League, 1995 – 2007
◊ Ski Racing Coach/Ski Instructor, Santa Fe Ski Area, 1987 – 2005
◊ Coach (defense and special teams), Young American Football League, 2004 – 2006
◊ Club Coach, Capitol Soccer Club/Northern Soccer Club, 1999 – 2006
◊ Board Member, Eldorado Soccer Club, 1997 – 2000
◊ Coach, Recreational Youth Soccer, Eldorado Soccer Club, 1996 – 1999
◊ Lifetime Member of Rocky Mountain Elk Foundation

PRO BONO ACTIVITIES:

◊ Lawyers Referral Project for the Elderly
Areas of Law:
   Employment and Labor Law
   General Civil Litigation

Education:
   University of New Mexico School of Law, Albuquerque, New Mexico, J.D. (*Summa Cum Laude*) – 2003;
   Texas Christian University, Fort Worth, Texas, B.A. (*Magna Cum Laude*) – 1999; Honors: Phi Beta Kappa

CERTIFIED LEGAL SPECIALTIES:

◊ Employment and Labor Law, New Mexico Board of Legal Specialization, 2008 to Present

LEGAL PRACTICE:

May 17, 2010 to Present

Sheehan & Sheehan, P.A., Shareholder and Director, practicing primarily employment and labor law. As a Shareholder, primarily manages and directs the defense of employment-related and other civil rights lawsuits, including supervising associate attorney and paralegal work; developing and implementing discovery plans; engaging in motion practice; drafting pleadings, motions, briefs, and other legal documents; developing and implementing trial strategy; coordinating and arguing appeals; and providing legal advice and counseling to public and private employers.

September 2004 – May 2010

Gilkey & Stephenson, P.A., Associate. Practiced primarily employment and labor law. As an associate attorney, participated in all stages of litigation, including discovery, motion practice, trial, post-trial motions and appeals; conducted legal research using WestLaw and other resources; drafted memoranda, pleadings, motions, briefs, opinion letters, discovery requests, and other legal documents; reviewed and prepared employee policy manuals; conducted witness interviews; counseled clients; and presented seminars on employment-related topics to clients.
August 2003 – August 2004

**New Mexico Supreme Court**, Santa Fe, New Mexico, Judicial Law Clerk. As a law clerk for the Honorable Pamela Minzner, reviewed appellate briefs, record proper, and transcripts; researched legal issues using WestLaw and other resources; attended oral arguments; discussed cases with Justice Minzner as part of her decision-making process; edited, proofread, and cite-checked proposed opinions; and drafted bench memoranda and legal opinions in a wide variety of state criminal and civil cases.

**BAR ADMISSIONS:**

◊ New Mexico, 2003
◊ U.S. District Court, District of New Mexico, 2005
◊ U.S. Court of Appeals, 10th Circuit, 2005

**PROFESSIONAL ASSOCIATIONS AND MEMBERSHIPS:**

◊ American Bar Association, Member, 2007 – Present
◊ Albuquerque Bar Association, Member, 2007 – Present
◊ Society for Human Resource Management (SHRM), Member, 2013 – Present

**HONORS AND AWARDS:**

◊ 40 Under Forty Award, Albuquerque Business First, 2016
◊ Leadership New Mexico, Connect Program, 2015-2016
◊ AV® Preeminent™ Rating by Martindale-Hubbell®, 2014-Present
◊ Super Lawyers®, Rising Star (Employment Litigation: Defense), 2012 – Present
◊ Lewis Sutin Award for Excellence in Advocacy, 2003
◊ Clinical Honors Award, 2003
◊ West Book Award and Certificate for Outstanding Contribution to Scholarship by a Member of the Third-Year Class, 2003
◊ Lexis Award for Outstanding Academic Achievement in the Third-Year Class, 2003
◊ Bondurat Merit Scholar, 2001

**REPORTED CASES:**

◊ *Wills v. Board of Regents of the University of New Mexico*, 2015-NMCA-105, 357 P.3d 453
◊ *McCauley v. Board of Commissioners for Bernalillo County*, 603 Fed. Appx. 730 (10th Cir. 2015)
◊ *Lucero v. Board of Regents of the University of New Mexico*, 2012-NMCA-055, 278 P.3d 1043
◊ *Carpenter v. State of New Mexico, Corrections Department*, 2010 WL 2292890 (D.N.M.)
◊ *Chaara v. Intel Corp.*, 245 Fed. Appx. 784 (10th Cir. 2007)
◊ *Bundy v. Chaves County Board of Commissioners*, 215 Fed. Appx. 759 (10th Cir. 2007)
COMMUNITY SERVICE:

◊ Volunteer Youth Basketball Coach for YMCA and MYBL, 2012 - Present
◊ United Way of Central New Mexico Community Fund, Panel Member, 2010 – 2015
◊ Monte Vista Christian Church, Moderator, 2010 – 2011

PRO BONO ACTIVITIES:

◊ Legal Counseling to Several Non-Profit Organizations
Tab 6
Recommendation: Staff recommends approval of the assignment of the Housing Development Legal Services Agreement by Sheehan & Sheehan, P.A. (the Sheehan Firm) to Stelzner, Winter, Warburton, Flores, Sanchez, Dawes, P.A. (the Stelzner Firm) for the remainder of the contract term under the same terms, conditions and pricing included in the Housing Development Legal Services Agreement with the Sheehan Firm.

Background: In September 2016 the Board awarded the Housing Development legal services contract to the Sheehan Firm. The term of the contract is from October 3, 2016 and ended on the third anniversary date. At the option of the Board, the contract was extended for one year under the same terms and conditions. There is one extension left on the contract. The current extension expires October 2, 2020.

Discussion: In November MFA received notice that the Sheehan Firm was closing. The MFA’s Policy Committee discussed several alternatives and has decided that it is in the best interest of MFA to move to the Stelzner Firm with Eleanor Werenko, the primary attorney supporting this contract. Stelzner meets the minimum qualifications as set forth in the original request for proposal for these services. The following are included in your packet:

- Form of assignment agreement
- Certification of minimum qualifications
- The Stelzner Firm profile
- Attorney bios

Summary: Staff recommends approval of the assignment of the Housing Development Legal Services Agreement by Sheehan & Sheehan, P.A. (the Sheehan Firm) to Stelzner, Winter, Warburton, Flores, Sanchez, Dawes, P.A. (the Stelzner Firm) for the remainder of the contract term under the same terms, conditions and pricing included in the Housing Development Legal Services Agreement with the Sheehan Firm.
ASSIGNMENT OF HOUSING DEVELOPMENT LEGAL SERVICES AGREEMENT

Sheehan & Sheehan, P.A., a professional corporation (“the Sheehan Firm”), hereby assigns, transfers, and set over to Stelzner, Winter, Warburton, Flores, Sanchez & Dawes, P.A., a professional corporation (the “Stelzner Firm”), all of its remaining and executory duties, obligations, rights and responsibilities under the Housing Development Legal Services Agreement (“Agreement”) entered into with New Mexico Mortgage Finance Authority (“MFA”) on October 3, 2016, with a term ending on October 3, 2021. The Sheehan Firm makes this assignment pursuant to Section 8 Assignment, and Section 16 Termination, of the Agreement.

MFA hereby consents to this Assignment to the Stelzner Firm, pursuant to Sections 8 and 16 of the Agreement, of all of the Sheehan Firm’s duties, obligations, rights and responsibilities under the Agreement, for the remainder of the term of the Agreement, under all of the same terms and conditions contained in the Agreement.

The Stelzner Firm hereby agrees to assume all of the Sheehan Firm’s duties, obligations, rights and responsibilities under the Agreement, for the remainder of the term of the Agreement, under all of the same terms and conditions contained in the Agreement.

IN WITNESS WHEREOF, MFA, the Sheehan Firm and the Stelzner Firm have executed this Assignment of the Housing Development Legal Services Agreement effective as of December 31, 2019.

NEW MEXICO MORTGAGE FINANCE AUTHORITY

By

____________________________
Gina Hickman, Deputy Director of Finance and Administration

SHEEHAN & SHEEHAN, P.A.

By

____________________________
Quentin Smith, Managing Director

STELZNER, WINTER, WARBURTON, FLORES, SANCHEZ & DAWES P.A.

By

____________________________
Nann Winter, President
Certification

Stelzner, Winter, Warburton, Flores, Sanchez & Dawes, P.A., a professional corporation, (the “Firm”) does hereby certify that it meets the following minimum qualifications and requirements to serve as housing development counsel to the New Mexico Mortgage Finance Authority under the Housing Development Legal Services Agreement.

I. Luis G. Stelzner is listed in the most recent edition of the Martindale-Hubbell Law Directory with a rating of AV. Juan L. Flores and Robert P. Warburton are listed in the most recent edition of the Martindale-Hubbell Law Directory with a rating of BV. The Firm is located in Albuquerque, New Mexico with a satellite office in Santa Fe, New Mexico. All attorneys are licensed in New Mexico and are available for travel within and outside of New Mexico.

II. The Firm has over five years’ experience in New Mexico real estate law; land use law, and in representing lenders in commercial real estate transactions in New Mexico. The Firm has substantial expertise in federal and state tax laws impacting real estate development transactions and the rules, regulations and guidelines of both governmental and private mortgage insurers and secondary mortgage market conduits affecting the mortgage banking business; federal housing development programs, including HUD and USDA Rural Development insured mortgage lending programs; the Low Income Housing Tax Credit (LIHTC) Program; the HOME Investment Partnerships (HOME) Program; and the federal laws, rules and regulations applicable to acquisition and development financing, and construction and permanent financing of multi-family and single family housing projects on Native American trust lands. The Firm has substantial expertise in the federal and state laws governing multi-family mortgage foreclosure, bankruptcy and mortgage lending; and experience with foreclosure proceedings on multi-family loans to include, but not limited to, HUD 542(c), LIHTC, and HOME.

III. The Firm represents it is not restricted from participating in Housing & Urban Development (“HUD”) programs.

IV. The Firm maintains professional liability insurance with per claim and aggregate limits of $10,000,000. The Firm shall update the policy to provide for not less than thirty (30) days’ notice to MFA of non-renewal or cancellation. See attached certificate of insurance.

Stelzner, Winter, Warburton, Flores, Sanchez & Dawes, P.A.

By:

[Signature]

Nann M. Winter, President
Established in 2010, Stelzner, Winter, Warburton, Flores, Sanchez & Dawes, P.A. (the Firm), is a **woman-owned business**, owned, operated and controlled on a daily basis by three female partners (Winter, Sanchez & Dawes). The Firm is proud to be adding on January 1, 2020, the following three attorneys from Sheehan & Sheehan, P.A.: Dan Gershon, Quentin Smith, and Eleanor C. Werenko.

The Firm is committed to the highest quality, efficient, long-term representation of local government interests including matters related to litigation, consultation, contracts, legislation, procurement, right-of-way, employment, and multiple other aspects of local government practice.

The Firm currently employs 9 attorneys including two contract counsel, 2 law clerks, 2 full-time paralegals, 3 full-time support staff, and 3 additional part-time support staff. Nann M. Winter is President of the Firm.

All 5 partners and most of the support staff have worked together for nearly 20 years and were previously part of the law firm formerly known as Sheehan, Sheehan & Stelzner P.A.

Collectively, Mr. Stelzner, Ms. Winter, Mr. Warburton, and Mr. Flores have well over 130 years of practicing legal experience in New Mexico, California, Wyoming and Colorado.
The Firm has represented – on a long term basis – dozens of local government interests in New Mexico and Colorado, including municipalities, counties, villages, towns, public improvement districts, and Indian Tribes.

The Firm prides itself on “repeat” business and has represented the following as indicated:

- Albuquerque Bernalillo County Water Utility Authority – Since 2003
- Bernalillo County – Since 2003
- City of Raton – Since 2004
- City of Albuquerque – Since 2004
- Catholic Charities – Since 2006
- Angel Fire Public Improvement District – Since 2008
- New Mexico Department of Transportation – Since 2008
- Archdiocese of Santa Fe (General Counsel) Since 2008
- Jicarilla Apache Nation – Since 2011
- City of Gallup – Since 2012
- City of Socorro – Since 2012
- Dona Ana County – Since 2015
- City of Bloomfield – Since 2015

The Firm has also been retained – on a project basis or litigation related matter – by dozens more including the Village of Corrales, City of Las Cruces, City of Hobbs, City of Santa Fe, Los Alamos County, Santa Fe County, Town of Taos, Village of Taos Ski Valley, City of Trinidad, Colorado, City of Sheridan, Wyoming, and the Pueblo of Acoma.

THE FIRM HOLDS THE FOLLOWING DISTINCTIONS:

2017 U.S. News & World Report Best Law Firms in New Mexico:
Stelzner, Winter, Warburton, Flores, Sanchez & Dawes, 1st Tier Ranking

Best Lawyers in America:
Luis G. Stelzner
Super Lawyers of the Southwest:
   Luis G. Stelzner
   Juan L. Flores
   Sara N. Sanchez
   Robert Warburton

Board Certified Specialist:

Chairman, New Mexico Finance Authority:
   Nann Winter, 2012-2013

All lawyers of the firm possess a Juris Doctorate and graduated from an ABA-accredited law school. All lawyers of the firm are members in good standing of the New Mexico Bar Association.
ELEANOR C. WERENKO  
Sheehan & Sheehan, P.A.  
P.O. Box 271  
Albuquerque, New Mexico 87103  
Office: (505) 247-0411; Fax: (505) 842-8890  
ecw@sheehansheehan.com

Areas of Law:
- Business Formation/Entity Choice
- Mergers/Conversions/Dissolutions
- Asset/Stock Transactions
- Contracts
- Business/Commercial Litigation
- Land Use and Zoning
- Construction Law
- Employment Law

Education:
University of New Mexico School of Law, Albuquerque, New Mexico, J.D. 2008; Dean’s List Spring 2008, Fall 2007; Honor Roll, Spring 2007, Fall 2007, Spring 2006.

University of New Mexico, Albuquerque, New Mexico, B.A. – 2001; Spanish Language and Literature, Minor French Language and Literature.  

Universidad de Granada, Granada, Spain, 1997 – 1998  
Liberal Arts Curriculum

LEGAL PRACTICE:
May 2016 to Present

Sheehan & Sheehan, P.A., Associate. Practicing in the areas of general business/commercial law with an emphasis in business formation/entity choice, mergers/conversions/dissolutions, asset/stock transactions, contracts, land use and zoning, and business/commercial litigation. Also practicing in the areas of construction and employment law.
September 2014 – December 2015

**Norvell Werenko, P.A.,** Shareholder/Attorney. Maintained a general business law practice advising clients on and drafting contracts related to: the distribution of goods, domestically and internationally; intellectual property development and protection; stock transactions; commercial leases; professional services agreements; mergers and acquisitions. Drafted motions, and conducted discovery in business law disputes. Representative cases include a construction law matter involving a dispute between a concrete supplier and concrete subcontractor on multiple public works projects and a tort claims case arising out of a business law dispute related to improvements at a commercial business center.

November 2012 – August 2014

**Rammelkamp, Muehlenweg & Cordova, P.A.,** Associate. Handled business law matters including evaluating and negotiating all types of contracts for a variety of corporate clients. Represented clients with public works contracts with respect to bids, disputes, compliance, and payment issues. Drafted documents related to mergers and acquisitions. Provided business formation advice and services. Performed research and advised clients on complex tax issues within and outside of New Mexico. Represented clients in commercial/contract litigation. Represented lenders in secured transactions litigation. Drafted pleadings, motions, briefs, and mediation and arbitration position statements. Representative cases include a land use and zoning dispute, an international arbitration in a breach of contract case involving issues related to a European distribution agreement and intellectual property matters, and a breach of contract dispute between two former members in a uranium mining business.

January 2009 – November 2012

**Werenko Law,** Principal/Attorney. Worked on a contract basis to provide legal research and writing to hiring attorneys in the following areas: insurance law, health law, employment law, business law, and federal taxation. Drafted legal memoranda, pleadings, motions, and briefs. Provided the following direct contract and transactional services to clients of Werenko Law: drafted, modified and analyzed contracts. Provided business formation services. Reviewed business insurance policies and advised clients about rights and responsibilities under policies. Drafted significant contract for IT firm contracting with the State of Colorado. Drafted HIPAA-compliant privacy and security policies for developer of large-scale online health care outreach and patient management systems.

August 2007 – December 2007

**University of New Mexico School of Law, Community Lawyering Clinic,** Law Student. Interviewed clients. Maintained regular written and oral communication with clients in English and Spanish. Made appearances in Second Judicial District Court and Children's Court. Obtained favorable rulings for clients in family and criminal law cases.
December 2006 – August 2007

Sanders & Westbrook, P.C., Legal Intern. Researched legal issues including defamation and privileged communication with governmental bodies, the rules for judicial application of the sanction of dismissal, regulatory issues having to do with the Department of Insurance and the Public Regulation Commission, prescriptive easements, and water rights. Drafted motions for summary judgment, and to compel response to request for production, briefs, and insurance demand letters. Gathered and analyzed medical billing documents to successfully support a policy limits insurance claim. Worked collaboratively with a team of law professors on an appeal including research, drafting, editing, and cite checking.

BAR ADMISSIONS:

◊ New Mexico, 2008
◊ U.S. District Court, District of New Mexico, 2012

PUBLISHED WORKS:

Ms. Winter’s twenty-nine years in practice has been intensely focused on all matters related to incumbent utility practices and the inter-relationship of those practices with local government rights and powers. Thus, Ms. Winter’s practice includes the study of state and federal regulatory schemes as well as the law relevant to eminent domain and right-of-way powers granted cities, counties and tribes. This practice necessarily involves appearances in
Jaime L. Dawes

Practice Areas: Administrative, Contract, Civil and Employment Law

Education: University of New Mexico, J.D., 2003
Graduated first in class; Summa Cum Laude; Outstanding Torts Scholar Award; Robert C. Poole Merit Award; Bondurant Merit Scholar

New Mexico State University, B.A. in Psychology, May 2000, Graduated with Honors and Distinction; Phi Kappa Phi; Golden Key National Honor Society

CURRENT EMPLOYMENT
6/10 to Present
Stelzner, Winter, Warburton, Flores, Sanchez & Dawes, P.A.
302 8th Street NW, Suite 200
Albuquerque, New Mexico 87102

PAST EMPLOYMENT
10/04 to 5/10
Shareholder/Director
Sheehan, Sheehan & Stelzner, P.A.
Albuquerque, New Mexico

9/03 to 9/04
Law Clerk to the Honorable Harris L Hartz,
United States Court of Appeals for the Tenth Circuit
Albuquerque, New Mexico

5/02 to 8/03
Law Clerk
Sheehan, Sheehan & Stelzner, P.A.
Albuquerque, New Mexico

1/02 to 5/02
Extern
The Honorable James A. Parker, Chief District Judge,
United States District Court for the District of New Mexico

5/01 to 5/02
Research Assistant and Torts Class Tutor for Professor M.E. Occhialino
University of New Mexico School of Law
Albuquerque, New Mexico

PUBLICATIONS

Palazzolo v. Rhode Island: Clarification and More Confusion on the Notice Issue
Natural Resources Journal, Vol. 42, No. 3, Summer 2003
Federal and State courts, and before regulatory bodies as well as city, county and tribal councils and state legislatures.

Most recently, Ms. Winter was lead counsel in a $38 million project that resulted in the creation of the Jicarilla Apache Nation Power Authority, a tribally-owned electric distribution and transmission utility created on May 9, 2014. The project included the acquisition (by eminent domain) of incumbent electric cooperative assets, the construction of 60 miles of transmission line, a switchyard and multiple substations, and the interconnection of those assets to an alternative supply source.

Ms. Winter continues to represent the Jicarilla Apache Nation Power Authority as well as other New Mexico and Colorado municipally owned electric utility systems.

Given the recent enactment of various legislation relevant to renewable energy and energy efficiency, Ms. Winter has also entered her appearance in a series of regulatory cases addressing renewable riders, energy efficiency riders and integrated resource plans of incumbent utilities. These same legislative initiatives (occurring locally and nationally) have also caused incumbent providers to file rate cases to incorporate into rate base, resource portfolios that add renewables and demand-side resources. Ms. Winter uses the information gained from the renewable and efficiency dockets in the rate cases to promote her clients’ interest in the lowest cost resource addition that complies with the law.

On behalf of numerous local governments, Ms. Winter has drafted and negotiated solar purchase power agreements and related ground lease arrangements. This work has continued to escalate as the price of solar energy continues to decline and becomes competitive with incumbent rates. She has also drafted legislation and otherwise assisted in analyzing and negotiating franchise agreements, interconnection agreements, network agreements, system-related procurements and DBO contracts.

Representative clients include Raton Natural Gas, the Angel Fire Public Improvement District, Bernalillo County, Dona Ana County, Los Alamos County, City of Santa Fe, City of Las Cruces, City of Socorro, City of Bloomfield, the Pueblo of Acoma, the Jicarilla Apache Nation, City of Las Vegas (Natural Gas), City of Trinidad, Colorado, City of Scottsdale, Arizona, and City of Sheridan, Wyoming.

She currently serves as outside general counsel to the Albuquerque Bernalillo County Water Utility Authority, the largest water and waste water utility in New Mexico. She served as the Water Authority’s first executive director in 2003 before becoming its general counsel in
2004. She served as lead counsel in the Water Authority’s acquisition of a contiguous 17,000 connection water and waste water system.

In July 2012, New Mexico Governor Susana Martinez appointed Ms. Winter Chair of the New Mexico Finance Authority immediately after that agency disclosed the posting of a fraudulent audit. In March 2013, Moodys’ reinstated the Authority’s high bond rating, citing strong governance and “positive organizational changes.”

**Publications:**

*MIS Report* – Electric Industry Restructuring

*Municipal Lawyer*: Tightening the Screws: Identifying and Collecting Telecommunications Franchise Fees

*Preparing for that Hostile Takeover*, IMLA’s – International Municipal Lawyer’s Association, 61st Annual Conference

*Municipal Lawyer*: Tales from the Dark Side: Lessons Learned Negotiating for Fiber Optic Facilities

Additional presentations supplied on request.

Ms. Winter is credited with dozens of published appellate opinions, supplied on request.
Keith W. Herrmann

Practice Areas: Administrative, Contract, Civil, Land Use, Oil and Gas, Regulatory and Water Law

Education: University of New Mexico, J.D., 2013
Tulane University, B.S. Civil Engineering

CURRENT EMPLOYMENT

3/19 to Present  Associate Counsel
Stelzner, Winter, Warburton, Flores Sanchez & Dawes, P.A.
302 8th Street NW Suite 200
Albuquerque, New Mexico 87102

PAST EMPLOYMENT

3/14 to 3/19  Assistant General Counsel
New Mexico Energy Minerals and Natural Resources Department
Santa Fe, New Mexico, 87505

8/12 to 12/12  Law Clerk
Federal Energy Regulatory Commission
Washington, District of Columbia

5/11 to 8/12  Law Clerk
New Mexico Attorney General’s Office

8/06 to 8/09  Project Analyst
Kimley-Horn and Associates
Miami Beach, Florida
Tab 7
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Closed Session
| Tab 8 |
Tab 9
### Staff Actions Requiring Notice to Board
During the Period of November 30, 2019

<table>
<thead>
<tr>
<th>Department and Program</th>
<th>Project</th>
<th>Action Taken</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Servicing</td>
<td>September 2019 Servicing Quality Control Report</td>
<td>Approval of report issued by REDW – no findings</td>
<td>Approved by Policy Committee on November 5, 2019</td>
</tr>
<tr>
<td>Housing Development State Tax Credit Program</td>
<td>Siler Yard: Arts + Creativity Center</td>
<td>Request Amount: $500,000 in credits for 65 units at 60% or below of Area Median Income.</td>
<td>Approved by PC 11/19/19</td>
</tr>
<tr>
<td>Servicing</td>
<td>October 2019 Servicing Quality Control Report</td>
<td>Approval of report issued by REDW – no findings</td>
<td>Approved by Policy Committee on November 26, 2019</td>
</tr>
<tr>
<td>Policy and Planning Department</td>
<td>NOFA for Developing, Updating and Implementing Affordable Housing Plans</td>
<td>Policy Committee approved four awards to support the development or updating of Affordable Housing Act (AHA) plans: $30,000 to the City of Española and Rio Arriba County; $40,000 to the City of Carlsbad and Eddy County; $40,000 to Taos County and the Village of Questa; and $40,000 to Colfax County, which has several municipal partners.</td>
<td>Approved 11/26/19</td>
</tr>
</tbody>
</table>
The 2019 Series F transaction is a new money bond issue which closed on November 5, 2019. The following is a summary of the bond sale:

**Structure:** The bond issue is a $120.0 million tax-exempt traditional bond issue which provides for non-AMT serial bonds, term bonds and a premium planned amortization class (“PAC”) bond.

**Marketing:** In order to enhance the marketing of bonds to retail investors, our selling group members participated in the underwriting syndicate, namely, D.A. Davidson & Co., Fidelity Capital Markets, Stifel Nicholas & Company, Inc. and UBS Financial Services Inc. New Mexico retail investors had first priority followed by national retail investors. The underwriting syndicate submitted $6.0 million in orders and was allotted $3.5 million of bonds. There was significant demand from retail investors in general; a total of $55.1 million in retail orders were received of which $23.3 million was New Mexico retail. This is a significant increase over what MFA has experienced in the past. Robust orders for the serial bonds resulted in ten of the serial bond yields being lowered by 0.05% and two of the serial bonds be lowered by 0.025%. The PAC bonds were oversubscribed 3.1 times resulting in the yield on the PAC bonds being lowered 2 basis points. Total orders for the bond issue were $333.3 million for both retail and institutional investors.

**Use of Bond Proceeds:** The $120.0 million is being used to originate new mortgage loans and to roll forward a subsidy generated from prior bond issues which helped maintain competitive mortgage rates. The weighted average mortgage rates are as follows:

<table>
<thead>
<tr>
<th>Program</th>
<th>Government</th>
<th>Conventional</th>
</tr>
</thead>
<tbody>
<tr>
<td>FIRST HOME</td>
<td>3.833%</td>
<td>4.316%</td>
</tr>
</tbody>
</table>

**Spread:** The spread on the transaction is 1.123%. Spread is the difference between the mortgage yield and the bond yield. Maximum spread permitted by federal tax law is 1.125%. The net present value benefit of the transaction is $3.28 million or approximately 2.7% of the bonds issued.
RE: 2019 Series F Pricing Summary

---Investment of Bond Proceeds: Funds from the bond issue are invested in Federal Government Obligations Fund Institutional Shares through Zions Bank, the General Indenture Trustee.

The attached Exhibit 1 contains a table summarizing more detailed information about the 2019 Series F bond issue as well as bond issue characteristics from other recent single family issuances for comparative purposes.

Following Exhibit 1 is a comprehensive in-depth “Post Sale Analysis” for 2019 Series F, prepared by MFA’s Financial Advisor, CSG Advisors.
# New Mexico Mortgage Finance Authority
## Summary of Recent Bond Issue Characteristics

<table>
<thead>
<tr>
<th>Type of Structure</th>
<th>2019C</th>
<th>2019D</th>
<th>2019E</th>
<th>2019F</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>New Money</td>
<td>New Money</td>
<td>Refunding</td>
<td>New Money</td>
</tr>
<tr>
<td>Type of Structure</td>
<td>Traditional</td>
<td>Traditional</td>
<td>Pass-Through</td>
<td>Traditional</td>
</tr>
<tr>
<td>Tax-Exempt Bonds</td>
<td>$80,000,000</td>
<td>$100,000,000</td>
<td>n/a</td>
<td>$120,000,000</td>
</tr>
<tr>
<td>Taxable Bonds</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td>Tax-Exempt Refunding Bonds</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td>Taxable Refunding Bonds</td>
<td>n/a</td>
<td>n/a</td>
<td>$22,725,504</td>
<td>n/a</td>
</tr>
<tr>
<td>Total Amount of Bonds Issued</td>
<td>$80,000,000</td>
<td>$100,000,000</td>
<td>$22,725,504</td>
<td>$120,000,000</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Bond Issue(s) Refunded</th>
<th>2009 Series D, 2009 Series E</th>
<th>n/a</th>
</tr>
</thead>
<tbody>
<tr>
<td>MFA Subsidy*/Benefit-(New Available)/Present Value Economic Benefit</td>
<td>$3.45 million/$2.51 million</td>
<td>$4.49 million/$3.36 million</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Original Bond Ratings: Standard &amp; Poor's Moody's</th>
<th>None</th>
<th>None</th>
<th>None</th>
<th>None</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aaa</td>
<td>Aaa</td>
<td>Aaa</td>
<td>Aaa</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Pricing Date(s)</th>
<th>4/10/2019</th>
<th>7/9/2019</th>
<th>7/9/2019</th>
<th>10/2/2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bond Closing Date</td>
<td>5/16/2019</td>
<td>8/15/2019</td>
<td>8/15/2019</td>
<td>11/5/2019</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Serial Bond Maturities</th>
<th>1/1/20-7/1/31</th>
<th>7/1/20-7/1/31</th>
<th>None</th>
<th>1/1/21-7/1/32</th>
</tr>
</thead>
<tbody>
<tr>
<td>AMT</td>
<td>None</td>
<td>None</td>
<td>None</td>
<td>None</td>
</tr>
<tr>
<td>Non-AMT</td>
<td>1/1/20-7/1/31</td>
<td>7/1/20-7/1/31</td>
<td>None</td>
<td>1/1/21-7/1/32</td>
</tr>
<tr>
<td>Taxable</td>
<td>None</td>
<td>None</td>
<td>None</td>
<td>None</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Term Bond Maturities</th>
<th>7/1/34, 7/1/39, 7/1/44, 7/1/49</th>
<th>7/1/34, 7/1/39, 7/1/44, 7/1/49</th>
<th>8/1/40</th>
<th>7/1/34, 7/1/39, 7/1/44, 7/1/49</th>
</tr>
</thead>
<tbody>
<tr>
<td>7/1/34, 7/1/39, 7/1/44, 7/1/49</td>
<td>7/1/34, 7/1/39, 7/1/44, 7/1/49</td>
<td>8/1/40</td>
<td>7/1/34, 7/1/39, 7/1/44, 7/1/49</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Premium PAC Maturity</th>
<th>1/1/50</th>
<th>1/1/50</th>
<th>None</th>
<th>7/1/50</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bond Allocation System Followed***</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
</tbody>
</table>

*Subsidy was generated by a prior bond issue.
+Weighted average rate of loans in the pipeline.
**The Guaranteed Investment Contract is competitively bid.
***The bond allocation system that is followed is common in the investment banking industry and is as follows:
The lead manager keeps track of when the orders are received which is referred to as an order flow tracking system. The bond allocation system also dictates that Bonds are awarded to managers prior to any selling group members even though group members may have entered orders first. In-state retail orders receive first priority, followed by entered orders first. In-state retail orders receive first priority, followed by orders for the benefit of the group which are allocated by management fee percentage; next are net designated orders placed though the senior manager senior manager where the buyer designates the sales credit to specific managers, and finally, member orders receive the lowest priority.
KEY RESULTS FOR MFA

Purpose. This transaction is a traditional single-family bond issue with semi-annual interest and principal, though bonds can be redeemed quarterly from excess revenues. Its purpose, like similar prior new money transactions is to:

1. Finance new loan production at attractive interest rates for homebuyers,
2. Provide beneficial economics to MFA with as close to the maximum yield spread permitted by the IRS as possible,
3. Use as few of MFA’s zero participation loans as needed, and
4. Keep negative arbitrage to a minimum.

Additionally, this transaction reallocates zero participation loans from prior series (2019 Series D) well within the required time of 18 months for which to reallocate loans.

Approach and Strategy. The last two years, MFA has used traditional bond structures to finance new production that did not need a refunding component in order to generate full spread economics. 2018 Series B, C, D, 2019 Series A, C, D and now 2019 Series F are all new-money transactions issued by MFA that did not include a refunding component. Since early 2018, these series of bonds represent significant milestones in providing MFA with a balance sheet solution for new production without a form of subsidy whether refundings or zero participation loans.

From a strategic point of view, MFA has been:

1. Building a loan pipeline by reserving loans, while reviewing expected rates on a traditional bond structure,
2. Issuing bonds so as to begin financing mortgage-backed securities at bond closing and over a 2 to 3 month origination period, and
3. Protecting itself against rates rising before bonds are sold, by using zero participation interest subsidies it has earned from past transactions.

Primary Objectives. MFA therefore has three primary objectives:

1. Finance existing production at the lowest yield possible,
2. Use as few of MFA’s approximately $18.7 million of zero participations (prior to issuing 2019F) as possible to achieve full spread, thus preserving more zero participations for future production, and,
3. Raise bond premium in order to generate proceeds to help fund the purchase of the MBS from the servicer at 101%, to fund cash flow lag, and to fund the costs of issuance of the transaction.

Structure. The 2019F bonds:

- Included bond proceeds sufficient to finance $120 million of new pipeline production and provide sufficient proceeds to use and store zero participations,
- Were structured with serials bonds, term bonds and Planned Amortization Class (PAC) bonds,
• Sold the PAC bonds with a total premium of $3,812,595, which provides additional funds to purchase $120.394 million of MBS, and fund all of the costs of issuance. Given the large amount of premium raised, the issue is being overcollateralized by $0.394 million with new MBS, which strengthens the cash flows of the indenture and will provide MFA with excess assets in the future.

• Were priced 5 weeks prior to closing, enabling MFA to lock in its borrowing cost sooner as well as finance more of its pipeline production prior to closing; thus reducing both interest rate risk and negative arbitrage,

• Allowed for either GNMA, Fannie Mae (FNMA), or Freddie Mac (FHLMC) MBS depending on MFA’s loan pipeline,

• Provided MFA with an optional par call in just more than 9 years if it proves profitable to redeem the bonds in the future,

• Deposited $1.4 million of Authority funds in a negative arbitrage account for securities – including those to be financed by the zero participations – that had not yet been originated by bond closing. We expect most or all of MFA’s funds to be transferred back to MFA within 12 to 18 months.

**Results.** The bond structure consisted of three major components: non-AMT serial bonds, term bonds and a premium PAC bond.

1. **Yields.** The bond yield (true interest cost) was 2.61% assuming 100% FHA prepayments.

2. **Use of Zero Participations.** In order to achieve full spread, 2019F created approximately $3.3 million in zeros, leaving $22.0 million in zeros for future bond issues (assuming participation with a future issue in 5 months).

3. **Net Economic Benefits.** The transaction’s projected net present value before zeros was $3.28 million at 150% PSA prepayment speed, or approximately 2.7% of the bonds issued. Including the impact of zeros created, the net present value was $3.43 million (including the effect of the timing of zeros in and out as well as the loan rate of such zeros).

**Bond Results.** Following are key highlights:

1. **Timing.** The bonds were priced on Wednesday, October 2nd with a retail order period in the morning followed by an institutional order period that afternoon.

   The housing bond calendar was robust in the weeks leading up to the pricing of 2019F. Given the favorable execution of issuing bonds, housing bond issuance has been strong year-to-date, with increased bond volume compared to the same period 2018. Through the first nine months of 2019, housing issues total $17.4 billion, an increase of 21% over the same period 2018. The day after MFA’s 2019F pricing, Nebraska priced $125 million non-AMT bonds led by J.P. Morgan, and Idaho priced $30.4 million non-AMT bonds led by Barclays, both of which provided very good comparables for MFA’s transaction.

   On the day of pricing, the 10-year Treasury decreased by 0.04%, from 1.64% to 1.60% on October 2nd. The municipal market in terms of MMD rates was reduced by 0.02% to 0.03% throughout the yield curve. See “Market Details” below for a full description of the market leading up to the pricing date.
2. **Retail Interest.** A separate 2.5-hour retail order period was established with first priority to orders from New Mexico retail investors and second priority to national retail investors. This resulted in a total of $55.1 million of retail orders ($23.3 million of New Mexico retail), a substantial increase compared to the $22.2 million realized in 2019D (though on bonds of $120 million versus $100 million in 2019D). $46 million of the 2019F retail orders were for serial bonds, which combined with institutional orders for maturities in January of 2031 and 2032, resulted in strong orders such that ten of the serial bond yields were lowered by 0.05%, and two of the serial bonds by 0.025%. This continues the strong retail demand seen on recent transactions both from in-state and national retail investors.

3. **Institutional Interest.** In all, institutions put in orders totaling $270.9 million, $154 million of which were for the PAC bonds. Investor interest for the $49.4 million in PAC bonds was strong with 3.1x orders from end investors (including one order for all the bonds). As a result of the robust demand from investors as reflected in the oversubscription, the yield on the PAC bonds was lowered by 2 basis points to a 1.86% yield and a very attractive spread to MMD (+0.66% over the 5-year MMD).

Institutions also placed orders totaling $114.9 million for the four (4) term bonds. The 2034 and 2039 term bonds were subscribed for by 3.8x and 4.08x, respectively, and thus, the yields were lowered by 0.05% and 0.025%. The 2044 and 2049 term bonds were also met with good demand evidenced by oversubscription of 2.46x and 1.3x, though not enough to warrant a reprice.

4. **Selling Group.** To enhance the order flow particularly with retail investors, four selling group members were included in the underwriting syndicate for 2019F, continuing the same group from the last four transactions as well. Selling group members included D.A. Davidson, Fidelity Capital Markets, Stifel Nicholas, and UBS, all of which also participated in MFA’s traditional bond issuances beginning with 2018B. See below for orders and allotments from the selling group, of which UBS brought the most orders to the pricing:

**RETAIL ORDERS BY SELLING GROUP MEMBER (THOUSANDS):**

<table>
<thead>
<tr>
<th>Selling Group Member</th>
<th>Orders</th>
<th>Allotments</th>
</tr>
</thead>
<tbody>
<tr>
<td>D.A. Davidson &amp; Company</td>
<td>$ 490</td>
<td>$ 370</td>
</tr>
<tr>
<td>Fidelity Capital Markets</td>
<td>2,445</td>
<td>1,445</td>
</tr>
<tr>
<td>Stifel Nicolaus</td>
<td>200</td>
<td>205</td>
</tr>
<tr>
<td>UBS</td>
<td>2,815</td>
<td>1,515</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$ 5,950</strong></td>
<td><strong>$ 3,530</strong></td>
</tr>
</tbody>
</table>

The selling group was useful to the issuance in terms of generating additional retail interest, as it brought orders totaling 5% of the total amount of bonds sold (8.4% of the total bonds sold excluding the PAC bonds). UBS led the selling group in orders, followed by Fidelity.

5. **Comparable Transactions.** The 2019F PAC bonds, the serial bonds and the 4 term bonds priced well and at spreads to MMD comparable or better to other recent HFA issues in the market. The most direct comparable for the 2019F bonds was the Nebraska S125 million non-AMT issue that priced day after 2019F. Most of MFA’s serials bonds through 2025 priced at coupons 0.05% lower than Nebraska, with a few 0.10% lower. MFA’s term bonds in 2034 and 2039 were sold at the same coupon as Nebraska (2.60%, 2.85%) but at tighter spreads to MMD by 5 bps for both term bonds. MFA’s 2044 term bond priced at a spread of +113 to MMD, tighter than Nebraska’s 2042 term bond at +122. As for the PAC bonds, MFA achieved a yield of 1.86% and a spread of +66 to MMD, 0.08% better than the PAC bond sold by Idaho on October 3rd at a spread of +74 and a yield of 1.88% (Nebraska did not offer a PAC bond). Compared to its peers, MFA achieved very good execution in terms of spreads to MMD and low nominal rates.
See Section 3 for detailed pricing comparables of all recent tax-exempt traditional bond issues priced around 2019 Series F.

**MARKET DETAILS**

**Key Dates:**  
Institutional Order Period: Wednesday, October 2, 2019  
Closing Date: Tuesday, November 5, 2019

**Economic Calendar.** The day prior to the sale, ISM manufacturing data was released and reflected the lowest reading since 2009, which drove treasury and municipal rates lower for the day. On the day of sale, ADP’s employment report was issued reflecting an estimated 135k in private payroll growth for September, a respectable figure. The week prior to the sale, U.S. economic data was mixed, driven by weakness in consumer spending and consumer confidence. Having a larger impact on the market and bond yields were on-again, off-again trade rumors between the U.S. and China ahead of key diplomatic meetings late in the week.

**Treasuries.** On October 2nd when 2019F priced, 10-year and 30-year treasury yields were 1.60% and 2.08%, well below the year-to-date highs of 2.78% and 3.12% reached in early 2019.

After ending 2018 at 2.69%, in 2019 benchmark 10-year treasury yields began trending lower in mid-April and have dropped more sharply since early August. Driving down treasury yields for much of 2019, the key investor themes have been slowing international economic growth, concern about the uncertain trade environment between the US and China, and relief that the Federal Reserve’s Open Market Committee (“FOMC”) had adjusted its interest rate policy to be more neutral in tone, in contrast to the FOMC’s bias toward raising rates in 2018. Heightened worries about the economic impact of widening tariff disputes – especially between the US and China – have prompted the latest flight to the safety of US Treasuries.

**Municipals.** The overall new issue bond supply through September is up 8.7% against the same period in 2018. In 2019, strong net inflows of investment capital and heavy redemptions of outstanding bonds, coupled with moderate new issue supplies, have helped keep the ratio of municipal rates relative to treasuries attractive for issuers, with municipal bonds outperforming (improving relative to treasury yields). While the 10-year MMD has dropped by 23 basis points since 2019D was priced in July, the spread to the index for housing and other revenue bonds has widened, especially at the long end of the market. Many long-term buyers are reluctant to buy such revenue bonds at such low absolute yields. Important market factors include:

- **Supply and Demand.** Despite lower federal tax rates, with fewer tax-advantaged investment alternatives demand for municipal bonds from both retail and institutional investors has continued to exceed supply, reflected by a record $69.5 billion in net positive inflows (year-to-date through October 2nd) of investments into municipal mutual funds competing for new issue volume. The appetite for municipal bonds from electronically traded funds, domestic banks, and mutual funds has remained strong.

- **Less Upward Pressure on Rates.** While the pace of US economic growth has eased, the FOMC’s 0.25% rate cut at their September meeting and the futures market forecasting at least one more rate cut during 2019 as early as October – as well as softening economies in China, Europe, and emerging market countries – have countered the upward rate pressures from the heavy US Treasury deficit bond issuance. Heightened tariff uncertainty has spurred volatility in the capital markets, undercutting investor comfort in committing to longer maturities and prompting a flight to the safety of treasuries.
TABLE 1: COMPARISON OF RATES IN RECENT TRANSACTIONS

<table>
<thead>
<tr>
<th>Issue</th>
<th>Date</th>
<th>10 Year Treasury</th>
<th>10 Year MMD</th>
<th>MMD to Treasury Ratio</th>
<th>30 Year Treasury</th>
<th>30 Year MMD</th>
<th>MMD to Treasury Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018 B</td>
<td>6/6/18</td>
<td>2.97%</td>
<td>2.46%</td>
<td>82.8%</td>
<td>3.13%</td>
<td>2.98%</td>
<td>95.2%</td>
</tr>
<tr>
<td>2018 C</td>
<td>8/6/18</td>
<td>2.96%</td>
<td>2.49%</td>
<td>84.1%</td>
<td>3.11%</td>
<td>3.08%</td>
<td>99.0%</td>
</tr>
<tr>
<td>2018 D</td>
<td>11/1/18</td>
<td>3.14%</td>
<td>2.75%</td>
<td>87.6%</td>
<td>3.38%</td>
<td>3.40%</td>
<td>99.4%</td>
</tr>
<tr>
<td>2019 A</td>
<td>1/17/19</td>
<td>2.75%</td>
<td>2.20%</td>
<td>80.0%</td>
<td>3.08%</td>
<td>3.04%</td>
<td>98.7%</td>
</tr>
<tr>
<td>2019 C</td>
<td>4/10/19</td>
<td>2.48%</td>
<td>1.92%</td>
<td>77.4%</td>
<td>2.90%</td>
<td>2.67%</td>
<td>92.1%</td>
</tr>
<tr>
<td>2019 D</td>
<td>7/9/19</td>
<td>2.07%</td>
<td>1.61%</td>
<td>77.7%</td>
<td>2.54%</td>
<td>2.28%</td>
<td>89.8%</td>
</tr>
<tr>
<td>2019 F</td>
<td>10/2/19</td>
<td>1.60%</td>
<td>1.38%</td>
<td>86.2%</td>
<td>2.08%</td>
<td>1.92%</td>
<td>92.3%</td>
</tr>
<tr>
<td>Change from 2019D to 2019F</td>
<td></td>
<td>- 47 bps</td>
<td>- 23 bps</td>
<td>+ 8.5%</td>
<td>- 46 bps</td>
<td>- 36 bps</td>
<td>+ 2.5%</td>
</tr>
</tbody>
</table>

UNDERWRITING

Underwriter. RBC Capital Markets served as senior managing underwriter and Raymond James as co-manager. As described above, we also had a four-firm selling group.

Underwriting Fees. The underwriter discount of $6.50 per $1,000 bonds is reasonable compared to other similarly sized issues in the market.

Performance. RBC Capital Markets as book-running senior manager and Raymond James as co-manager worked well together and achieved good order flow as described above. The strong order flow was evidenced by the ability to:

1) Generate $326 million in total orders, $154 million in orders for the PAC bond (3.1x subscribed) which allowed for a yield reduction by 0.02%,
2) Produce sufficient orders for the term bonds such that MFA was able to match Nebraska’s term bond rates and lower yields on two of the term bonds, and
3) Generate an exceptional amount of retail orders ($55.1 million vs $22.2 million in the last sale) continuing the strength last seen in the last several transactions. The four-firm selling group enhanced the sale of the bonds. We would recommend a selling group on the next traditional bond issuance as well, though may suggest replacing one or two of the selling group members who have underperformed.
Tab 10
New Mexico Mortgage Finance Authority

Combined Financial Statements
And Schedules

October 31, 2019
# New Mexico Mortgage Finance Authority

## Financial Review

**For the one-month period ended October 31, 2019**

## Comparative Year-to-Date Figures (Dollars in millions):

<table>
<thead>
<tr>
<th></th>
<th>1 month 10/31/19</th>
<th>1 month 10/31/18</th>
<th>% Change Year / Year</th>
<th>Forecast 10/31/2019</th>
<th>Actual to Forecast 9/30/20</th>
<th>Forecast/Target 9/30/20</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Production</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1 Single family issues (new money):</td>
<td>$0.0</td>
<td>$0.0</td>
<td>0.0%</td>
<td>$0.0</td>
<td>0.0%</td>
<td>$280.0</td>
</tr>
<tr>
<td>2 Single family loans sold (TBA):</td>
<td>$13.0</td>
<td>$7.8</td>
<td>66.7%</td>
<td>$5.8</td>
<td>122.9%</td>
<td>$70.0</td>
</tr>
<tr>
<td>3 Total Single Family Production</td>
<td>$13.0</td>
<td>$7.8</td>
<td>66.7%</td>
<td>$5.8</td>
<td>122.9%</td>
<td>$350.0</td>
</tr>
<tr>
<td>4 Multifamily issues:</td>
<td>$0.0</td>
<td>$0.0</td>
<td>0.0%</td>
<td>$0.0</td>
<td>0.0%</td>
<td>$20.0</td>
</tr>
<tr>
<td>5 Single Family Bond MBS Payoffs:</td>
<td>$5.5</td>
<td>$3.1</td>
<td>77.4%</td>
<td>$4.3</td>
<td>28.7%</td>
<td>$51.3</td>
</tr>
<tr>
<td><strong>Statement of Net Position</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6 Avg. earning assets:</td>
<td>$1,328.4</td>
<td>$1,064.5</td>
<td>24.8%</td>
<td>$1,200.4</td>
<td>10.7%</td>
<td>$1,431.5</td>
</tr>
<tr>
<td>7 General Fund Cash and Securities:</td>
<td>$85.4</td>
<td>$90.9</td>
<td>-6.1%</td>
<td>$85.6</td>
<td>-0.3%</td>
<td>$83.7</td>
</tr>
<tr>
<td>8 General Fund SIC FMV Adj.:</td>
<td>$0.3</td>
<td>($0.1)</td>
<td>400.0%</td>
<td>$0.0</td>
<td>N/A</td>
<td>$0.0</td>
</tr>
<tr>
<td>9 Total bonds outstanding:</td>
<td>$1,040.6</td>
<td>$813.8</td>
<td>27.9%</td>
<td>$1,063.6</td>
<td>-2.2%</td>
<td>$1,265.4</td>
</tr>
<tr>
<td><strong>Statement of Revenues, Expenses and Net Position</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10 General Fund expenses (excluding capitalized assets):</td>
<td>$1.2</td>
<td>$0.9</td>
<td>33.3%</td>
<td>$1.6</td>
<td>-25.0%</td>
<td>$19.3</td>
</tr>
<tr>
<td>11 General Fund revenues:</td>
<td>$2.3</td>
<td>$1.3</td>
<td>76.9%</td>
<td>$1.9</td>
<td>21.1%</td>
<td>$23.5</td>
</tr>
<tr>
<td>12 Combined net revenues (all funds):</td>
<td>$1.6</td>
<td>$0.7</td>
<td>128.6%</td>
<td>$0.8</td>
<td>102.1%</td>
<td>$9.5</td>
</tr>
<tr>
<td>13 Combined net revenues excluding SIC FMV Adj. (all funds):</td>
<td>$1.4</td>
<td>$0.9</td>
<td>55.6%</td>
<td>$0.8</td>
<td>76.8%</td>
<td>$9.5</td>
</tr>
<tr>
<td>14 Combined net position:</td>
<td>$247.1</td>
<td>$235.6</td>
<td>4.9%</td>
<td>$246.3</td>
<td>0.3%</td>
<td>$251.8</td>
</tr>
<tr>
<td>15 Combined return on avg. earning assets:</td>
<td>1.45%</td>
<td>0.75%</td>
<td>93.3%</td>
<td>0.66%</td>
<td>119.7%</td>
<td>0.66%</td>
</tr>
<tr>
<td>16 Net TBA profitability:</td>
<td>1.00%</td>
<td>0.72%</td>
<td>38.9%</td>
<td>0.50%</td>
<td>100.0%</td>
<td>0.50%</td>
</tr>
<tr>
<td>17 Combined interest margin:</td>
<td>1.01%</td>
<td>1.06%</td>
<td>-4.7%</td>
<td>0.93%</td>
<td>8.6%</td>
<td>0.93%</td>
</tr>
<tr>
<td><strong>Moody’s Benchmarks</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>18 Net Asset to debt ratio (5-yr avg):</td>
<td>29.95%</td>
<td>29.84%</td>
<td>0.4%</td>
<td>27.99%</td>
<td>7.0%</td>
<td>27.99%</td>
</tr>
<tr>
<td>19 Net rev as % of total rev (5-yr avg):</td>
<td>12.32%</td>
<td>9.72%</td>
<td>26.7%</td>
<td>10.76%</td>
<td>14.5%</td>
<td>10.76%</td>
</tr>
<tr>
<td><strong>Servicing</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>20 Subserviced portfolio</td>
<td>$1,162.1</td>
<td>$800.8</td>
<td>45.1%</td>
<td>$1,167.1</td>
<td>-0.4%</td>
<td>$1,374.9</td>
</tr>
<tr>
<td>21 Servicing Yield (subserviced portfolio)</td>
<td>0.44%</td>
<td>0.40%</td>
<td>10.0%</td>
<td>0.38%</td>
<td>15.8%</td>
<td>0.38%</td>
</tr>
<tr>
<td>22 Combined average delinquency rate (MFA serviced)</td>
<td>9.21%</td>
<td>10.65%</td>
<td>-13.5%</td>
<td>10.50%</td>
<td>-12.3%</td>
<td>10.50%</td>
</tr>
<tr>
<td>23 DPA loan delinquency rate (all)</td>
<td>9.26%</td>
<td>10.78%</td>
<td>-14.1%</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>24 Default rate (MFA serviced-annualized)</td>
<td>0.84%</td>
<td>1.68%</td>
<td>-50.0%</td>
<td>1.50%</td>
<td>-44.0%</td>
<td>1.50%</td>
</tr>
<tr>
<td>25 Subserviced portfolio delinquency rate (first mortgages)</td>
<td>9.44%</td>
<td>7.33%</td>
<td>28.8%</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>26 Purchased Servicing Rights Valuation Change (as of 9/30)</td>
<td>$1.2</td>
<td>$3.3</td>
<td>-63.6%</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
</tbody>
</table>

Note: Forecast updated with budget amendment and actuals through March 2019.

**Legend:**

- Positive Trend
- Caution
- Negative Trend
- Known Trend/Immaterial
SUMMARY OF NEW BOND ISSUES:

Single Family Issues: None

Multi-family Issues: None

SIGNIFICANT MONTHLY FINANCIAL VARIANCES:
► Due to decreases in mortgage rates, prepayments are trending higher than last year.

CURRENT YEAR FINANCIAL TRENDS & VARIANCES:
► Servicing expansion continues to provide additional revenues as the subserviced portfolio and purchased servicing rights asset bases increase.
► This fiscal year bond issuance will continue to be the best execution for Single Family Mortgage first-time homebuyer loans. In the bond execution the majority of the revenue is earned over time and with TBA sales all revenue is received upfront. Approximately 80% of the Single Family mortgage program will be funded with tax-exempt bonds.
► The subservicing oversight position reports to the Director of Servicing and provides full-time monitoring of loss mitigation activities, collections and foreclosure services provided by MFA’s subservicer. They coordinate with the Compliance Officer on risk management strategies and reporting. Staff actively analyzes default trends, quality control reports and portfolio profile characteristics to understand reasons for higher than expected delinquency rates. These delinquencies have an effect on the credit risk associated with MFA’s down payment assistance portfolio as well as the financial impacts associated with defaults on the first mortgages themselves. Staff is actively engaged with the subservicer to identify additional delinquency reduction strategies, particularly early intervention strategies to prevent loans from becoming seriously delinquent. The subserviced portfolio is approx. 80% FHA insured loans; The Mortgage Bankers Association quarterly survey as of 9/30/19 indicates that the delinquency rate for FHA loans nationally is 6.60% and for New Mexico 3.56%. 4.71% of MFA’s delinquencies in this portfolio are in the 30 to 59 days past due range.
► Reserve levels for all MFA loan portfolios are deemed adequate.
► Fair market value for purchased servicing rights as of September 30, 2019 was $12.1 million an increase of approximately $1.2 million over cost. GASB requires MFA to utilize "lower of cost or market" accounting for this asset. Therefore, no valuation adjustments are anticipated. Current purchased servicing rights are recorded at a cost of $10.9 million as of September 30, 2019. Valuations are obtained on a quarterly basis. Valuations are declining primarily due to increases in mortgage loan prepayments, decreased earnings rates and increased delinquencies during the last quarter.
► Based on Moody’s issuer credit rating scorecard, MFA’s 29.95 percent net asset ratio (5-year average), which measures balance sheet strength, indicates a strong and growing level of resources for maintaining HFA’s creditworthiness under stressful circumstances (> 20 percent). The net revenue as a percent of total revenue measures performance and profitability and MFA’s 12.32 percent ratio (5-year average) points to a high profitability with favorable trends (10-15 percent range). While ratios currently fall within expected thresholds, there are some trends that are effecting these ratios. In future years MFA will see the net asset ratio decline as net revenues will not be increasing at the same rate as bonds outstanding. As previously noted, the bond execution is expected to fund approximately 80% of the single family mortgage production this year.
► Moody’s Investor Services issued an updated credit opinion on MFA in the spring of 2018. They reaffirmed the Aa3 rating. Comments included strong asset to debt ratio, good profitability and low risk profile due to mortgage-backed security structure, multifamily Risk Sharing Program and no exposure to variable rate debt. Additionally, Moody’s reaffirmed the Aaa1 rating on the single family indenture.
MONTHLY FINANCIAL GRAPHS

Assets Under Management as of 9/30/2020
($ in thousands)

YTD Annualized Payoffs as a Percentage of Single Family Mortgage Portfolio as of 9/30/2019

YTD Excess Revenues over Expenses as of 10/31/2019

Yield Targets 9/30/2020

(1) Weatherization Assistance Programs; Emergency Shelter Grant; State Homeless; Housing Opportunities for People With Aids; NM State Tax Credit; Governor's Innovations; EnergySaver; Tax Credit Assistance Program; Tax Credit Exchange; Neighborhood Stabilization Program; Section 811 PRA; Homeownership Preservation Program

(2) NM Affordable Housing Charitable Trust Fund; Land Title Trust Fund; Housing Trust Fund
### NEW MEXICO MORTGAGE FINANCE AUTHORITY
#### COMBINED STATEMENT OF NET POSITION
##### October 2019
##### (THOUSANDS OF DOLLARS)

<table>
<thead>
<tr>
<th></th>
<th>YTD 10/31/2019</th>
<th>YTD 10/31/18</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSETS:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>CURRENT ASSETS:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CASH &amp; CASH EQUIVALENTS</td>
<td>$30,745</td>
<td>$36,093</td>
</tr>
<tr>
<td>RESTRICTED CASH HELD IN ESCROW</td>
<td>11,457</td>
<td>10,568</td>
</tr>
<tr>
<td>SHORT-TERM INVESTMENTS</td>
<td></td>
<td></td>
</tr>
<tr>
<td>ACCRUED INTEREST RECEIVABLE</td>
<td>4,180</td>
<td>3,477</td>
</tr>
<tr>
<td>OTHER CURRENT ASSETS</td>
<td>2,475</td>
<td>2,177</td>
</tr>
<tr>
<td>ADMINISTRATIVE FEES RECEIVABLE (PAYABLE)</td>
<td>(0)</td>
<td>-</td>
</tr>
<tr>
<td>INTER-FUND RECEIVABLE (PAYABLE)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL CURRENT ASSETS</strong></td>
<td>48,856</td>
<td>52,315</td>
</tr>
<tr>
<td>CASH - RESTRICTED</td>
<td>43,435</td>
<td>62,078</td>
</tr>
<tr>
<td>LONG-TERM &amp; RESTRICTED INVESTMENTS</td>
<td>70,438</td>
<td>69,795</td>
</tr>
<tr>
<td>INVESTMENTS IN RESERVE FUNDS</td>
<td>324</td>
<td>68</td>
</tr>
<tr>
<td>FNMA, GNMA, &amp; FHLMC SECURITIZED MTG. LOANS</td>
<td>946,322</td>
<td>686,227</td>
</tr>
<tr>
<td>MORTGAGE LOANS RECEIVABLE</td>
<td>245,537</td>
<td>240,944</td>
</tr>
<tr>
<td>ALLOWANCE FOR LOAN LOSSES</td>
<td>(3,517)</td>
<td>(1,327)</td>
</tr>
<tr>
<td>NOTES RECEIVABLE</td>
<td></td>
<td></td>
</tr>
<tr>
<td>FIXED ASSETS, NET OF ACCUM. DEPN</td>
<td>1,213</td>
<td>1,210</td>
</tr>
<tr>
<td>OTHER REAL ESTATE OWNED, NET</td>
<td></td>
<td>56</td>
</tr>
<tr>
<td>OTHER NON-CURRENT ASSETS</td>
<td></td>
<td></td>
</tr>
<tr>
<td>INTANGIBLE ASSETS</td>
<td>11,226</td>
<td>7,504</td>
</tr>
<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td>1,363,835</td>
<td>1,118,871</td>
</tr>
<tr>
<td><strong>DEFERRED OUTFLOWS OF RESOURCES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>REFUNDINGS OF DEBT</td>
<td>370</td>
<td>475</td>
</tr>
<tr>
<td><strong>TOTAL ASSETS &amp; DEFERRED OUTFLOWS OF RESOURCES</strong></td>
<td>1,364,204</td>
<td>1,119,347</td>
</tr>
</tbody>
</table>

|                                |                |              |
| **LIABILITIES AND NET POSITION:** |            |              |
| **LIABILITIES:**               |                |              |
| **CURRENT LIABILITIES:**       |                |              |
| ACCRUED INTEREST PAYABLE       | $8,297         | $5,186       |
| ACCOUNTS PAYABLE AND ACCRUED EXPENSES | 8,410 | 10,683       |
| ESCROW DEPOSITS & RESERVES    | 11,356         | 10,524       |
| **TOTAL CURRENT LIABILITIES** | 28,063         | 26,393       |
| BONDS PAYABLE, NET OF UNAMORTIZED DISCOUNT | 1,040,641 | 813,838 |
| MORTGAGE & NOTES PAYABLE      | 48,276         | 43,344       |
| ACCRUED ARBITRAGE REBATE      |                |              |
| OTHER LIABILITIES             | 165            | 199          |
| **TOTAL LIABILITIES**         | 1,117,145      | 883,773      |
| **NET POSITION:**             |                |              |
| INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT | 1,213         | 1,210         |
| UNAPPROPRIATED NET POSITION (NOTE 1) | 63,088 | 65,529 |
| APPROPRIATED NET POSITION (NOTE 1) | 182,759 | 168,834 |
| **TOTAL NET POSITION**        | 247,060        | 235,573      |
| **TOTAL LIABILITIES & NET POSITION** | 1,364,204 | 1,119,347 |

NEW MEXICO MORTGAGE FINANCE AUTHORITY
COMBINED STATEMENT OF NET POSITION
October 2019
(THOUSANDS OF DOLLARS)
<table>
<thead>
<tr>
<th>Item</th>
<th>YTD 10/31/2019</th>
<th>YTD 10/31/17</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>OPERATING REVENUES:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest on Loans</td>
<td>$3,943</td>
<td>$3,163</td>
</tr>
<tr>
<td>Interest on Investments &amp; Securities</td>
<td>325</td>
<td>323</td>
</tr>
<tr>
<td>Loan &amp; Commitment Fees</td>
<td>295</td>
<td>240</td>
</tr>
<tr>
<td>Administrative Fee Income (Exp)</td>
<td>496</td>
<td>363</td>
</tr>
<tr>
<td>RTC, Risk Sharing &amp; Guaranty Income</td>
<td>7</td>
<td>3</td>
</tr>
<tr>
<td>Housing Program Income</td>
<td>10</td>
<td>5</td>
</tr>
<tr>
<td>Loan Servicing Income</td>
<td>475</td>
<td>47</td>
</tr>
<tr>
<td>Other Operating Income</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Subtotal Operating Revenues</strong></td>
<td>5,551</td>
<td>4,144</td>
</tr>
<tr>
<td><strong>NON-OPERATING REVENUES:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Arbitrage Rebate Income (Expense)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Gain(Loss) Asset Sales/Debt Extinguishishment</td>
<td>168</td>
<td>(196)</td>
</tr>
<tr>
<td>Other Non-Operating Income</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Grant Award Income</td>
<td>3,343</td>
<td>2,884</td>
</tr>
<tr>
<td><strong>Subtotal Non-Operating Revenues</strong></td>
<td>3,511</td>
<td>2,688</td>
</tr>
<tr>
<td><strong>Total Revenues</strong></td>
<td>9,062</td>
<td>6,832</td>
</tr>
<tr>
<td><strong>OPERATING EXPENSES:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Administrative Expenses</td>
<td>930</td>
<td>764</td>
</tr>
<tr>
<td>Interest Expense</td>
<td>3,146</td>
<td>2,542</td>
</tr>
<tr>
<td>Amortization of Bond/Note Premium(Discount)</td>
<td>(141)</td>
<td>(108)</td>
</tr>
<tr>
<td>Provision for Loan Losses</td>
<td>1</td>
<td>7</td>
</tr>
<tr>
<td>Mortgage Loan &amp; Bond Insurance</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Trustee Fees</td>
<td>11</td>
<td>8</td>
</tr>
<tr>
<td>Amort. of Serv. Rights &amp; Depreciation</td>
<td>117</td>
<td>48</td>
</tr>
<tr>
<td>Bond Cost of Issuance</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>Subtotal Operating Expenses</strong></td>
<td>4,064</td>
<td>3,262</td>
</tr>
<tr>
<td><strong>NON-OPERATING EXPENSES:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capacity Building Costs</td>
<td>54</td>
<td>21</td>
</tr>
<tr>
<td>Grant Award Expense</td>
<td>3,393</td>
<td>2,884</td>
</tr>
<tr>
<td>Other Non-Operating Expense</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Subtotal Non-Operating Expenses</strong></td>
<td>3,393</td>
<td>2,905</td>
</tr>
<tr>
<td><strong>Total Expenses</strong></td>
<td>7,457</td>
<td>6,167</td>
</tr>
<tr>
<td><strong>Net Revenues</strong></td>
<td>1,606</td>
<td>665</td>
</tr>
<tr>
<td>Other Financing Sources (Uses)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net Revenues and Other Financing Sources (Uses)</td>
<td>1,606</td>
<td>665</td>
</tr>
<tr>
<td>Net Position at Beginning of Year</td>
<td>245,454</td>
<td>234,909</td>
</tr>
<tr>
<td><strong>Net Position at 10/31/2019</strong></td>
<td>247,060</td>
<td>235,573</td>
</tr>
</tbody>
</table>
NOTES TO FINANCIAL STATEMENTS
(For Informational Purposes Only)
(Thousands of Dollars)

(Note 1) MFA Net Position as of October 31, 2019:

UNAPPROPRIATED NET POSITION:
$ 32,246 is held by Bond Program Trustees and is pledged to secure repayment of the Bonds.
$ 30,389 is held in Trust for the NM Housing Trust Fund and the NM Land Title Trust Fund.
$  453 held for New Mexico Affordable Housing Charitable Trust.
$ 63,088 Total unappropriated Net Position

APPROPRIATED NET POSITION: GENERAL FUND
By actions of the Board of Directors on various dates, General Fund net assets have been appropriated as follows:

$ 112,961 for use in the Housing Opportunity Fund ($97,511 in loans plus $15,450 unfunded, of which $3,573 is committed).
$ 19,550 for future use in Single Family & Multi-Family housing programs.
$  2,237 for loss exposure on Risk Sharing loans.
$  1,213 invested in capital assets, net of related debt.
$  1,200 invested in mortgage servicing rights.
$ 22,513 for the future General Fund Budget year ending 9/30/20 ($24,100 total budget less $1,587 expended budget through 10/31/19.)

$ 169,674 Subtotal - General Fund

APPROPRIATED NET POSITION: HOUSING
By actions of the Board of Directors on December 7, 1999, Housing assets have been appropriated as follows:

$ 14,298 for use in the federal and state housing programs administered by MFA.
$ 14,298 Subtotal - Housing Program
$ 183,972 Total appropriated Net Position
$ 247,060 Total combined Net Position at October 31, 2019

Total combined Net Position, or reserves, at October 31, 2019 was $247.1 million, of which $63.1 million was pledged to the bond programs, Affordable Housing Charitable Trust and fiduciary trusts. $184.0 million of available reserves, with $85.4 million primarily liquid in the General Fund and in the federal and state Housing programs and $98.6 million illiquid -

- for use in existing and future programs
- for coverage of loss exposure in existing programs
- to meet servicing requirements, and
- for support of operations necessary to carry out the programs.

MFA’s general plan for bond program reserves as they may become available to MFA over the next 30 years is to use the reserves for future programs, loss exposure coverage, servicing requirements and operations.
## General Fund
### Fiscal Year 2019-2020 Budget
#### For the one month ended 10/31/2019

<table>
<thead>
<tr>
<th>Revenue</th>
<th>One Month Actual</th>
<th>Year to Date Actuals</th>
<th>ProRata Budget</th>
<th>Annual Budget</th>
<th>YTD Budget Under/(Over)</th>
<th>Annual Budget Under/(Over)</th>
<th>Expended Annual Budget %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest Income</td>
<td>564,512</td>
<td>564,512</td>
<td>575,849</td>
<td>6,910,183</td>
<td>11,337</td>
<td>6,345,671</td>
<td>8.17%</td>
</tr>
<tr>
<td>Interest on Investments &amp; Securities</td>
<td>162,764</td>
<td>162,764</td>
<td>156,851</td>
<td>1,882,217</td>
<td>(5,912)</td>
<td>1,719,453</td>
<td>8.65%</td>
</tr>
<tr>
<td>Loan &amp; Commitment Fees</td>
<td>833</td>
<td>833</td>
<td>10,000</td>
<td>833</td>
<td>10,000</td>
<td>10,000</td>
<td>10.00%</td>
</tr>
<tr>
<td>Administrative Fee Income (Exp)</td>
<td>829,661</td>
<td>829,661</td>
<td>703,702</td>
<td>8,444,423</td>
<td>(125,959)</td>
<td>7,614,762</td>
<td>9.82%</td>
</tr>
<tr>
<td>Risk Sharing/Guaranty/RTC fees</td>
<td>6,799</td>
<td>6,799</td>
<td>5,786</td>
<td>69,431</td>
<td>(1,014)</td>
<td>62,617</td>
<td>9.79%</td>
</tr>
<tr>
<td>Housing Program Income</td>
<td>9,960</td>
<td>9,960</td>
<td>20,541</td>
<td>1,084,053</td>
<td>10,581</td>
<td>1,074,093</td>
<td>0.92%</td>
</tr>
<tr>
<td>Loan Servicing Income</td>
<td>475,094</td>
<td>475,094</td>
<td>449,344</td>
<td>5,392,126</td>
<td>(25,750)</td>
<td>4,917,376</td>
<td>8.81%</td>
</tr>
<tr>
<td>Other Operating Income</td>
<td>-</td>
<td>-</td>
<td>1,500</td>
<td>-</td>
<td>1,500</td>
<td>1,500</td>
<td>1.50%</td>
</tr>
<tr>
<td><strong>Operating Revenues</strong></td>
<td>2,048,790</td>
<td>2,048,790</td>
<td>1,912,906</td>
<td>23,793,933</td>
<td>(135,884)</td>
<td>21,745,143</td>
<td>8.61%</td>
</tr>
<tr>
<td>Gain (Loss) Asset Sale/Debt Ex</td>
<td>261,413</td>
<td>261,413</td>
<td>(22,313)</td>
<td>(267,750)</td>
<td>(283,725)</td>
<td>(529,163)</td>
<td>-97.63%</td>
</tr>
<tr>
<td>Other Non-operating Income</td>
<td>40</td>
<td>40</td>
<td>13</td>
<td>160</td>
<td>(27)</td>
<td>120</td>
<td>25.00%</td>
</tr>
<tr>
<td><strong>Non-Operating Revenues</strong></td>
<td>261,453</td>
<td>261,453</td>
<td>(22,299)</td>
<td>(267,590)</td>
<td>(283,752)</td>
<td>(529,043)</td>
<td>-97.71%</td>
</tr>
<tr>
<td><strong>Revenue</strong></td>
<td>2,310,243</td>
<td>2,310,243</td>
<td>1,890,607</td>
<td>23,526,343</td>
<td>(419,636)</td>
<td>21,216,100</td>
<td>9.82%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Expenses</th>
<th>One Month Actual</th>
<th>Year to Date Actuals</th>
<th>ProRata Budget</th>
<th>Annual Budget</th>
<th>YTD Budget Under/(Over)</th>
<th>Annual Budget Under/(Over)</th>
<th>Expended Annual Budget %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries</td>
<td>205,986</td>
<td>205,986</td>
<td>415,712</td>
<td>5,396,868</td>
<td>209,727</td>
<td>5,190,882</td>
<td>3.82%</td>
</tr>
<tr>
<td>Overtime</td>
<td>580</td>
<td>580</td>
<td>1,904</td>
<td>24,756</td>
<td>1,324</td>
<td>24,176</td>
<td>2.34%</td>
</tr>
<tr>
<td>Incentives</td>
<td>1,032</td>
<td>1,032</td>
<td>36,116</td>
<td>468,417</td>
<td>35,083</td>
<td>467,825</td>
<td>0.22%</td>
</tr>
<tr>
<td>Payroll taxes, Employee Benefits</td>
<td>139,662</td>
<td>139,662</td>
<td>203,689</td>
<td>2,567,648</td>
<td>64,027</td>
<td>2,427,819</td>
<td>5.44%</td>
</tr>
<tr>
<td><strong>Compensation</strong></td>
<td>347,260</td>
<td>347,260</td>
<td>657,421</td>
<td>8,457,690</td>
<td>310,161</td>
<td>8,147,529</td>
<td>4.11%</td>
</tr>
<tr>
<td>Business Meals Expense</td>
<td>30</td>
<td>30</td>
<td>422</td>
<td>5,060</td>
<td>392</td>
<td>5,092</td>
<td>0.59%</td>
</tr>
<tr>
<td>Public Information</td>
<td>8,683</td>
<td>8,683</td>
<td>23,242</td>
<td>278,905</td>
<td>14,559</td>
<td>270,494</td>
<td>3.11%</td>
</tr>
<tr>
<td>In-State Travel</td>
<td>5,715</td>
<td>5,715</td>
<td>8,095</td>
<td>97,140</td>
<td>2,380</td>
<td>94,760</td>
<td>5.88%</td>
</tr>
<tr>
<td>Out-of-State Travel</td>
<td>36,523</td>
<td>36,523</td>
<td>17,617</td>
<td>211,399</td>
<td>(18,906)</td>
<td>192,493</td>
<td>17.28%</td>
</tr>
<tr>
<td>Travel &amp; Public Information</td>
<td>50,950</td>
<td>50,950</td>
<td>49,375</td>
<td>592,504</td>
<td>(1,575)</td>
<td>594,079</td>
<td>8.60%</td>
</tr>
<tr>
<td>Utilities/Property Taxes</td>
<td>6,240</td>
<td>6,240</td>
<td>6,138</td>
<td>73,652</td>
<td>(103)</td>
<td>73,761</td>
<td>8.47%</td>
</tr>
<tr>
<td>Insurance, Property &amp; Liability</td>
<td>10,761</td>
<td>10,761</td>
<td>10,554</td>
<td>126,646</td>
<td>(207)</td>
<td>126,454</td>
<td>8.50%</td>
</tr>
<tr>
<td>Repairs, Maintenance &amp; Leases</td>
<td>69,181</td>
<td>69,181</td>
<td>78,368</td>
<td>940,422</td>
<td>9,188</td>
<td>871,234</td>
<td>7.36%</td>
</tr>
<tr>
<td>Supplies</td>
<td>871</td>
<td>871</td>
<td>4,347</td>
<td>52,166</td>
<td>3,476</td>
<td>48,690</td>
<td>1.67%</td>
</tr>
<tr>
<td>Postage/Express mail</td>
<td>395</td>
<td>395</td>
<td>3,066</td>
<td>36,792</td>
<td>2,671</td>
<td>34,121</td>
<td>0.70%</td>
</tr>
<tr>
<td>Telephone</td>
<td>627</td>
<td>627</td>
<td>1,737</td>
<td>20,843</td>
<td>1,110</td>
<td>20,733</td>
<td>3.01%</td>
</tr>
<tr>
<td>Janitorial</td>
<td>2,712</td>
<td>2,712</td>
<td>2,090</td>
<td>25,080</td>
<td>(622)</td>
<td>24,458</td>
<td>10.81%</td>
</tr>
<tr>
<td><strong>Office Expenses</strong></td>
<td>90,786</td>
<td>90,786</td>
<td>106,300</td>
<td>1,275,601</td>
<td>15,514</td>
<td>1,291,115</td>
<td>7.12%</td>
</tr>
<tr>
<td>Dues &amp; Periodicals</td>
<td>2,705</td>
<td>2,705</td>
<td>4,321</td>
<td>51,850</td>
<td>1,616</td>
<td>49,234</td>
<td>5.22%</td>
</tr>
<tr>
<td>Education &amp; Training</td>
<td>5,437</td>
<td>5,437</td>
<td>10,226</td>
<td>122,711</td>
<td>4,788</td>
<td>118,043</td>
<td>4.43%</td>
</tr>
<tr>
<td>Contractual Services</td>
<td>53,261</td>
<td>53,261</td>
<td>93,417</td>
<td>1,121,001</td>
<td>40,156</td>
<td>1,080,852</td>
<td>4.75%</td>
</tr>
<tr>
<td>Professional Services-Program</td>
<td>500</td>
<td>500</td>
<td>4,853</td>
<td>58,236</td>
<td>4,353</td>
<td>53,883</td>
<td>0.86%</td>
</tr>
<tr>
<td>Direct Servicing Expenses</td>
<td>373,021</td>
<td>373,021</td>
<td>272,477</td>
<td>3,269,728</td>
<td>(100,544)</td>
<td>2,169,184</td>
<td>11.41%</td>
</tr>
</tbody>
</table>

---

**One Month Actual**

**Year to Date Actuals**

**ProRata Budget**

**Annual Budget**

**YTD Budget Under/(Over)**

**Annual Budget Under/(Over)**

**Expended Annual Budget %**

---

Oct-20 Board Budget Variance 2.xlsx

12/12/2019
## GENERAL FUND
### Fiscal Year 2019-2020 Budget
#### For the one month ended 10/31/2019

<table>
<thead>
<tr>
<th></th>
<th>One Month Actual</th>
<th>YTD Budget</th>
<th>Annual Budget</th>
<th>ProRata Budget</th>
<th>Annual Budget Under/(Over)</th>
<th>Annual Budget Under/(Over)</th>
<th>Expended Annual Budget %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Program Expense-Other</td>
<td>1,208</td>
<td>14,500</td>
<td>1,208</td>
<td>14,500</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other Operating Expense</td>
<td>434,924</td>
<td>434,924</td>
<td>386,502</td>
<td>4,638,026</td>
<td>(48,422)</td>
<td>4,203,102</td>
<td>9.38%</td>
</tr>
<tr>
<td>Interest Expense</td>
<td>74,113</td>
<td>74,113</td>
<td>87,137</td>
<td>1,045,643</td>
<td>13,024</td>
<td>971,530</td>
<td>7.09%</td>
</tr>
<tr>
<td>Non-Cash Expenses</td>
<td>117,394</td>
<td>117,394</td>
<td>197,304</td>
<td>2,384,900</td>
<td>79,911</td>
<td>2,267,506</td>
<td>4.92%</td>
</tr>
<tr>
<td>Expensed Assets</td>
<td>2,689</td>
<td>2,689</td>
<td>14,806</td>
<td>177,670</td>
<td>12,117</td>
<td>174,981</td>
<td>1.51%</td>
</tr>
<tr>
<td><strong>Operating Expenses</strong></td>
<td>1,118,117</td>
<td>1,118,117</td>
<td>1,498,846</td>
<td>18,572,034</td>
<td>380,729</td>
<td>17,453,917</td>
<td>6.02%</td>
</tr>
<tr>
<td>Program Training &amp; Tech Asst</td>
<td>34,950</td>
<td>34,950</td>
<td>45,976</td>
<td>551,715</td>
<td>11,026</td>
<td>516,765</td>
<td>6.33%</td>
</tr>
<tr>
<td>Program Development</td>
<td>19,461</td>
<td>19,461</td>
<td>11,817</td>
<td>141,800</td>
<td>(7,644)</td>
<td>122,339</td>
<td>13.72%</td>
</tr>
<tr>
<td>Capacity Building Costs</td>
<td>54,411</td>
<td>54,411</td>
<td>57,793</td>
<td>693,515</td>
<td>3,381</td>
<td>639,104</td>
<td>7.85%</td>
</tr>
<tr>
<td><strong>Non-Operating Expenses</strong></td>
<td>54,411</td>
<td>54,411</td>
<td>57,793</td>
<td>693,515</td>
<td>3,381</td>
<td>639,104</td>
<td>7.85%</td>
</tr>
<tr>
<td><strong>Expenses</strong></td>
<td>1,172,528</td>
<td>1,172,528</td>
<td>1,556,639</td>
<td>19,265,549</td>
<td>384,110</td>
<td>18,932,011</td>
<td>6.09%</td>
</tr>
<tr>
<td><strong>Excess Revenue over Expenses</strong></td>
<td>1,137,714</td>
<td>1,137,714</td>
<td>333,968</td>
<td>4,260,794</td>
<td>(803,746)</td>
<td>3,123,079</td>
<td>26.70%</td>
</tr>
</tbody>
</table>
### GENERAL FUND CAPITAL BUDGET
#### Fiscal Year 2019-2020 Budget
#### For the one month ended 10/31/2019

<table>
<thead>
<tr>
<th>Item Description</th>
<th>One Month Actual</th>
<th>Year to Date Actuals</th>
<th>Year to Date ProRata Budget</th>
<th>Annual Budget</th>
<th>YTD Budget Under/(Over)</th>
<th>Annual Budget Under/(Over)</th>
<th>Expended Annual Budget %</th>
</tr>
</thead>
<tbody>
<tr>
<td>2690 PURCHASED SERVICING RIGHTS</td>
<td>368,574</td>
<td>368,574</td>
<td>315,583</td>
<td>3,787,000</td>
<td>(52,991)</td>
<td>3,418,426</td>
<td>9.73%</td>
</tr>
<tr>
<td>2950 COMPUTER HARDWARE</td>
<td>45,600</td>
<td>45,600</td>
<td>15,360</td>
<td>184,324</td>
<td>(30,240)</td>
<td>138,724</td>
<td>24.74%</td>
</tr>
<tr>
<td>2860 BUILDING</td>
<td>-</td>
<td>-</td>
<td>143,839</td>
<td>863,035</td>
<td>143,839</td>
<td>863,035</td>
<td>0.00%</td>
</tr>
<tr>
<td>Capital Budget</td>
<td>414,174</td>
<td>414,174</td>
<td>474,783</td>
<td>4,834,359</td>
<td>60,609</td>
<td>4,420,185</td>
<td>8.57%</td>
</tr>
</tbody>
</table>
November 12 – December 11, 2019

MEDIA COVERAGE

11-24   Santa Fe New Mexican     A “Win Win” for Donors

PRESS RELEASES, NEWSLETTERS and LENDER MEMOS

11-20   Lender Memo 19-26        Office closure schedule
12-5    Summit save-the-date      E-blast to mailing list
A “Win Win” for Donors
New Mexico Affordable Housing Tax Credits

Make a minimum $500 donation to Santa Fe Habitat for Humanity and get a 50% state tax credit for that amount. Help us meet our goal of building eight new homes and expanding our repair program for low-income homeowners. The New Mexico Mortgage Finance Authority has awarded Santa Fe Habitat charitable state tax credits equal to 50% of the value of donations for affordable housing. Our staff will prepare the necessary paperwork for your tax credit request.

Make your gift online at www.santafehabitat.org/or mail to: Marilyn Perryman – Santa Fe Habitat for Humanity - 2520 Camino Entrada, Ste. A - Santa Fe, NM 87507

Contact Marilyn Perryman, Development Director, 505-986-5880, ext.105

Thank you from all of us at Santa Fe Habitat and the individuals and families we serve!
Office Closure Schedule

December 6, 2019 Office Closure

MFA will be closed Friday, December 6, 2019 starting at 10:30 am for our all staff annual recognition ceremony.

Lenders will be able to reserve funds, submit Compliance Files and Compliance Suspense Conditions via the on-line reservation system on December 6, 2019.

Holiday Office Closure Schedule

MFA will be closed on the dates listed below. Lenders will not be able to reserve funds via the on-line reservation system. Please note that MFA’s senior management, at its sole discretion, may choose to close MFA’s office early on the business day prior to a holiday.

- Thursday and Friday, November 28 and 29
- Wednesday, December 25, 2019
- Wednesday, January 1, 2020

Lenders will not be able to reserve funds on the dates of the Holiday office closures above via the on-line reservation system but will be able to submit compliance files and suspense conditions.

Compliance files and conditions submitted on the days we are closed will not be checked in until the day our office re-opens. Review timelines begin on the following day that the compliance files and suspense conditions are checked in.

Thank you for participating in MFA’s program. Should you have any questions, please contact an MFA homeownership representative.
Mark Your Calendars Now for the 2020 New Mexico Housing Summit!

Registration opens in the spring.

★ Sponsorships are limited - call soon! ★

For sponsorship information, contact Leann Kemp at:
505.767.2254 or lkemp@housingnm.org