



NEW MEXICO MORTGAGE FINANCE AUTHORITY
Board Meeting
344 4th St. SW, Albuquerque, NM
Wednesday, December 16, 2020 at 9:30 a.m.

Agenda

Chair Convenes Meeting

- Roll Call (Izzy Hernandez)
- Approval of Agenda – Board Action
- Approval of November 18, 2020 Board Meeting Minutes – Board Action
- Executive Director Updates
- Employee introductions:
 - Rico Roper, loan collection/workout specialist (Teresa Lloyd)
 - Brittany Coats, program analyst (Amanda Mottershead-Aragon)
 - Annette Andazola, administrative assistant (Doris Clark)

Board Action Items

Action Required?

Consent Agenda

- | | |
|--|-----|
| 1 Request for Proposals-Financial Advisory Services for Single Family and Multifamily Housing Programs (Cooper Hall) – Finance Committee | YES |
|--|-----|

Finance Committee

- | | |
|--|-----|
| 2 General Fund Investment Policy Review (Gina Hickman) | YES |
|--|-----|

Other

- | | |
|--|-----|
| 3 Award for Trustee & Paying Agent Services (Cooper Hall) | YES |
| 4 Coronavirus (COVID-19) Relief Fund update presentation (Rebecca Velarde) | NO |

Other Board Items

Information Only

- | | |
|--|--|
| 5 (Staff is available for questions) <ul style="list-style-type: none">▪ Staff Action Requiring Notice to Board▪ COVID Staff Actions▪ 2020 Series B Pricing Summary▪ JLG North and South Apartment Projects Refunding Pricing Summary | |
|--|--|

Monthly Reports

No Action Required

- | | |
|--|--|
| 6 (Staff is available for questions) <ul style="list-style-type: none">▪ 10/31/20 Financial Statements▪ Northern Regional Housing Monthly Update Reports▪ ESG Cares Act Shelter Expenditure Report | |
|--|--|

Announcements and Adjournment

Discussion Only

Confirmation of Upcoming Board Meetings

- January 12, 2021 - Contracted Services 10:00 a.m. Finance Committee 1:30 p.m. (Virtual Meetings)
- January 20, 2021 – Wednesday – 9:30 a.m. (MFA Board of Directors Meeting)
- January 20, 2021 – Wednesday – following the board meeting (MFA Board of Directors Training Session – Strategic Planning Discussion)
- February 9, 2021 - Contracted Services 10:00 a.m. Finance Committee 1:30 p.m. (Virtual Meetings)
- February 17, 2021 – Wednesday - 9:30 a.m. (MFA Board of Directors Meeting)
- March 9, 2021 - - Contracted Services 10:00 a.m. Finance Committee 1:30 p.m. (Virtual Meetings)
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Board Action Items

Action Required?

Consent Agenda

- 1 Request for Proposals-Financial Advisory Services for Single Family and Multifamily Housing Programs (Cooper Hall)** - Finance Committee - MFA issued an RFP for Financial Advisory Services for Single Family Housing Programs in January of 2016. At that time, the Board selected CSG Advisors to provide those services for three years and subsequently exercised the two available one-year extensions through March 31, 2021. Staff recommends the approval of this Request for Proposals (RFP) for Financial Advisory Services for Single Family and Multifamily Housing Programs for the proposed issuance of single family and multifamily mortgage revenues bonds and other program financial advisory services. Responses will be due to MFA by January 21, 2021 and recommendations for award will be presented at the March Board meeting. YES

Finance Committee

- 2 General Fund Investment Policy Review (Gina Hickman)** - In September, MFA staff requested that PFM Asset Management, LLC (PFM), MFA's investment advisor, engage with staff and the Finance Committee in a review of the existing asset allocation strategy in the General Fund investment policy. This work was done in response to the changing interest rate environment and to provide a mechanism to confirm current risk and return expectations of the portfolio are in alignment with the existing policy. The Finance Committee is recommending the current General Fund investment policy asset allocation strategy remain unchanged. YES

Other

- 3 Award for Trustee & Paying Agent Services (Cooper Hall)** - MFA Board approved a Request for Proposal for Trustee Services for standalone indentures at its October Board meeting. MFA received four responses to the RFP all of which met minimum threshold. Proposals were scored by an internal committee of four staff members in accordance with the evaluation criteria as outlined in the RFP. US Bank received the highest number of points in the scoring process and staff recommends that US Bank be selected to provide Trustee and Paying Agent Services for stand-alone indentures. Per the RFP, the contract begins on the date the MFA Board approves the award and ends on December 31, 2023. At the option of the Policy Committee, the contract may be extended for two, one (1) year periods under the same terms and conditions. YES
- 4 Cares \$15mm program update presentation (Rebecca Velarde)** - Staff will provide a summary of the Delegates approval made on December 1st, including: (1) \$15,000,000 in Coronavirus Aid, Relief, and Economic Security (CARES) Act Coronavirus Relief Funds (CRF) to fund a housing and homelessness assistance program for New Mexico households who have been impacted by the COVID-19 pandemic and to enter into a contract with the State of New Mexico to administer these funds; (2) adoption of the below framework for implementation of this housing and homelessness assistance program; and (3) approval of an emergency procurement framework for selection of CRF grantees and beneficiary households. NO

Other Board Items

Information Only

- 5 (Staff is available for questions)**

- Staff Action Requiring Notice to Board
- COVID Staff Actions
- 2020 Series B Pricing Summary
- JLG North and South Apartment Projects Refunding Pricing Summary

Monthly Reports

No Action Required

6 (Staff is available for questions)

- 10/31/20 Financial Statements
- Northern Regional Housing Monthly Update Reports
- ESG Cares Act Shelter Expenditure Report

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Discussion Only

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Minutes

NEW MEXICO MORTGAGE FINANCE AUTHORITY

Board Meeting Minutes

344 4th St. SW, Albuquerque, NM

Wednesday, November 18, 2020 at 9:30 a.m.

Chair Reyes convened the meeting on November 18, 2020 at 9:30 a.m. Secretary Hernandez called the roll. Members present: Chair Angel Reyes, Vice Chair Derek Valdo, Sally Malavé (designee for Attorney General Hector Balderas), Martina C'de Baca, (designee for Lieutenant Governor Howie Morales), Diana Rosales-Ortiz (designee for state Treasurer Tim Eichenberg), Rebecca Wurzburger and Rosalyn Nguyen Chafey (joined meeting at 10:59 a.m. end of tab five). Absent: None. Hernandez 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 began by stating that today's meeting is being webcast. He introduced everyone on the phone and reminded the members of the protocol for today's webcast meeting. All members must identify themselves before they speak; this includes asking questions or making a motion. If at any time anyone loses their connection, please text Izzy and we will stop the meeting to wait for you to reconnect. There will be a roll call vote for all approvals.

Approval of Agenda – Board Action. Motion to approve the November 18, 2020 Board agenda as recommended: Wurzburger. Second: Malavé. Roll call vote: Chair Reyes-yes, Valdo-yes, C'de Baca-yes, Rosales-Ortiz-yes, Malavé-yes, Wurzburger-yes. Vote: 6-0.

Approval of October 21, 2020 Board Meeting Minutes – Board Action. Motion to approve the October 21, 2020 Board Meeting Minutes as presented: Wurzburger. Second: Malavé. Roll call vote: Chair Reyes-yes, Valdo-yes, C'de Baca-yes, Rosales-Ortiz-yes, Malavé-yes, Wurzburger-yes. Vote: 6-0.

Hernandez provided the Board with an update on the following topics; **Significant meetings/presentations:** City of Las Cruces Council Meeting - City awarded \$600k for use in the Housing Assistance program to be used in the City of Las Cruces. State Board of Finance - MFA requested available carryforward of PAB cap for SF and \$130M for MF PAB request for the year. We expect allocations decision to be made in December. **Activities and Actions:** Emergency Solutions-CV Grant Program for Rapid Re-Housing and Homeless Prevention \$2M NOFA for new providers was released on 10 November with submission deadline of 3 December. NM Housing Trust Fund – Rental Assistance Program: Round 1 – 6: Total: \$145,143 – 66 Households served. Hernandez went over the Homeless Served: March: 318/October: 246, Delinquencies: (10,424 total portfolio as of 10/31), Total Delinquencies March: 866/9.36%; Total Delinquencies October: 1809/17.35%. Forbearance 15.11% (1575 loans) as a % of total portfolio. Mortgage Operations – ahead of last year's production and our lowest current rate is 3% (First Home Conf. - lowest in last 10 years). QAP Training - 70 Attendees (New Mexico, New York, Ohio, Idaho, Montana, California, and Oregon) staff did a tremendous job. CDBG - \$12.3m (2-13 November – 1st round) – every region of the state is represented – good coverage; 4431 applications received, and 1463 applications reviewed. Challenges include; lacking documentation (requires follow up), duplication of applications, tribal applications for people who are not on tribal land. Statewide interest - two Council of Government Regions (EPCOG, SWNMCOG) did not submit sufficient applications to utilize the \$1M set-aside. We will plan on a second round to ensure use of all funds. Staff has had preliminary discussions with the Governor's office regarding additional funding; no full details, amount or timing. Strategic Plan is a little behind schedule, but we plan on coming with a draft to the January meeting. **Upcoming Actions/Activities:** 11/20: Moody's Management Call, 11/23: External Audit Exit Conf. with Finance Committee, 12/11: MFA first virtual Employee Recognition Event.

New Employee introductions: The following new employees were introduced by the following individuals; Donna Maestas-DeVries deputy director of programs introduced Justin Carmona management trainee. Blanca Vasquez assistant director of servicing introduced Lisa Munoz, administrative assistant. Doris Clark assistant controller introduced Paula Ann Martinez-Soto, accounting specialist. Chair Reyes welcomed the new employees to MFA stating that they are joining a great team. He further stated that they are joining a great organization with a very important mission and hoped they find their work rewarding.

Consent Agenda

Executive Director, Izzy Hernandez read a brief summary for each of the following items listed under the consent agenda (tabs 1-2).

- 1 **FY2020 Internal Audit Hours Summary Budget v. Actual (Claire Hilleary Audit & Consulting Sr. Manager, REDW).** Hernandez informed the Board that this item was reviewed by the Finance Committee. Staff recommends the approval of the MFA Internal Audit for FY2020 Internal Audit Hours Summary Budget v. Actual for approval. Questions from the Board included inquiries regarding underbudgeted hours and were explained by Ms. Hilleary.
- 2 **2021 Series A & B Single Family Bond Resolution (Cooper Hall).** Hernandez informed the Board that this item was reviewed by the Finance Committee. Staff recommends the approval of the 2021 Series A& B Single Family Bond Resolution to authorize future bonding activity and to ensure MFA can be responsive to market conditions, Staff is requesting approval of the 2021 Series A and B Single Family Bond Resolution in the aggregate amount of not to exceed \$95 million. MFA anticipates providing funds for \$80 million of new loans and \$10-15 million to refund one callable bond issue. The timing of issuance has not been determined and will depend on actual reservation activity and bond market conditions.

Member Wurzbarger made the motion to approve the consent agenda as presented: Second: Valdo. Roll call vote: Chair Reyes-yes, Valdo-yes, C'de Baca-yes, Rosales-Ortiz-yes, Malavé-yes, Wurzbarger-yes. Vote: 6-0.

Other - Presentation

- 3 **Neighborhood Stabilization Program – Board Update (Donna Maestas-DeVries, Theresa Laredo-Garcia and Elena Gonzales, Senior Director, Policy & Community Engagement and Carl Davis, Community Development Construction Manager, Homewise).** MFA staff and Homewise Inc. provided an in depth presentation to the MFA Board with an update of the Neighborhood Stabilization Program (NSP) Activities and Homewise, Inc. This presentation is located behind tab three and will be made a part of the original board packet. The presentation included history of Homewise, Inc. what they do, and the process of applying. It also included the property rehab requirements as well as before and after photos of a few of the completed projects. Non Action Item.

Finance Committee

- 4 **Internal Audit Year End Follow-Up on Open Internal Audit Observations Executive Summary (Claire Hilleary Audit & Consulting Sr. Manager, REDW).** Hilleary informed the Board that she would be presenting the Internal Audit Year End Follow-Up on Open Internal Audit Observations Executive Summary. She further informed the Board that a more detailed report had been reviewed with the Finance Committee and if the Board would like more detail, she could provide it. REDW performed the internal audit services described in the report provided behind tab four and will be made a part of the official board packet. The purpose is to assist MFA in evaluating whether open internal audit observations issued through August 2020 have been resolved. She informed the Board that it is not a re-audit and reviewed the report which included the following: Summary of Procedures, Summary of Results including observations and current status in the following areas; Sub Recipient Monitoring - March 2019 and Information Technology Security - August 2019 open items. She further informed the Board that two of the observations had been closed and the remaining three were in process and expected to be closed by quarter two of FY2021. Motion to approve the Internal Audit Year End Follow-Up on Open Internal Audit Observations Executive Summary as presented: Malavé. Second: C'de Baca. Roll call vote: Chair Reyes-yes, Valdo-yes, C'de Baca-yes, Rosales-Ortiz, Malavé-yes, Wurzbarger-yes. Vote: 6-0.

Member Nguyen Chafey arrived prior to the vote during tab five. 10:59 a.m.

- 5 **Internal Audit Plan FY2021 – 2022 (Claire Hilleary Audit & Consulting Sr. Manager, REDW).** Hilleary informed the Board that she would review the FY 2021-2022 Audit Plan explaining that 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. She further explained that she will not be going over the 2022 plan since looking out two years, things always change. She explained that based on our planning risk assessment, we propose the following allocation of internal audit

resources; ERM and Risk Assessment, IT Operations, Mortgage Operations - (secondary market new process focus), CDBG Housing Costs Assistance Program, Emergency Solutions Grant, Follow-up, Annual Reporting and Administration for a total of 480 hours. Motion to approve the Internal Audit Plan FY2021 – 2022 as presented: Malavé. Second: Wurzbarger. Roll call vote: Chair Reyes-yes, Valdo-yes, C'de Baca-yes, Rosales-Ortiz-yes, Malavé-yes, Wurzbarger-yes, Nguyen-Chafey (abstained as she was not present for the presentation). Vote: 6-0.

Member Valdo left the meeting 11:15 a.m.

- 6 9/30/20 Quarterly Financial Statement Review (Gina Hickman).** Hickman informed the Board that this report will be for the 12 month period ending 9/30/20 for MFA's fiscal year. She began by commenting it's hard to believe seven months of our fiscal year has been spent in the pandemic, changing market places, increased unemployment, a lot of changing dynamics; certainly significant impacts. Stating fortunately, she is able to provide very positive results for the fiscal year end and reviewed the financial statements which are located behind tab six and will be included in the official board packet. She began her review of FY end of the financial statements which are located behind tab six and will be included in the official board packet. She reviewed 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 GASB31 on financial 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 13. Many compliments were shared by the Board to commend staff, "MFA's financial strength is what enables us to do what we do for the state of New Mexico." Motion to approve the 9/30/20 Quarterly Financial Statement Review as presented: Wurzbarger. Second: Nguyen Chafey. Roll call vote: Chair Reyes-yes, C'de Baca-yes, Rosales-Ortiz-yes, Malavé-yes, Wurzbarger-yes, Nguyen-Chafey-yes. Vote: 6-0.
- 7 9/30/20 Quarterly Investment Review (Cooper Hall).** Hall presented the Quarterly Investment Review packet behind tab seven which will be included in the official board packet. He began by informing the Board that this report is as of year-end. He reviewed the General Fund Investment Compliance Report, the Portfolio Summary-Short & Intermediate Term Investments, the Portfolio Summary-Long Term Investments including the 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 9/30/20 Quarterly Investment Review as presented: Wurzbarger. Second: Rosales-Ortiz. Roll call vote: Chair Reyes-yes, C'de Baca-yes, Rosales-Ortiz-yes, Malavé-yes, Wurzbarger-yes, Nguyen-Chafey-yes. Vote: 6-0.

Other

- 8 FY 2020 Strategic Plan Close Out (Gina Hickman/Donna Maestas-De Vries).** Maestas-De Vries explained that she and Hickman would be providing a closeout report for the strategic plan ending 9/30/20. She further informed the Board that there are five goals and 29 benchmarks this year. Maestas-De Vries 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. Many kudos were provided from the Board members for the exemplary job staff provides in meeting the Strategic Plan benchmarks; "Drop the mic, great job once again! Proud to be part of an organization driven by results, but also focus driven. Thank you for what you've done and will continue to do." Motion to approve the FY 2020 Strategic Plan Close Out as presented: Malavé. Second: Wurzbarger. Nguyen Chafey. Roll call vote: Chair Reyes-yes, C'de Baca-yes, Rosales-Ortiz-yes, Malavé-yes, Wurzbarger-yes, Nguyen-Chafey-yes. Vote: 6-0.
- 9 Multifamily Project Completion Pipeline Report (Shawn Colbert).** Colbert informed the Board a summary section has been added to the beginning of the report and welcomed any additional changes the Board may have. Colbert provided an overview of the multifamily project pipeline completion report which includes funding source and are listed by the project's loan application or tax credit allocation year. Each row lists the project name, location, developer, date of loan approval, loan closing date and a bit about the project including the number of apartments, type of construction project, what priority population is being served and then it gets into

the construction milestone dates. Overall, there are 47 active projects comprising of 3,295 units in 24 different municipalities across the state. They represent over \$25.7mm in annual tax credits, \$39.4mm in Private Activity Bond and \$23.4mm in other MFA financing. Since the last report two projects have closed on their MFA loans, the remaining 2020 awards are expected to close on their loans in the beginning of 2021. Non Action Item.

- 10 Single Family Program Report (René Acuña/Stephanie Gonzales).** Acuña began stating that he and Ms. Gonzales will review the single-family program production report which is located behind tab 10 and will be made a part of the official board packet. Gonzales discussed the following charts and data during the presentation: historical rate trends by program, loan reservation vs loan purchases (total units), financing execution trends, reservations by program, comparison of down payment assistance (DPA) sources, comparison of loan types, borrower demographics, market utilization comparison by quarter, state wide median sales price of homes and state wide home sales. Acuña provided a briefing to the Board regarding the impacts COVID-19 is having on mortgage originations. Non-Action Item.

11 Other Board Items - Information Only

There were no questions asked of staff.

- Staff Action Requiring Notice to Board
- COVID Staff Actions

Monthly Reports - No Action Required

12 There were no questions asked of staff.

- Northern Regional Housing Monthly Update Reports
- ESG Cares Act Shelter Expenditure Report
- Communications Department Reports

Announcements and Adjournment - Confirmation of Upcoming Board Meetings. Chair Reyes informed the Board that next week is the MFA Board of Directors Committee meetings are scheduled for December 8, 2020 and Board of Directors Meeting scheduled for December 16, 2020. The rest of the schedule can be viewed at the end of the agenda.

There being no further business the meeting was adjourned at 12:16 p.m.

Approved: December 16, 2020

Chair, Angel Reyes

Secretary, Isidoro Hernandez

Tab 1



NEW MEXICO MORTGAGE FINANCE AUTHORITY

Finance/Operations Committee Meeting

Tuesday, December 8, 2020 at 1:30 p.m.

Webex - call-in information is 1-844-992-4726 (access code): (access code): 962 100 589 or
you can join the call from the calendar item.

Committee Members present:

| AGENDA ITEMS | COMMITTEE RECOMMENDED | BOARD ACTION REQUIRED |
|---|----------------------------------|----------------------------------|
| <u>Recommended for Consent Agenda</u> | 3-0 | YES |
| 1 Request for Proposals-Financial Advisory Services for Single Family and Multifamily Housing Programs (Cooper Hall) | | |
| <u>Agenda</u> | 3-0 | YES |
| 2 General Fund Investment Policy Review (Gina Hickman) | | |
| | | |

Derek Valdo, Chair

☐ present

☐ absent

☒ ☐ conference call

State Treasurer Tim Eichenberg or

☐ present

☐ absent

☒ ☐ conference call

Proxy Diana Rosales - Ortiz

Lt. Governor Howie Morales or

☐ present

☐ absent

☒ ☐ conference call

Proxy Martina C'de Baca

Didoro R. Hernandez



MEMO

TO: MFA Board of Directors

Through: Finance Committee – December 8, 2020

Through: Policy Committee – December 1, 2020

FROM: Cooper Hall

DATE: December 16, 2020

SUBJECT: Request for Proposals for Financial Advisory Services for Single Family and Multifamily Housing Programs

Recommendation: Staff recommends the approval of the Request for Proposals (RFP) for Financial Advisory Services for Single Family and Multifamily Housing Programs for the proposed issuance of single family and multifamily mortgage revenues bonds and other program financial advisory services. Responses will be due to MFA by January 21, 2021 and recommendations for award will be presented at the March Board meeting.

Background: MFA issued an RFP for Financial Advisory Services for Single Family and Multifamily Housing Programs in January of 2016. The contract was awarded to CSG Advisors for a term of three years with two-one year extensions at the option of the Policy Committee. The Board exercised the last available extension which expires on March 31, 2021.

Discussion: Staff is recommending issuance of an RFP for both single family and multifamily financial advisory services. The term begins the date the Board approves the award and ends March 31, 2024 with two subsequent one-year extensions at the option of the Policy Committee.

Following is a summary of the major changes from the RFP issued in 2016.

| Page # | Section | Proposed Change |
|--------|--|---|
| | Entire Document | Used new request for proposals template developed by General Counsel. |
| 8 | Part V: Evaluation Criteria | References have been added to the evaluation criteria. 5 points have been taken from the multifamily fee criteria and assigned to references. |
| 8 | Part V: Evaluation Criteria | The option for interviews has been added as an evaluation criterion. |
| 11 | Part VI: Proposal Format and Instructions to Offeror | A section on the Offeror's Disaster Recovery plan has been added under the responsiveness and technical capabilities section. |

Summary: MFA issued an RFP for Financial Advisory Services for Single Family Housing Programs in January of 2016. At that time, the Board selected CSG Advisors to provide those services for three years and subsequently exercised the two available one-year extensions through March 31, 2021. Staff recommends the approval of this Request for Proposals (RFP) for Financial Advisory Services for Single Family and Multifamily Housing Programs for the proposed issuance of single family and multifamily mortgage revenues bonds and other program financial advisory services. Responses will be due to MFA by January 21, 2021 and recommendations for award will be presented at the March Board meeting.



NEW MEXICO MORTGAGE FINANCE AUTHORITY

REQUESTS FOR PROPOSALS

FOR

**FINANCIAL ADVISORY SERVICES FOR SINGLE FAMILY AND
MULTIFAMILY HOUSING PROGRAMS**

December 16, 2020

**New Mexico Mortgage Finance Authority
Request for Proposals
To Provide Financial Advisory Services for Single Family and Multifamily Housing Programs**

Part I: Background & General Information

Introduction

The New Mexico Mortgage Finance Authority (“MFA”) is a governmental instrumentality, separate and apart from the state, created by the Mortgage Finance Authority Act, NMSA Sections 58-18-1 to 27 for the purpose of financing affordable housing for low- and moderate-income New Mexico residents.

Purpose

The purpose of this Request for Proposals (RFP) is to solicit proposals, in accordance with the New Mexico Mortgage Finance Authority Procurement Policy, from qualified Financial Advisory Firms by reason of their skill, knowledge, and experience are able to furnish Financial Advisor services for Single Family and Multifamily Programs to MFA in connection with its housing programs. (“Offerors”).

Questions and Answers

Questions pertaining to this RFP and application must be submitted via the MFA website at http://www.housingnm.org/community_development/rfp. Then under “Current RFP’s,” select “Financial Advisory Services RFP.” On the Financial Advisory Services RFP page, select the “Financial Advisory Services FAQs” link. Questions will be checked on a daily basis. The FAQ will open the day after the RFP issues (December 17th, 2020) and will close on January 21st, 2021. To submit your questions, scroll down to the “Ask a question” section, enter your name, email address, and type your question in the “Question” box, type in the two (2) words in the CAPTCHA box and click on “Send my question”. MFA will make every attempt to answer questions within two (2) business days.

Proposal Submission

Proposal submissions must be received no later than January 21st, 2021 at 4:00 p.m., Mountain Time. Send via e-mail to chall@housingnm.org with a subject line of “Proposal to Furnish Financial Advisory Services.” Proposals which are not received by this time will not be accepted.

Proposal Tenure

All proposals shall include a statement that the proposal shall be valid until contract award, but no more than ninety (90) calendar days from the proposal due date.

RFP Revisions and Supplements

If it becomes necessary to revise any part of this RFP or if additional information is necessary to clarify any provision of this RFP, the revision or additional information will be posted on the MFA web site.

Incurred Expenses

MFA shall not be responsible for any expenses incurred by an Offeror in responding to this RFP. All costs incurred by Offerors in the preparation, transmittal or presentation of any proposal or material submitted in response to this RFP will be borne solely by the Offerors.

Cancellation of Requests for Proposals or Rejection of Proposals

MFA may cancel this RFP at any time for any reason MFA and may reject all proposals (or any proposal) which are/is not responsive.

Offeror's Rights to Withdraw Proposal

Offerors will be allowed to withdraw their proposals by submitting a written withdrawal request via email to chall@housingnm.org.

Evaluation of Proposals, Selection and Negotiation

Proposals will be evaluated by an Internal Review Committee made up of MFA staff using the criteria listed in Part II Minimum Qualifications and Requirements, Part III Services to be Performed, and Part IV Compensation, below, pursuant to the Evaluation Criteria and scoring shown in Part V, Evaluation Criteria. Final selection shall be made by the full Board of Directors.

MFA may provide Offerors whose proposals are reasonably likely, in MFA's discretion, to be selected, an opportunity to discuss and revise their proposals prior to award, for the purpose of obtaining final and best offers. Proposals shall be evaluated on the criteria listed in Part IV Evaluation Criteria, below.

The MFA Board of Directors shall select the Offeror(s) whose proposal(s) is/are deemed to be most advantageous to MFA to enter into contract negotiations with MFA. If a final contract cannot be negotiated, then MFA will enter into negotiations with the other Offeror(s). The agreed-upon draft final contract will then be referred to the Contracted Services Committee of the MFA Board of Directors for its review and recommendation, with final approval to be made by the full Board of Directors.

Interview

If selected as a finalist, Offerors agree to provide MFA the opportunity to interview proposed staff members identified by the Internal Review Committee. The Internal Review Committee may request a finalist to provide an oral presentation of the proposal as an opportunity for the Internal Review Committee to ask questions and seek clarifications. All requests for interviews and oral presentations shall be made in MFA's sole discretion.

Award Notice

MFA shall provide written notice of the award to all Offerors within ten (10) days of the date of the award. The award shall be contingent upon successful negotiations of a final contract between MFA and the Offeror(s) whose proposal(s) is/are accepted by MFA.

Proposal Confidentiality

Offerors or their representatives shall not communicate with MFA's Board of Directors or staff members regarding any proposal under consideration or that will be submitted for consideration, except in response to an inquiry initiated by the Internal Review Committee, or a request from the Board of Directors, or its Contracted Services Committee / Finance Committee for a presentation and interview. A proposal will be deemed ineligible if the Offeror or any person or entity acting on behalf of the Offeror attempts to influence members of the Board of Directors or staff during any portion of the RFP review process, including any period immediately following release of the RFP.

MFA will not disclose, discuss or otherwise make available the contents of any proposal to competing or potential Offerors prior to the expiration of the protest period, which in the event a protest is presented, shall not occur until after final determination by the Board of Directors.

Irregularities in Proposals

MFA may waive technical irregularities in the form of proposal of any Offeror selected for award which do not alter the price, quality or quantity of the services offered. Note especially that the date and time of proposal submission as indicated herein under "Part I Background and General Information, Proposal Submission" cannot be waived under any circumstances.

Responsibility of Offerors

If an Offeror who otherwise would have been awarded a contract is found not to be a Responsible Offeror, a determination that the Offeror is not a Responsible Offeror, setting forth the basis of the finding, shall be prepared and the Offeror shall be disqualified from receiving the award. A Responsible Offeror means an Offeror who submits a proposal that conforms in all material respects to the requirements of this RFP and who has furnished, when required, information and data to prove that his financial resources, facilities, personnel, reputation and experience are adequate to make satisfactory delivery of the services described in this RFP. The unreasonable failure of an Offeror to promptly supply information in connection with an inquiry with respect to responsibility is grounds for a determination that the Offeror is not a Responsible Offeror.

Protest

Any Offeror who is aggrieved in connection with this RFP or the award of a Contract pursuant to this RFP may protest to the MFA. The protest must be written and addressed to:

Cooper Hall, Financial Analyst
New Mexico Mortgage Finance Authority
344 Fourth Street S.W.
Albuquerque, New Mexico 87102

Or:

chall@housingnm.org

The protest must be submitted to MFA within five (5) business days after the notice of award. Upon the timely filing of a protest, the Contact Person shall give notice of the protest to all Offerors who appear to have a substantial and reasonable prospect of being affected by the outcome of the protest. The Offerors receiving notice may file responses to the protest within five (5) business days of notice of protest. The protest process shall be:

- The protest will be reviewed by the Contracted Services Committee of MFA's Board of Directors, and that committee shall make a recommendation to the full Board of Directors regarding the disposition of the protest.
- The Board of Directors shall make a final determination regarding the disposition of the protest, which determination shall not be subject to appeal.

Offerors or their representatives shall not communicate with MFA Board of Directors or staff members regarding any proposal under consideration, except when specifically permitted to present testimony to the committee of the Board of Directors, until the protest period has expired, which if there is a protest shall not expire until final determination by the Board of Directors. A proposal will be deemed ineligible if the Offeror or any person or entity acting on behalf of Offeror attempts to influence members of the Board of Directors or staff during any portion of the RFP review process, which remains in effect until the expiration of the protest period, or does not follow the prescribed proposal and protest process.

Confidential Data

Offerors may request, in writing, nondisclosure of confidential information which Offeror includes in its proposal. Such confidential information shall accompany the proposal but shall be readily separable from the proposal so as to facilitate public inspection of the non-confidential portions of the proposal. After the expiration of the protest period, which shall include final determination of any protest by MFA's Board of Directors, all proposals will be open to the public for inspection pursuant to MFA's Request to Inspect Documents Policy. Confidential information shall only include such information as is excepted under Section 14-2-1 NMSA 1978.

If MFA receives a request for inspection of its records which would require the disclosure of information identified by Offeror as confidential information, it will examine Offeror's request for confidentiality and make a written determination that specifies which portions of the proposal, including any information identified by Offeror as confidential information, shall be disclosed. MFA will provide the Offeror with a written notice of determination which details which information MFA intends to disclose and the date it shall disclose such information.

Part II: Minimum Qualifications and Requirements

Only those Offerors who meet the following minimum criteria are eligible to submit a proposal pursuant to this RFP:

1. All Offerors must have met the registration requirements of both the SEC and MSRB.
2. All Offerors must have at least ten years' experience providing Financial Advisory Services to state housing authorities for single family and multifamily housing programs.

3. All Offerors must have at least five years' documented experience with at least one state housing agency that utilizes a master (open) indenture for single family programs, and five years' documented experience with at least one state housing agency that utilizes a stand-alone indenture both single family and multifamily programs.
4. Offeror must utilize DBC software to structure transactions and prepare annual cash flows.

Selected Offerors must also meet the following requirements:

5. Offeror shall provide a written statement disclosing: (1) any political contribution or gift valued in excess of \$250.00 (singularly or in the aggregate) made by Offeror to any elected official of the State of New Mexico in the last three years, (2) any current or proposed business transaction between Offeror and any MFA member, officer, or employee, and (3) any other conflict or potential conflict which may give rise to a claim of conflict of interest.
6. Offeror shall provide a written statement disclosing any pending investigation, litigation, recent settlements or regulatory sanctions in performing professional services during the past five years involving Offeror's firm or employees or individuals or organizations involved in any third-party agreements or joint venture agreements. Describe any circumstances under which Offeror's firm or any of Offeror's members or employees have been disciplined by any professional licensing, regulatory or ethics entity. Indicate whether Offeror's firm has been involved in any capacity in litigation, investigations or regulatory proceedings involving HUD, the State of New Mexico or any agency thereof.
7. A Written certification that Offeror has read and shall at all times conduct itself in a manner consistent with MFA's Code of Conduct and MFA's Anti-Harassment Policy. A copy of MFA's Code of Conduct and MFA's Anti-Harassment Policy is posted on the MFA website for review at <http://www.housingnm.org/rfp>. Upon request by MFA, Offeror shall disclose information MFA may reasonably request relating to conflict or potential conflicts of interest.
8. Offeror shall provide a written certification that Offeror is an Equal Opportunity Employer and complies fully with all government regulations regarding nondiscriminatory employment practices.

Part III: Services to be Performed

As requested by MFA, professional Financial Advisory services for MFA's Single and Multifamily housing programs required to be provided and to be incorporated into the contract to be awarded pursuant to this RFP include, but are not limited to, the following:

1. Aggressively pursue trends and creative ideas for financing single family and multifamily housing programs.
2. Assist in the development and refinement of loan programs and programmatic goals, based on projected mortgage loan demand;

3. Loan pipeline analysis based on expected demand, type of loans, origination dates of loans, where applicable, and portfolio acquisition schedule(s);
4. Identification and analysis of all financing options to determine the optimal financing approach for selection by MFA. This would include a financing structure, summary of terms, including interest cost, the resulting cash flow projected over the life of the financing, the impact on future financing plans, timing of issuance, method of sales strategies (competitive versus negotiated), economic considerations, market conditions, use of volume cap, identification of various risks and strategies to mitigate those risks, as applicable. Additionally, recommend structures/strategies for the creation of down payment assistance and work with Underwriters to ensure marketability of the financing structure;
5. Prepare pre-pricing and post-pricing summaries of a transaction in the format prescribed by MFA
6. Negotiation with all parties to the transaction to ensure that MFA secures the best possible terms for its chosen financing option;
7. Development of schedules for the financings responsive to the MFA's objectives;
8. Ongoing observation of market conditions and trends, as well as applicable government regulations to identify any developments that would adversely or favorably affect MFA's financing plans;
9. Work with MFA's Financing Team to develop documents, including MFA's Preliminary and Final Official Statements ("POS" and "OS"), the Indenture, and all program documents in conjunction with Bond Counsel and Underwriter's Counsel;
10. Provide assistance in presentations to rating agencies and potential credit or liquidity providers, MFA's Board of Directors, Legislative Oversight Committee and other public presentations as requested by MFA;
11. Participate in quarterly single family and multifamily financing team meetings, as required;
12. Participate in weekly Rate Setting Committee meetings and the preparation of market indicators for review at that meeting;
13. Work with Underwriters to market the financing, including the identification of appropriate institutional and retail investors, development of sales memoranda to raise investor awareness, informational meetings for investors, as needed to provide efficient distribution of the securities;
14. Review the pricing of the securities to achieve the lowest cost financing possible while ensuring market acceptance for future financings. Work with Underwriters to achieve a consensus scale;
15. Assist MFA with volume cap recycling and storage of volume cap;
16. Assist with review and questions regarding bond redemptions; also assist with issues involving bond redemptions as they arise;
17. Act as bidding agent, hedge advisor and oversee the bidding of a guaranteed investment contract for each transaction as applicable, including providing draw down schedules and average life information;

18. Assist the MFA with the continued development of its TBA program;
19. Recommend new structures, refundings and/or other restructurings of MFA's existing single family and multifamily bond issues, advise on total balance sheet financial planning as may be beneficial to meet MFA's program needs. Analyze future financing plans with respect to the current program, and make recommendations regarding advantages, timing, and structures for subsequent issues;
20. Provide initial, final and ongoing cash flow calculations including yield analysis, 32-year rule analyses, etc., as needed or requested by MFA or the rating agencies for bond issues. The cash flow calculations will include but are not limited to consolidated cash flows for the single family Master Indentures, stand-alone indenture cash flows for multifamily bond transactions and analysis of refunding opportunities in addition to tracking of the genealogy. Provide a monthly PSA report for all of MFA's outstanding single family bond issues, if required. Provide updated DBC electronic files after the sale of a bond issue, and updated files on all outstanding single family bond issues on an annual basis to the MFA.
21. Provide cash flow verification for multifamily cash flows run by a third party.
22. Prepare a final pricing book after the pricing of each bond sale for distribution to MFA and containing at a minimum the information requested by MFA such as the performance of each member of the underwriting syndicate (requests and allocations), distribution of bonds by retail/institutional and type of investor, pricing and expense characteristics of comparable sales by other issuers, 10-year Treasury at the time of sale, any pertinent economic information at the time of sale, etc.
23. Provide other Financial Advisory services as requested by MFA.

Part IV: Compensation

Fee basis should be an all-inclusive, hourly fee or fixed-fee, depending on services to be provided. Fees should include staff time and "out-of-pocket expenses." Offeror must also state in their submission how long the Offeror can hold the all-inclusive fees with the minimum amount of time being three (3) years from the date of proposal and should address how increases will be negotiated. If selected, contracts with Offerors must reflect the all-inclusive, hourly fee or fixed- fee rates proposed.

Billing shall occur on a monthly basis and/or prior to the closing of a transaction.

Lodging and other travel related expenses shall be reimbursed by MFA in accordance with MFA expense reimbursement policies set forth in its Policies and Procedures Manual.

All Offerors are responsible for determining fees or costs associated with doing business in New Mexico and those costs must be included as part of the proposal.

Part V: Evaluation Criteria

MFA shall award the contract for Financial Advisory Services for Single Family and Multifamily Housing Programs to the Offeror whose proposal is most advantageous to MFA. Proposals that meet the Minimum Qualifications and Requirements shall be evaluated primarily on experience and fees. Proposals shall be scored on a scale of 1 to 100 based on the criteria listed below. Please note that a serious deficiency in any one criterion may be grounds for rejection regardless of overall score.

| Criteria | Point Range | Maximum Points |
|--|-------------|----------------|
| 1. Experience and Qualifications: Offeror's qualifications, skill, knowledge and experience as outlined in Part VI, Section 3 of this RFP. | | |
| Qualifications of Personnel | 0-25 | 25 |
| Financial Advisory Experience | 0-25 | 25 |
| 2. Responsiveness to MFA and Technical Capabilities: Offeror's ability to deliver financial advisory services and Offeror's availability as outlined in part VI, section 4 of this RFP. | 0-15 | 15 |
| 3. Fees: | | |
| Single Family | 0-15 | 15 |
| Multifamily | 0-5 | 5 |
| 4. References | 0-5 | 5 |
| 5. New Mexico Resident Business: Offeror is licensed to do business in New Mexico and the majority of Offeror's employees who would perform the services to be performed in New Mexico reside in New Mexico | N/A-5 | 5 |
| 6. Interviews, if held | 0-5 | 5 |
| Maximum Points | 100 | 100 |

*Note: Only those firms selected for an interview will be evaluated on that Evaluation Criteria.

Part VI: Proposal Format and Instructions to Offeror

Proposals submitted to MFA must, at a minimum, contain the following information and shall be organized as follows:

1. Letter of Transmittal – to include at least the following:
 - A. Name, address and telephone number of Offeror and name of contact person.
 - B. A signature of the Offeror or any partner, officer or employee who certifies that he or she has the authority to bind the Offeror.
 - C. Date of proposal.
 - D. A statement that the Offeror, if awarded the contract, will comply with the contract terms and conditions set forth in this RFP.
 - E. A statement describing how long the Offeror can hold the fee schedule with the minimum being three (3) years from date of proposal.
 - F. A statement that the Offeror's proposal is valid for ninety (90) days after the deadline for submission of proposals.
2. Disclosure and Certifications – Offeror shall provide:
 - A. A written statement disclosing: (1) any political contribution or gift valued in excess of \$250.00 (singularly or in the aggregate) made by Offeror to any elected official of the State of New Mexico in the last three years, (2) any current or proposed business transaction between Offeror and any MFA member, officer, or employee, and (3) any other conflict or potential conflict which may give rise to a claim of conflict of interest.
 - B. A written statement disclosing any pending investigation, litigation, recent settlements or regulatory sanctions in performing professional services during the past five years involving Offeror's firm or employees or individuals or organizations involved in any third-party agreements or joint venture agreements. Describe any circumstances under which Offeror's firm or any of Offeror's members or employees have been disciplined by any professional licensing, regulatory or ethics entity. Indicate whether Offeror's firm has been involved in any capacity in litigation, investigations or regulatory proceedings involving HUD, the State of New Mexico or any agency thereof.
 - C. A Written certification that Offeror has read and shall always conduct itself in a manner consistent with MFA's Code of Conduct and MFA's Anti-Harassment Policy.
 - D. A written certification that Offeror is an Equal Opportunity Employer and complies fully with all government regulations regarding nondiscriminatory employment practices.

- E. Location. Provide the location of the Offeror's main office and the location of the office where the Offeror's main contact person is located.

3. Experience and Qualifications

- A. A description of clients for which Offeror has performed services currently or in the last ten years.
- B. Number of years the firm has been involved in performing Financial Advisory services for state housing agencies.
- C. Describe any situations that arose in which the Offeror was not able to fulfill the requirements of a Financial Advisory contract.
- D. Is the Offeror affiliated with or related to any broker-dealer? If so, please provide the name of the broker-dealer. Have any of the personnel assigned to MFA's account been associated with a broker-dealer firm within the last two years?
- E. Describe the amounts and types of insurance carried, including the deductible amount, to cover errors and omissions, improper judgments, or negligence.
- F. Identify the individual who will manage MFA's account on a day-to-day basis and who will be the backup day-to-day person assigned to the account for both single family and multifamily programs. Define each individual's position within the firm, where they are each located, their length of experience with state housing agencies, and indicate the housing clients to which they are assigned and in what capacity. Also indicate the degree to which they will be able to commit the firm's resources to MFA's program. Indicate the availability of these individuals to perform services for MFA.
- G. Identify the individual(s) who will be running cash flow analysis and all other schedules necessary for both single family and multifamily bond issues and other types of transactions (i.e. notes, analysis of MBS sale, etc.). Who will be the backup person running numbers? Define each individual's position within the firm, how long they have been in their current position, where they are located, housing clients to which they are assigned and in what capacity, and the type of transactions for which they have run numbers. Indicate the availability of these individuals to perform services for MFA.
- H. Identify other professionals from your firm who will be assigned to work on MFA's account, their roles and responsibilities, and relevant aspects of their background.
- I. Discuss experience of the Offeror and the individuals assigned to MFA's account to provide the services listed in Section III: Services to be Performed include especially:
 - i. Describe programmatic single family and multifamily approaches and innovations you have designed since January 2015 to help make single family and multifamily programs more successful in volume, cost including reducing negative arbitrage, and serving underserved markets. For single family programs, MFA is particularly interested in ways of expanding volume in rural areas among minorities and lower-income buyers; of financing home

improvement and rehabilitation loans; and of funding down-payment assistance loans. For multifamily programs, MFA is particularly interested in refining loan programs and designing a small issuance program.

- ii. Describe Offeror's experience with implementing/expanding housing agencies TBA program for single family loans
 - iii. Describe Offeror's methodology for ensuring that MFA receives the lowest cost financing possible.
- J. List all state and local housing finance agencies for which your firm currently serves as Financial Advisor, and the term of service with each. Indicate if you serve on single family and/or multifamily transactions, if the state housing agency uses a master indenture, stand-alone indenture, or both. Indicate the lead individuals assigned to each client.
- K. List housing bond issues for which your firm has acted as Financial Advisor on single family and multifamily transactions since January 2015, and include the name of issuer, type of issue (new money, refunding, pass through), dollar amount of issue, and lead Financial Advisor assigned to the issue.

4. Responsiveness to MFA and Technical Capabilities

- A. Offeror's proposal for delivering services, including organization of responsibilities, work plan, approach, and the availability of personnel for consultation, discussion and coordination with staff, and for travel both within and outside New Mexico, as necessary, to serve the needs of MFA.
- B. A detailed description of Offeror's technical capabilities to provide responsive and professional services to MFA if the contract were awarded to Offeror (e.g., ability to prepare and respond to documents in a timely manner, expertise of administrative support staff, etc.).
- C. Discuss the complexities and challenges your firm has incurred in running the consolidated cash flows for a master (open) indenture.
- D. Describe your firm's computer capabilities for structuring and analyzing program alternatives, including a description of computer hardware and software.
- E. Discuss the firm's access to sources of current market information to assist in pricing of negotiated sales.
- F. Describe the process that the Offeror would use to familiarize itself with MFA. What will MFA staff's involvement be in this process?
- G. **Disaster Recovery. Describe the Offeror's disaster recovery procedures for its financial advisory function, the projected response time to catastrophic events, the frequency, extent and results of testing of these procedures. In the event of a disaster**

that required the Offeror to rely on these procedures, describe the impacts MFA would experience as a result.

5. Fees

Offeror must absorb the cost of familiarizing itself with MFA programs, policies and procedures, rules, regulations and past bond issues. Program documents and any other relevant information shall be made available for Offeror's review at MFA's office in Albuquerque. MFA will not pay for such work. Indicate how much time Offeror expects to devote to familiarizing itself with MFA programs, policies and procedures, rules, regulations and provide a timetable for doing so. Please prepare a fee schedule to include the following:

A. Single Family:

- i. Please provide the following bond transaction based fees in the format shown below (assumed fixed rate bond issue):

| Issue Size | Basis for Fee Cap | Minimum Fee | Maximum Fee |
|------------|-------------------|-------------|-------------|
| | \$ per thousand | \$ | \$ |
| | \$ per thousand | | |

- ii. If applicable, indicate the separate fee for preparing cash flow and bond yield calculations for an issue: \$ _____

Examples of Fee Schedule:

| Issue Size | Advisory Fee | Structuring Fee | Transaction Fee |
|--------------|--------------|-----------------|-----------------|
| \$20 million | | \$ | \$ |
| \$30 million | | | |
| \$40 million | | | |
| \$50 million | | | |

- iii. Fees for General Advisory Services: For fees not related to a specific financing transaction, please indicate the position and respective hourly rate. MFA would require an estimate of the cost of general advisory services and would need to approve such services prior to execution. Please provide information in the following format and separately include any annual fee caps for general advisory services:

| Position | Hourly Rate |
|----------|-------------|
| | \$ |
| | |

- iv. On an annual basis at the end of MFA's fiscal year, which is September 30, the Financial Advisor would be required to run consolidated cash flows for MFA's two

single family Master Indentures. As of November 30, 2020, the 2005 General Indenture has 27 fixed rate bond issues within that Indenture. The 2009 Master Indenture is comprised of 4 fixed rate bond programs issued under the Treasury program. Please indicate the fee(s) for preparing the annual cash flows.

v. Please indicate if separate fees would be charged:

(a) for services in connection with a note or bond issue which is not successfully sold;

(b) for any other services performed under "Part III: Services to be Performed" not directly related to a note or bond issue such as bidding agent and/or hedge advisory services.

B. Multifamily (historically MFA has issued multifamily bond issues under stand-alone indentures):

i. Please provide the following fee information for bond transactions:

- (a) publicly sold bond transaction that is a conduit issue;
- (b) publicly sold bond transactions that is an FHA/FHA Risk Share transaction;
- (c) preparation of bond issue cash flows;
- (d) verification of cash flows run by a third party.

ii. Fees for General Advisory Services: For fees not related to a specific financing transaction, please indicate the position and respective hourly rate. MFA would require an estimate of the cost of general advisory services and would need to approve such services prior to execution. Please provide information in the following format:

| Position | Hourly Rate |
|----------|-------------|
| | \$ |
| | |

ii. Please indicate if separate fees would be charged:

(a) for services in connection with a note or bond issue which is not successfully sold;

(b) for any other services performed under "Part III: Services to be Performed" not directly related to a note or bond issue.

6. References

A. Please provide names of at least three references from housing agencies that have worked with the same primary personnel that would be assigned to MFA's account, including both single family and multifamily transactions. At least one of the

references should be from a state housing agency utilizing a master indenture for single family transactions.

- B. Offeror shall provide the form attached hereto as **Exhibit A** to all references.

7. New Mexico Resident Business

- A. Evidence that the Offeror is licensed to do business in New Mexico.
- B. Representation that the majority of Offeror's employees who would perform the services to be performed reside in New Mexico.

- 8. Please provide any other relevant information which will assist MFA in evaluating Offeror's ability to provide financial advisory services to MFA.

Part VII: Principal Contract Terms and Conditions

In addition to the terms respecting the services to be performed and compensation described above, the contract between MFA and the successful Offeror (herein "Contractor") shall include, but may not be limited to, terms substantially similar to the following:

Contract Term: The term of the Financial Advisory Services for Single Family and Multifamily Programs Contract shall begin the date the MFA Board of Directors approves the award and end March 31, 2024. At the option of the Policy, the contract may be extended for two one-year periods under the same terms and conditions. There will be a transition period for matters in process at the beginning and the end of the contract term.

Hold Harmless and Indemnification. Offeror shall indemnify, defend, and hold harmless MFA and the State of New Mexico, its officers, directors, agents, employees, successors and permitted assigns (each, a "MFA Indemnitee") from and against any and all losses, damages, liabilities, deficiencies, claims, actions, judgments, settlements, interest, awards, penalties, fines, costs or expenses of whatever kind, including attorneys' fees, that are incurred by a MFA Indemnitee (collectively, "Losses") arising out of or related to any third party claim alleging (i) breach or non-fulfillment of any provision of this Agreement by Offeror or Offeror's personnel; (ii) any negligent or more culpable act or omission of Offeror or Offeror personnel, including any reckless or willful misconduct, in connection with the performance of Offeror's obligations under this Agreement; (iii) any bodily injury, death of any person, or damage to real or tangible, personal property resulting from willful, fraudulent, or negligent acts or omissions of Offeror or Offeror personnel, or (iv) any failure by Offeror or its personnel to comply with any applicable federal, state or local laws, regulations, or codes in the performance of its obligations under this Agreement. Offeror shall further defend, indemnify, and hold harmless the MFA Indemnitees from and against any and all claims that any of the Services or deliverables or MFA's receipt or use thereof infringes any intellectual property right of a third party.

Permitted Subcontractors. Offeror shall obtain MFA's written approval, which approval shall be given in MFA's sole discretion, prior to entering into any agreements with or otherwise engaging any person, including all subcontractors, other than Offeror's employees, to provide any Services to MFA (each such approved subcontractor or other third party, a "Permitted Subcontractor"). MFA's approval shall not

relieve Offeror of its obligations under the Agreement, for any reason, including but not limited to Permitted Subcontractor's bankruptcy, insolvency, or other inability to perform the services required under any subcontract, an Offeror shall remain fully responsible for the performance of each such Permitted Subcontractor and its employees and for their compliance with all of the terms and conditions of this Agreement as if they were Offeror's own employees. Nothing contained in this Agreement shall create any contractual relationship between MFA and any Permitted Subcontractor or supplier. Offeror shall require each such Permitted Subcontractor to be bound in writing by the confidentiality and intellectual property assignment provisions of this Agreement.

Records. Maintain complete and accurate records relating to the provision of the Services under this Agreement, including records of the time spent and materials used by Offeror in providing the Services in such form as MFA shall approve. During the Term and for a period of two years thereafter, upon MFA's written request, Offeror shall allow MFA or MFA's representative to inspect and make copies of such records and interview Offeror personnel in connection with the provision of the Services. MFA shall have the right to audit bills submitted to MFA under this Agreement both before and after payment. Payment under this Agreement shall not foreclose the right of MFA to recover excessive and/or illegal payments.

Payment. Payment shall be made to Offeror at the times, and in the amounts, that shall be set forth in a Service Agreement between MFA and Offeror.

Insurance. Offeror shall procure and maintain at its expense until final payment by MFA for Services covered by this Agreement, insurance in the kinds and amounts hereinafter provided with insurance companies authorized to do business in the state of New Mexico, covering all operations under this Agreement, whether performed by the Offeror or its agents. Before commencing the Services, and on the renewal of all coverages, the Offeror shall furnish to MFA a certificate or certificates, providing for not less than thirty (30) days' notice to MFA of non-renewal or cancellation, in form satisfactory to MFA showing that it has complied with this Sub-Section. Various types of required insurance may be written in one or more policies. With respect to all coverages required other than workers' compensation, MFA shall be named an additional insured. Kinds and amounts of insurance required are as follows:

- i. Commercial General Liability insuring the activities of Offeror under this Agreement with limits no less than \$750,000 per occurrence and \$750,000 in the aggregate, and with a claim/aggregate deductible in an amount reasonable for a firm of Offeror's size and financial condition, in a form acceptable to MFA.
- ii. Professional Liability covering all liabilities and risks inherent in Offeror's performance of the services required under this Agreement, with limits no less than \$1,000,000 per occurrence and \$2,000,000 in the aggregate and with a claim/aggregate deductible in an amount reasonable for a firm of Offeror's size and financial condition, in a form acceptable to MFA.

Equal Opportunity Data. The Offeror will maintain data relative to "Equal Opportunity" as related to Minority Business Enterprises ("MBE") and Women Business Enterprises ("WBE"). At a minimum, such data shall include the number and dollar value of MBE/WBE contracts and subcontracts awarded. This data is required to be reported to MFA annually in the format prescribed MFA and is due to MFA each year at a time to be determined by MFA in its sole discretion.

Termination. If, in the judgment of MFA, the Offeror, for any cause, fails or omits to carry out the Work in an acceptable manner MFA may give notice in writing of such failure or omission and of a reasonable time within which to cure the deficiency. The Successful Offeror shall take corrective

measures within such time. The Successful Offeror's failure to comply with such notice and to cure the deficiency as provided in the notice shall subject this Agreement to immediate termination by MFA. In the event of a for-cause termination, MFA shall terminate this Agreement by delivering to Architect a written notice of termination. The effective date of termination shall be the date stated in the notice or, if no date is stated, then the date of delivery of the notice. Upon such termination, Successful Offeror shall deliver to MFA all design plans, construction estimates, drawings, documents, survey books, and all other materials developed under this Agreement. MFA shall then have the right to retain the services of other design professionals to complete Successful Offeror's Work under this Agreement and shall have no obligation to seek bids for that replacement design professional(s). The cost of completing Successful Offeror's Work under this Agreement shall be paid for by applying the balance of the contract amount remaining on this Agreement at the time of termination. If the cost to complete the Work under this Agreement is less than the remaining contract amount, the remaining contract amount shall be paid to Successful Offeror. If the cost of completing the Work under this Agreement exceeds the contract amount, then Successful Offeror shall pay MFA for the difference between the contract amount and the cost to complete Successful Offeror's Work.

Termination for convenience of MFA. On fifteen (15) business day's written notice to Successful Offeror, MFA may terminate this Agreement in whole or in part for its own convenience in the absence of termination for cause or any default of Successful Offeror. In the event of a termination for convenience, MFA shall terminate this Agreement by delivering to Successful Offeror notice of termination without cause specifying the extent to which performance of Work under this Agreement is terminated and the date upon which such termination becomes effective. Within ten (10) calendar days of the effective date of termination, Successful Offeror shall deliver to MFA all design plans, construction estimates, drawings, documents, survey books and any or all other materials developed under this Agreement. Upon delivery of such notice, Successful Offeror shall have the right to receive payment for services satisfactorily performed to termination date, including reimbursement then due.

All Offerors must be in good standing with MFA and all other state and federal affordable housing agencies. For example, debarment from HUD, MFA or other federal housing programs, bankruptcy, criminal indictments or convictions, poor performance on prior MFA or federally-financed Projects on the part of any Offeror may result in termination of this Agreement.

Independent Offeror. The nature of the Offeror's and its staff's relationship to MFA will be that of an independent contractor, and the Offeror will not be deemed an agent, employee or servant of MFA. The compensation agreed upon by MFA and the Offeror will not be subject to withholding from taxes, F.I.C.A., or otherwise, and nothing in this Agreement burdens MFA with the duties of an employer concerning the Offeror and its staff under any state worker's compensation laws, state or federal occupational health and safety laws, or any other state or federal laws. The Offeror and its staff will not participate in any of the fringe benefits generally made available by MFA to its officers or employees. MFA will not provide the Offeror office space, clerical help, office supplies or the like except as mutually agreed to by MFA and the Offeror. Nothing contained in this Agreement shall be construed as creating any agency, partnership, joint venture, or other form of joint enterprise, employment, or fiduciary relationship between the parties, and neither party shall have authority to contract for or bind the other party in any manner whatsoever.

Awards to Other Offerors. The Offeror shall not assign or transfer any rights, duties, obligations or interest in or to the proceeds of this Agreement without the prior written approval of MFA. If approved, any assignee will be subject to all terms, conditions and provision of this Agreement. No such approval by

MFA of any assignment shall obligate MFA for payment of amounts in excess of the Program Funds. In accordance with 2 CFR 200.213, Offeror shall not make any awards or permit any award (subcontract or contract) at any tier to any party which is debarred or suspended or is otherwise excluded from or ineligible to participate in Federal assistance programs under Executive Order 12549 and 12689, "Debarment and Suspension."

Intellectual Property Rights; Ownership. MFA is, and shall be, the sole and exclusive owner of all right, title, and interest in and to the deliverables provided pursuant to the provision of the Services, including all Intellectual Property Rights therein. Offeror agrees, and will cause its Offeror personnel to agree, that with respect to any deliverables that may qualify as "work made for hire" as defined in 17 U.S.C. §101, such deliverables are hereby deemed a "work made for hire" for MFA. To the extent that any of the Deliverables do not constitute a "work made for hire", Offeror hereby irrevocably assigns, and shall cause the Offeror personnel to irrevocably assign to MFA, in each case without additional consideration, all right, title, and interest throughout the world in and to the deliverables, including all Intellectual Property Rights therein. The Offeror shall cause the Offeror personnel to irrevocably waive, to the extent permitted by applicable law, any and all claims such Offeror personnel may now or hereafter have in any jurisdiction to so-called "moral rights" or rights of droit moral with respect to the deliverables. Upon the request of MFA, Offeror shall, and shall cause the Offeror personnel to, promptly take such further actions, including execution and delivery of all appropriate instruments of conveyance, as may be necessary to assist MFA to prosecute, register, perfect, or record its rights in or to any deliverables.

Confidential Information. Simultaneous herewith, Offeror shall enter into a Non-Disclosure Agreement with MFA under which Offeror shall agree Offeror will not, during the term of this Agreement, or thereafter, without the written consent of MFA, disclose to anyone, or use for Offeror's own account, any confidential information concerning the businesses or affairs of MFA. Offeror will retain all such knowledge and information respecting such confidential information in trust for the sole benefit of MFA. Upon termination of this Agreement, Offeror will deliver to MFA all writings relating to or containing confidential information or destroyed with destruction certified by the receiving Party.

Remedies. Offeror recognizes that irreparable injury would be caused by any breach of any of the provisions of this Agreement by Offeror. MFA, in addition to all other rights and remedies at law or equity as may exist in its favor, will have the right to enforce the specific performance of the provisions of this Agreement and to apply for injunctive relief against any act that would violate any such provisions. Offeror shall reimburse MFA for all costs and expenses, including reasonable attorney fees incurred by MFA by reason of Offeror's breach of this Agreement. Nothing herein shall be read to limit Offeror's remedies in the event of a breach of this Agreement by the MFA.

Licenses/Compliance with Laws and Regulations. Before the date on which the Services are to start, obtain, and at all times during the Term of this Agreement maintain, all necessary licenses and consents and comply with all relevant laws applicable to the provision of the Services.

Compliance with MFA Rules, Regulations and Policies. Comply with, and ensure that all Offeror personnel comply with, all rules, regulations, and policies of MFA that are communicated to Offeror in writing, including security procedures concerning systems and data and remote access thereto, building security procedures, and general health and safety practices and procedures.

Governing Law and Jurisdiction. This Agreement shall be governed by and construed in accordance with the laws of the State of New Mexico without giving effect to any choice or conflict of law provision or rule

that would cause the application of laws of any jurisdiction other than those of the State of New Mexico. Any legal suit, action, or proceeding arising out of, or related to, this Agreement or the Services provided hereunder shall be instituted exclusively in the federal courts of the United States or the courts of the State of New Mexico in each case located in the city of Albuquerque and County of Bernalillo, and each party irrevocably submits to the exclusive jurisdiction of such courts in any such suit, action, or proceeding.

New Mexico Mortgage Finance Authority

Board Members

Chair Angel Reyes – President, Centinel Bank in Taos
Vice Chair – Derek Valdo – Chief Executive Officer, AMERIND Risk
Treasurer Rebecca Wurzbarger – Strategic Planning Consultant
Member Howie Morales – Lieutenant Governor, State of New Mexico
Member Hector Balderas – Attorney General, State of New Mexico
Member Tim Eichenberg – Treasurer, State of New Mexico
Member Rosalyn Nguyen Chaffey – Attorney

Management

Isidoro Hernandez, Executive Director
Gina Hickman, Deputy Director of Finance & Administration
Donna Maestas-De Vries, Deputy Director of Programs

EXHIBIT A

ORGANIZATIONAL REFERENCE QUESTIONNAIRE

The New Mexico Mortgage Finance Authority, as part of the RFP process, requires Offerors to submit at least three references from housing agencies that have worked with the same primary personnel that would be assigned to MFA's account, including both single family and multifamily transactions. At least one of the references should be from a state housing agency utilizing a master indenture for single family transactions.at least one reference for whom financial advisory services have been provided as required within this document. The purpose of these references is to document Offeror's experience relevant to the scope of work in an effort to establish Offeror's responsibility. Please send the following reference form to each business reference listed in Offeror's proposal.

FINANCIAL ADVISORY SERVICES RFP

ORGANIZATIONAL REFERENCE QUESTIONNAIRE FOR:

This form is being submitted to your company for completion as a business reference for the company named above. This form is to be returned to the New Mexico Mortgage Finance Authority via facsimile or e-mail at:

Name: Cooper Hall
Address: 344 4th St. SW
Albuquerque, NM 87102
Telephone: (505) 767-2284
Fax: (505) 243-3289
E-mail: chall@housingnm.org

No later than January 21st, 2021 **4:00 p.m. Mountain Time** and must **NOT** be returned to the company requesting the reference.

For questions or concerns regarding this form, please contact the individual first named above.

| | |
|--|--|
| Company providing reference: | |
| Contact name and title/position: | |
| Contact telephone number: | |
| Contact e-mail address: | |
| Description of services provided: | |
| Dates services provided (starting and ending): | |

1. How would you rate the timeliness of work conducted and information requested?

_____ (3=Excellent 2=Satisfactory 1=Unsatisfactory 0=Unacceptable)

COMMENTS:

2. How would you rate how the work was planned and executed?

_____ (3=Excellent 2=Satisfactory 1=Unsatisfactory 0=Unacceptable)

COMMENTS:

3. How would you rate the knowledge and technical expertise demonstrated?

_____ (3=Excellent 2=Satisfactory 1=Unsatisfactory 0=Unacceptable)

COMMENTS:

4. How would you rate the value added to your organization through the Offeror's recommendations?

_____ (3=Excellent 2=Satisfactory 1=Unsatisfactory 0=Unacceptable)

COMMENTS:

5. With which aspect(s) of this Offeror's services are you most satisfied?

COMMENTS:

6. With which aspect(s) of this Offeror's services are you least satisfied?

COMMENTS:

7. Would you recommend this Offeror's services?

COMMENTS:

Tab 2

MEMO

TO: Board of Directors

Through: *Finance Committee – December 8, 2020*

Through: *Policy Committee – December 1, 2020*

FROM: Gina Hickman

DATE: December 16, 2020

SUBJECT: General Fund Investment Policy Review

Recommendation: Recommend the current General Fund investment policy asset allocation strategy remain unchanged.

Background: The MFA Board approved the current investment policy in October 2017 after a rigorous evaluation by an ad-hoc investment committee appointed by the Board Chair at the time.

In September, MFA staff requested that PFM Asset Management, LLC (PFM), MFA's investment advisor, engage with staff and the Finance Committee in a review of the existing asset allocation strategy in the General Fund investment policy. This work was done in response to the changing interest rate environment and to provide a mechanism to confirm current risk and return expectations of the portfolio are in alignment with the existing policy. Some of the specific areas addressed include:

- Evaluation of the existing risk profile focusing on the benefit of stock investments in general and consideration to move towards a more predictable revenue stream and investments that are perhaps less volatile.
- Review of liquidity needs to support MFA's servicing responsibilities in relation to the impacts of the health crisis.

This table reflects the current investment strategy:

| ASSET CLASS | TARGET (DOLLARS as a PERCENT of TOTAL PORTFOLIO) | RANGE (DOLLARS as a PERCENT of TOTAL PORTFOLIO) |
|--|---|--|
| SHORT-TERM INVESTMENTS (Less than 1 year) | 20% | 15% - 25% |
| Local Government Investment Pool | 6% | 1% - 11% |
| Cash Held in Depositories/ Warehoused Securities | 14% | 9% - 19% |
| INTERMEDIATE-TERM INVESTMENTS (1 to 10 years) | 40% | 35% - 45% |
| Bond Ladder (in permitted securities) | 27% | 22% - 32% |
| MFA Mortgage Backed Securities | 13% | 8% - 18% |
| LONG-TERM INVESTMENTS (More than 10 years) | 40% | 35% to 45% |
| Fixed Income: | 16% | 11%-21% |
| 1) Core Plus Bond Active (State Investment Council) | 12% | 7% - 17% |
| 2) MFA Mortgage Backed Securities | 4% | 0% – 9% |
| | | 19%-29% |
| Equity (State Investment Council): | 24% | |
| 1) Equity Domestic Large Cap Index Fund | 11% | 6% - 16% |
| 2) Small/Mid Cap Index | 5% | 0%-10% |
| 3) Non-US Developed Markets | 6% | 1%-11% |
| 4) Non-US Emerging Markets | 2% | 0%-7% |

Discussion: Finance Committee members and staff responded to a portfolio planning survey provided by PFM. A special Finance Committee meeting was held on November 5, 2020. PFM presented the results of the portfolio planning survey, as well as market performance, capital market assumptions and recommendations which included the following:

1. Consider reducing target allocation to long-term portfolio to provide more liquidity due to current economic conditions and provide a higher weighting in short-term (i.e. 30 percent short-term, 40 percent intermediate-term and 30 percent long-term); they noted this change would compromise the ability to achieve 4-5% total return for the General Fund investment portfolio.
2. Continue to allocate assets of the long-term portfolio 60 percent stock, 40 percent fixed income.
3. Also, continue to allocate long-term fixed income assets to both the SIC fixed income fund and long-term mortgage backed securities.
4. The committee also noted the intermediate-term asset classes provide a dual purpose of providing collateral and, if needed, an additional source of liquidity.

PFM also noted during their presentation that based on market conditions, federal fiscal policy related to interest rates and the economic environment, MFA may need to reduce return expectations or increase risk tolerance with a reduced weighting in long-term assets. They stated fixed income rates could decline further and are expected to remain low through 2023. They commented that equities almost always outperform fixed income investments over long measurement time periods. The current policy for all MFA asset classes is weighted 76 percent fixed income. They believe our policy provides needed diversification to offset changes in asset class performance.

After discussion, the Finance Committee concluded and is recommending to the full Board that the policy not be revised at this time, that we stay the course. Rather than liquidating existing long-term reserves to support programs during the pandemic, the Finance Committee is suggesting Staff support those liquidity needs for operations through FHLB borrowings. The committee also acknowledged that investments can be sold at fair market value if liquidity needs arise. As a non-member housing affiliate with the FHLB, MFA receives preferential borrowing rates. FHLB calculates borrowing limits for members at 35% of total assets. Not only do we only have borrowing capacity at FHLB, we have the capacity we need through existing MFA Board approved borrowing resolutions. Below are FHLB borrowing rates as of 11/19/20:

- 1 month advance: .145%
- 3 month advance: .17%
- 6 month advance: .185%
- 9 month advance: .19%
- 12 month advance: .369%

With such low borrowing rates available, this strategy will allow us to maximize returns and give opportunities for growth in the long-term portfolio. MFA's bond ladder and mortgage backed security investments will serve as collateral for these borrowings.

Summary: In September, MFA staff requested that PFM Asset Management, LLC (PFM), MFA's investment advisor, engage with staff and the Finance Committee in a review of the existing asset allocation strategy in the General Fund investment policy. This work was done in response to the changing interest rate environment and to provide a mechanism to confirm current risk and return expectations of the portfolio are in alignment with the existing policy. The Finance Committee is recommending the current General Fund investment policy asset allocation strategy remain unchanged.

Tab 3

TO: Board of Directors
Through: Contracted Services Committee – December 8th, 2020
Through: Policy Committee – December 1st, 2020
FROM: Cooper Hall
DATE: December 16, 2020
SUBJECT: Award for Trustee and Paying Agent Services

Recommendation: MFA received four responses to the Request for Proposals for Trustee and Paying Agent Services (the “RFP”) all of which met minimum threshold. Proposals were scored by an internal review committee of four staff members in accordance with the evaluation criteria as outlined in the RFP. US Bank received the highest number of points in the scoring process and staff recommends that US Bank be selected to provide Trustee and Paying Agent Services for stand-alone indentures.

Background: The Board approved the RFP for Trustee and Paying Agent Services for the issuance of single family and multifamily revenue bonds under stand-alone (closed) indentures at the September Board meeting.

Discussion: MFA received proposals from US Bank, Bank of Albuquerque, Wilmington Trust and Zions Bank in response to the RFP. All four proposals met minimum threshold. The proposals were reviewed by an internal review committee of four staff members. Each member of the internal review committee independently scored the individual proposals.

Points were awarded to each Offeror based on the criteria outlined in Part IV: Evaluation Criteria of the RFP. A simple average was then calculated based on the committee member individual scores for each of the scoring criteria with the exception of the scoring for proposed fees and costs. For scoring purposes fees and costs were analyzed based on sample bond issue maturity schedule utilizing a present value analysis. Fees were then assigned points with the lowest fee receiving the most points.

As noted in the RFP, the contract begins on the date the MFA Board of Directors approves the award and ends on December 31, 2023. At the option of the Policy Committee, the contract may be extended for two, one (1) year periods under the same terms and conditions.

Attached are the following spreadsheets: (a) Exhibit A showing that all Offerors met minimum threshold, (b) Exhibit B showing the average points awarded to each Offeror.

Summary: MFA Board approved a Request for Proposal for Trustee Services for stand-alone indentures at its September Board meeting. MFA received four responses to the RFP all of which met minimum threshold. Proposals were scored by an internal committee of four staff members in accordance with the evaluation criteria as outlined in the RFP. US Bank received the highest number of points in the scoring process and staff recommends that US Bank be selected to provide Trustee and Paying Agent Services for stand-alone indentures. Per the RFP, the contract begins on the date the MFA Board approves the award and ends on December 31, 2023. At the option of the Policy Committee, the contract may be extended for two, one (1) year periods under the same terms and conditions.

Exhibit A: Minimum Qualifications
Trustee RFP 2020

| | Wilmington Trust | Zions | US Bank | Bank of Albuquerque |
|--|-----------------------------|--------------|----------------|--------------------------------|
| 1. Be a corporation that is subject to federal supervision and audited by independent public accountants on an annual basis; and | ✓ | ✓ | ✓ | ✓ |
| 2. Have equity capital and surplus of at least \$75 million and/or \$500 million of assets under trust; and | ✓ | ✓ | ✓ | ✓ |
| 3. Have experience as trustee and paying agent of state housing bond issues, including both single family and multifamily issues; and | ✓ | ✓ | ✓ | ✓ |
| 4. Be able to provide monthly trust statements in electronic format at no extra cost. | ✓ | ✓ | ✓ | ✓ |
| 5. Disclosure of political contributions, current or proposed business transactions between Offeror and MFA officer or staff, potential conflict of interest; and | ✓ | ✓ | ✓ | ✓ |
| 6. Disclosure of recent or pending investigations or litigation | ✓ | ✓ | ✓ | ✓ |
| 7. Certification of compliance with MFA's code of conduct; and | ✓ | ✓ | ✓ | ✓ |
| 8. Certification of equal opportunity employer. | ✓ | ✓ | ✓ | ✓ |

Exhibit B: Average Scores
Trustee RFP 2020

| | Criterion | Point Range | Maximum Points | Wilmington Trust | Zions | US Bank | Bank of Albuquerque |
|---|--|--------------|----------------|------------------|-------------|-------------|---------------------|
| 1 | Experience and Financial Capacity - Offeror's skill, knowledge, experience and assets under management as noted in section 3 of page 9 of the RFP | 0-30 | 30 | 26.4 | 29.1 | 26.2 | 30.0 |
| 2 | Capabilities and Responsiveness - Offerors proposal for delivering services, information technology structure, and responsiveness as noted in section 4 on pages 9-10 | 0-30 | 30 | 27.3 | 30.0 | 28.3 | 29.8 |
| 3 | Proposed Fees and Costs | | | | | | |
| | a. Fee schedule for single family bonds (Exhibit A Part 1) | 0-10 | 10 | 1.0 | .9 | 10.0 | 0.1 |
| | b. Fee schedule for multifamily bonds (Exhibit A Part 2) | 0-15 | 15 | 4.0 | 3.5 | 15.0 | 3.0 |
| 4 | References - as noted in section 6 on pages 10-11. | 0-10 | 10 | 8.7 | 9.4 | 9.9 | 6.5 |
| 5 | New Mexico Resident Business - Offeror is licensed to do business in New Mexico and the majority of Offeror's employees who would perform the services to be performed in New Mexico reside in New Mexico as noted in section 7 on page 11 | 0-5 | 5 | 0 | 0 | 0 | 5.0 |
| | | | | | | | |
| | Total | 0-100 | 100 | 67.4 | 72.9 | 89.4 | 74.4 |

Tab 4

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blank. There will be
a presentation at the
meeting.

Tab 5

**Staff Actions Requiring Notice to Board
During the Period of November 30, 2020**

| Department and Program | Project | Action Taken | Comments / Date Approved |
|--------------------------------|--|---|---|
| Community Development/EHAP | Espanola Pathways Shelter Award Approval | Approved award of \$219,375 from the 2020 New Mexico State Legislative Session to the Espanola Pathways Shelter. The total award is \$225,000. Of that amount \$213,750 will be awarded in program funding and \$5,625 will be awarded in administrative fees. In addition, MFA will receive \$5,625 for administrative fees. | Approved by Donna Maestas-De Vries - 11/20/20 |
| Servicing Department | September 2020 Loan Servicing Quality Control Report | Approved report issued by REDW – no findings | Approved by Policy Committee on – 11/3/2020 |
| Community Development/Linkages | Voucher Increases for Mesilla Valley Community of Hope | Approved award to Mesilla Valley Community of Hope of eight new vouchers, totaling \$54,449.28, based on a new award from the Behavioral Health Services Division. | Approved by Policy Committee - 11/24/20 |
| | | | |
| | | | |
| | | | |

COVID-19
Staff Actions Requiring Notice to Board
During the Period of October 7 – December 11, 2020

| Department and Program | Project | Action Taken | Comments / Date Approved |
|--|---|---|---|
| Asset Management; New Mexico Housing Trust Fund (NMHTF) Rental Assistance Program | NMHTF Rental Assistance Round 7 Awards | Approval of awards from the seventh round of the NMHTF Rental Assistance program, totaling \$51,039 to 7 properties, assisting 23 households | Approved by: Policy Committee – 11/24/20 Recommended by: HTF Advisory Committee – 11/24/20 |
| Policy and Planning, Mortgage Operations, Asset Management and Community Development | Coronavirus Relief Fund Housing and Homelessness Assistance Program | Approval of (1) acceptance of \$15,000,000 in Coronavirus Aid, Relief, and Economic Security (CARES) Act Coronavirus Relief Funds (CRF) to fund a housing and homelessness assistance program for New Mexico households who have been impacted by the COVID-19 pandemic; (2) adoption of the below framework for implementation of this housing and homelessness assistance program; and (3) approval of an emergency procurement framework for selection of CRF grantees and beneficiary households. | Approved by: PC – 12/1/2020 Approved by: Delegates – 12/2/2020 |
| | | | |



MEMO

TO: MFA Board of Directors
Through: N/A
Through: N/A
FROM: Cooper Hall
DATE: December 16, 2020
SUBJECT: Single Family Mortgage Bonds 2020 Series B – Pricing Summary

The 2020 Series B transaction is a new money bond issue which closed on October 22, 2020. The following is a summary of the bond sale:

Structure: The bond issue is a \$55.0 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, Drexel Hamilton, Inc. and UBS Financial Services Inc. New Mexico retail investors had first priority followed by national retail investors. The underwriting syndicate submitted \$3.6 million in orders and was allotted \$2.88 million of bonds. There was significant demand from retail investors in general; a total of \$19.6 million in retail orders were received of which \$1.9 million was New Mexico retail. This continues solid retail demand seen on recent transactions both from in-state and national retail investors.

As a result of strong demand overall from investors, the PAC bonds were oversubscribed 2.7 times and we were able to lower the yield by 3 basis points.

Total orders for the bond issue were \$147.9 million for both retail and institutional investors.

Use of Bond Proceeds: The \$55.0 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:

| <u>Program</u> | <u>Government</u> | <u>Conventional <80% AMI</u> | <u>Conventional >80% AMI</u> |
|----------------|-------------------|---------------------------------|---------------------------------|
| FIRST HOME | 3.077% | 3.362% | 3.517% |

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 \$1.5 million or approximately 2.7% of the bonds issued.

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 2020 Series B 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 2020 Series B, prepared by MFA’s Financial Advisor, CSG Advisors.

New Mexico Mortgage Finance Authority
Summary of Recent Bond Issue Characteristics

| | For Info Only | For Info Only | For Info Only | For Info Only | |
|--|-----------------------------------|---------------------------------|-------------------------------------|-----------------------------------|-----------------------------------|
| | 2019D | 2019E | 2019F | 2020A | 2020B |
| Type of Structure | New Money Tax-Exempt | Refunding Federally Taxable | New Money Tax-Exempt | New Money Tax-Exempt | New Money Tax-Exempt |
| | Traditional | Pass-Through | Traditional | Traditional | Traditional |
| 1 Tax Exempt Bonds | \$100,000,000 | n/a | \$120,000,000 | \$70,000,000 | \$55,000,000 |
| Taxable Bonds | n/a | n/a | n/a | n/a | n/a |
| Tax-Exempt Refunding Bonds | n/a | n/a | n/a | n/a | n/a |
| Taxable Refunding Bonds | n/a | \$22,725,504 | n/a | n/a | n/a |
| Total Amount of Bonds Issued | \$100,000,000 | \$22,725,504 | \$120,000,000 | \$70,000,000 | \$55,000,000 |
| 2 Bond Issue(s) Refunded | n/a | 2009 Series D, 2009 Series E | n/a | n/a | n/a |
| 3 MFA Subsidy*/Benefit-(New Available)/ Present Value Economic Benefit | \$4.49 million/\$3.36 million | \$1.72 million | \$3.43 million/\$3.28 million | \$2.6 million/\$2.0million | \$1.47 million/\$1.5 million |
| 4 Original Bond Ratings: Standard & Poor's Moody's | None Aaa | None Aaa | None Aaa | None Aaa | None Aaa |
| 5 Pricing Date(s) | 7/9/2019 | 7/9/2019 | 10/2/2019 | 1/22/2020 | 9/24/2020 |
| 6 Bond Closing Date | 8/15/2019 | 8/15/2019 | 11/5/2019 | 2/20/2020 | 10/22/2020 |
| 7 Serial Bond Maturities AMT Non-AMT Taxable | None 7/1/20-7/1/31 None | None None None | None 1/1/21-7/1/32 None | None 1/1/21-7/1/32 None | None 7/1/2021-7/1/2032 None |
| 8 Term Bond Maturities | 7/1/34, 7/1/39, 7/1/44, 7/1/49 | 8/1/40 | 7/1/34, 7/1/39, 7/1/44, 7/1/49 | 7/1/35, 7/1/40 7/1/45, 7/1/50 | 7/1/35, 7/1/40 7/1/45, 7/1/50 |
| 9 Premium PAC Maturity | 1/1/50 | None | 7/1/50 | 1/1/51 | 1/1/51 |
| 10 Split Between FIRST HOME Government and Conventional Loans Government Conventional | 75% 25% | n/a n/a | 83% 17% | 89% 11% | 88% 12% |
| 11 Weighted Average Loan Rates+ FIRST HOME - Government FIRST HOME - Conventional <80% FIRST HOME - Conventional >80% | 4.199% 4.350% | n/a n/a | 3.833% 4.316% | 3.708% 3.996% 4.448% | 3.077% 3.362% 3.517% |
| 12 10-Year Treasury Rate at Pricing | 2.07% | 2.07% | 1.60% | 1.77% | 0.67% |
| 13 GIC Rates** Acquisition Fund Rate Float Fund Rate | n/a n/a | n/a n/a | n/a n/a | n/a n/a | n/a n/a |
| 14 MFA Contribution at Closing Cost of Issuance (COI) COI as a % of Bonds Issued Negative Arbitrage Deposit | \$825,000 0.83% \$990,000 | \$215,000 0.95% None | \$1,010,000 0.84% \$1,400,000 | \$645,000 0.92% \$1,000,000 | \$545,000 0.99% \$750,000 |
| 15 Yield Spread | 1.122% | n/a | 1.123% | 1.123% | 1.123% |
| 16 Administrative Fee (to MFA) | 0.180% | 2.088% | 0.180% | 0.180% | 0.180% |
| 17 Bond Allocation System Followed*** | Yes | Yes | Yes | Yes | Yes |

*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 through the senior manager senior manager where the buyer designates the sales credit to specific managers, and finally, member orders receive the lowest priority.

\$55,000,000
New Mexico Mortgage Finance Authority
Single Family Mortgage Program Class I Bonds
2020 Series B (Tax-Exempt) (Non-AMT)

POST-SALE ANALYSIS

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 (2020 Series A) well within the required time of 18 months for which to reallocate loans.

Approach and Strategy. Over the past 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. Since the beginning of 2018, MFA has issued (9) all new-money transactions issued by MFA that did not include a refunding component. 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 \$24.7 million of zero participations (prior to issuing 2020B) 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 2020B bonds:

- Included bond proceeds sufficient to finance \$55+ 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 \$2,318,400 which provides additional funds to purchase \$55.66 million of MBS, and fund all of the costs of issuance. Given the large amount of premium raised, the issue is being overcollateralized by \$0.66 million of new MBS, which strengthens the cash flows of the indenture and will provide MFA with excess assets in the future.
- Were priced 4 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 \$0.76 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 1.874% assuming 100% FHA prepayments.
2. **Use of Zero Participations.** In order to achieve full spread, 2020B created approximately \$7.1 million in zeros (though at lower loan rates than after 2020A), resulting in \$31.85 million in zeros for future bond issues (assuming participation with a future issue in 4 months).
3. **Net Economic Benefits.** The transaction's projected net present value before zeros was \$1.5 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 \$1.47 million (including the effect of the timing of zeros in and out as well as the lower loan rate of such zeros).

Bond Results. Following are key highlights:

1. **Timing.** The bonds were priced on Thursday, September 24th 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 surrounding the pricing of 2020B. Supply of municipal bonds was very high, as issuers sought to price and close bonds prior to the potential volatility around the early November Presidential election. Despite the large amount of muni bond issuance, both nominal housing bond rates and spreads to MMD were very attractive for issuers.

- During the week of September 14th, 4 state HFAs (Montana, North Carolina, Minnesota, and Rhode Island) priced single family mortgage revenue bonds.
- During the week of September 21st, 3 state HFAs (New Mexico, South Carolina, and Florida) priced single family mortgage revenue bonds, with South Carolina (led by Citigroup) pricing the day before MFA.

On the pricing date of September 24th, the 10-year Treasury was down 0.01% from the prior day to a 0.67% yield. The municipal market in terms of MMD rates was unchanged on the day. See "Market Details" below for a full description of the market leading up to the pricing date.

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 \$19.5 million of retail orders (\$1.9 million of New Mexico retail); a reduction in retail order compared to 2020 Series A sold in early 2020 (though on 2020B, less bonds (\$55 million) than 2020A (\$70 million)). \$16.4 million of the 2020B retail orders were for serial bonds, resulting in a sufficient amount of orders to fully subscribe all serial bonds with the exception of (5) serials totaling \$880k in unsold balances. As a result of the solid subscription levels, both serial maturities in 2025 and the January 2027 maturity were reduced in yield by 0.05%, with the January 2026 maturity reduced by 0.025%. This continues solid retail demand seen on recent transactions both from in-state and national retail investors.

2. **Institutional Interest.** In all, institutions put in orders totaling \$128.4 million, \$62 million of which were for the PAC bonds. Investor interest for the \$23.0 million in PAC bonds was solid with 2.7x in orders from end investors (including (2) orders 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 3 basis points to a 0.92% yield and a very attractive spread to MMD (+0.69% over the 5-year MMD). The yield on the PAC bond was the lowest nominal yield achieved on any PAC in years.

Institutions also placed orders totaling \$65.8 million for the four (4) term bonds. The 2035, 2040, 2045 and 2050 term bonds were subscribed for by 3.0x, 4.2x, 3.3x, and 2.2x, respectively. RBC knew that sufficient investors would keep their orders if the yield was lowered and thus, the 2035 and 2040 term bonds were lowered in yield by 0.05%, with the 2045 term bond lowered by 0.025%.

3. **Selling Group.** To enhance the order flow particularly with retail investors, four selling group members were included in the underwriting syndicate for 2020B, continuing the same group from the last four transactions as well. Selling group members included D.A. Davidson, Drexel Hamilton, Fidelity Capital Markets, and UBS. 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):

| Selling Group Member | Orders | Allotments |
|--------------------------|-----------------|-----------------|
| D.A. Davidson & Company | \$ 220 | \$ 20 |
| Drexel Hamilton | - | - |
| Fidelity Capital Markets | 2,355 | 1,785 |
| UBS | 975 | 975 |
| TOTAL | \$ 3,550 | \$ 2,780 |

The selling group was useful to the issuance in terms of generating additional retail interest, as it brought orders totaling 6.4% of the total amount of bonds sold (8.7% of the total bonds sold excluding the PAC bonds). Fidelity led the selling group in orders, followed by UBS.

4. **Comparable Transactions.** The 2020B PAC bonds priced extremely well and at spreads to MMD comparable or better to other recent HFA issues in the market. The most direct comparable for the 2020B bonds was the \$123 million non-AMT South Carolina issue that priced the day before 2020B. MFA's serials bonds matched South Carolina's coupons (excluding the 2026-2029 serial bonds that SC provided redemption lock-outs). MFA's term bonds in 2035 and 2040 were sold at the same coupon and spread as SC (2.00%, 2.15%), whereas MFA's 2045 and 2050 term bonds were slightly higher in yield by 0.025% and 0.05%, respectively. As for the PAC bonds, MFA achieved a yield of 0.92% and a spread of +69 to MMD, 0.06% better than SC's PAC bond at a yield of 0.98% and a spread of +0.74%. MFA continues to receive very strong demand for its PAC bonds as evidenced by the pricing of its PAC bond, in part due to investors preference for MBS collateral as opposed to whole loans.

See **Section 3** for detailed pricing comparables of all recent tax-exempt traditional bond issues priced around 2020 Series B.

MARKET DETAILS

Key Dates: Institutional Order Period: Thursday, September 24, 2020
Closing Date: Thursday, October 22, 2020

Economic Calendar. Almost all economic news since mid-March has been driven by the COVID-19 pandemic. Six months into the pandemic, initial jobless claims are about 800,000, with continuing jobless claims of over 14 million and a 10% official unemployment rate. The inflation rate is about 1.3%, far below the Federal Reserve's target of 2%. Just prior to the sale, the Federal Reserve indicated that it was likely to keep interest rates at very low, accommodative levels for several years.

Treasuries. On September 24th when 2020B priced, 10-year and 30-year treasury yields ended the day at 0.67% and 1.41%, significantly lower than the 1.77% and 2.22%, yields on January 22nd, the date the 2020A bonds were priced.

The 10-year had risen to 1.92% by the end of 2019, however, rates have declined precipitously since March. Yields have dropped dramatically since, largely due to the pandemic and the resulting economic damage caused.

Municipals. The municipal market index had outperformed Treasuries in 2019 and into 2020 before the pandemic. With the global flight to quality starting in March, Treasuries dramatically outperformed municipals, leading to record ratios of MMD to Treasury. Starting in late April many investors returned to municipals, driving muni yields down, often by 5 to 10 basis points per day, and there have been many weeks of inflows into bond funds since. This strong demand has brought municipal yields much closer to Treasuries than back in the spring. Municipal yields are still a much higher percentage of Treasuries than normal but are closer to historic levels than they were in May. Municipal rates are near but slightly above their all-time lows in August.

TABLE 1: COMPARISON OF RATES IN RECENT TRANSACTIONS

| Issue | Date | 10 Year Treasury | 10 Year MMD | MMD to Treasury Ratio | 30 Year Treasury | 30 Year MMD | MMD to Treasury Ratio |
|-----------------------------------|----------------|------------------|-----------------|-----------------------|------------------|-----------------|-----------------------|
| 2018 C | 8/6/18 | 2.96% | 2.49% | 84.1% | 3.11% | 3.08% | 99.0% |
| 2018 D | 11/1/18 | 3.14% | 2.75% | 87.6% | 3.38% | 3.40% | 99.4% |
| 2019 A | 1/17/19 | 2.75% | 2.20% | 80.0% | 3.08% | 3.04% | 98.7% |
| 2019 C | 4/10/19 | 2.48% | 1.92% | 77.4% | 2.90% | 2.67% | 92.1% |
| 2019 D | 7/9/19 | 2.07% | 1.61% | 77.7% | 2.54% | 2.28% | 89.8% |
| 2019 F | 10/2/19 | 1.60% | 1.38% | 86.2% | 2.08% | 1.92% | 92.3% |
| 2020 A | 1/22/20 | 1.77% | 1.28% | 72.3% | 2.22% | 1.93% | 86.9% |
| 2020 B | 9/24/20 | 0.67% | 0.82% | 122.4% | 1.41% | 1.58% | 112.1% |
| <i>Change from 2020A to 2020B</i> | | <i>- 110 bps</i> | <i>- 46 bps</i> | <i>+ 50.1%</i> | <i>- 81 bps</i> | <i>- 35 bps</i> | <i>+ 25.2%</i> |

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 \$6.62 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 \$147.9 million in total orders, \$62 million in orders for the PAC bond (2.7x subscribed) which allowed for a yield reduction by 0.03%,
- 2) Produce sufficient orders to allow for 3 out of 4 of its term bonds to reprice to lower yields, and
- 3) Generate a solid amount of retail orders (\$19.6 million) 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 selling group members who have underperformed.



MEMO

TO: MFA Board of Directors

Through: N/A

Through: N/A

FROM: Cooper Hall

DATE: December 16, 2020

SUBJECT: Multifamily Housing Revenue Tax-Exempt Bonds JLG North Apartments
Projects Series 2020 and JLG South Apartments Projects Series 2020– Pricing
Summaries

JLG North Apartments Projects

The JLG North Apartments Projects (“JLG North”) transaction is a refunding bond issue which closed on October 30, 2020. The proceeds from the bonds will be used for the acquisition, rehabilitation and equipping of the following multifamily projects:

| Name of Apartments | Location | Number of Housing Units |
|--------------------|------------------------|-------------------------|
| Cliffside I-III | Gallup, New Mexico | 107 |
| Pinos Blancos I-II | Bloomfield, New Mexico | 69 |
| Sandia Vista | Bernalillo, New Mexico | 40 |

The following is a summary of the bond sale:

~*Structure:* The bonds were initially issued and delivered as draw down bonds with a stated principal amount of \$9,650,000. However, the principal amount due will be only the amount that has been drawn down. The bonds carry an interest rate of 5.25% and mature on April 1, 2021 with an automatic extension of three months for an additional extension fee due and payable at the date of the extension.

~*Bond Placement:* The bonds were privately placed with the permanent lender which is a qualified institutional buyer under Rule 144A of the Securities Act of 1933.

~*Investment of Funds:* Funds were deposited in Cavanal Hill US Treasury Fund by BOKF, NA (Bank of Albuquerque), Trustee for the bond issue.

JLG South Apartments Projects

The JLG South Apartments Projects (“JLG North”) transaction is a refunding bond issue which closed on October 30, 2020. The proceeds from the bonds will be used for the acquisition, rehabilitation and equipping of the following multifamily projects:

| Name of Apartments | Location | Number of Housing Units |
|--------------------|----------------------|-------------------------|
| Franklin Vista I-V | Anthony, New Mexico | 136 |
| Rio Mimbres I-II | Deming, New Mexico | 60 |
| Columbus | Columbus, New Mexico | 24 |

The following is a summary of the bond sale:

~*Structure*: The bonds were initially issued and delivered as draw down bonds with a stated principal amount of \$9,000,000. However, the principal amount due will be only the amount that has been drawn down. The bonds carry an interest rate of 5.25% and mature on April 1, 2021 with an automatic extension of three months for an additional extension fee due and payable at the date of the extension.

~*Bond Placement*: The bonds were privately placed with the permanent lender which is a qualified institutional buyer under Rule 144A of the Securities Act of 1933.

~*Investment of Funds*: Funds were deposited in Cavanal Hill US Treasury Fund by BOKF, NA (Bank of Albuquerque), Trustee for the bond issue.

The attachment provides more detailed information about both the JLG South and JLG North bond issues along with the South Shiprock Homes Project and Paso Tiempo Apartment Project both of which were issued in 2017 and are presented for information purposes only.

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New Mexico Mortgage Finance Authority
Summary of 2020 Bond Issue Characteristics

| | For Information Only | For Information Only | For Information Only | For Information Only | | |
|--|---|---|--|--|---|---|
| | South Shiprock Homes Project Series 2017 | Pasa Tiempo Apartment Project Series 2017B | JLG North Apartments Projects Series 2019 | JLG South Apartments Projects Series 2019 | JLG North Apartments Projects Refunding Series 2020 | JLG South Apartments Projects Refunding Series 2020 |
| Type of Structure | | | | | | |
| 1 Tax Exempt Bonds | \$11,800,000 | \$10,373,065 | \$9,650,000 | \$9,000,000 | \$3,339,807 | \$4,229,890 |
| Taxable Bonds | 0 | 0 | 0 | 0 | 0 | 0 |
| Refunding Bonds | 0 | 0 | 0 | 0 | 6,310,193 | 4,770,110 |
| Total Amount of Bonds Issued | \$11,800,000 | \$10,373,065 | \$9,650,000 | \$9,000,000 | \$9,650,000 | \$9,000,000 |
| 2 Type | Conduit | Conduit | Conduit | Conduit | Conduit | Conduit |
| 3 Purpose | Acquisition/ Construction/ Rehabilitation | Acquisition/ Rehabilitation/ Equipping | Acquisition/ Rehabilitation/ Equipping | Acquisition/ Rehabilitation/ Equipping | Acquisition/ Rehabilitation/ Equipping | Acquisition/ Rehabilitation/ Equipping |
| 4 Credit Enhancement | HUD Section 223 (f) program | N/A | N/A | N/A | N/A | N/A |
| 5 Bond Ratings: Standard & Poor's Moody's | AA+ N/A | N/A N/A | N/A N/A | N/A N/A | N/A N/A | N/A N/A |
| 6 Bond Closing Date | 6/13/2017 | 7/25/2017 | 8/13/2019 | 8/15/2019 | 10/30/2020 | 10/30/2020 |
| 7 Public Sale/Private Placement | Public | Private Placement | Private Placement | Private Placement | Private Placement | Private Placement |
| 8 Bond Structure Serial Bonds | N/A | N/A | N/A | N/A | N/A | N/A |
| Term Bonds | \$11,800,000 | \$10,373,065 | \$9,650,000 | \$9,000,000 | \$9,650,000 | \$9,000,000 |
| 9 Fixed Rate/Variable Rate | Fixed | Variable | Fixed | Fixed | Fixed | Fixed |
| 10 Cash Flow Verification | N/A | N/A | N/A | N/A | N/A | N/A |
| 11 GIC Rates, if applicable* Construction Fund Float Fund Rate | N/A N/A | N/A N/A | N/A N/A | N/A N/A | N/A N/A | N/A N/A |
| 12 Administrative Fee (to MFA) Service Fee (to MFA) | 0.15% N/A | 0.125% N/A | 0.15% N/A | 0.15% N/A | 0.15% N/A | 0.15% N/A |

*The Guaranteed Investment Contract ("GIC") is competitively bid.

Tab 6

New Mexico Mortgage Finance Authority

Combined Financial Statements
and Schedules

October 31, 2020

NEW MEXICO MORTGAGE FINANCE AUTHORITY
FINANCIAL REVIEW
For the one-month period ended October 31, 2020

COMPARATIVE YEAR-TO-DATE FIGURES (Dollars in millions):

| | 1 months <u>10/31/2020</u> | 1 months <u>10/31/2019</u> | % Change <u>Year / Year</u> | Forecast <u>10/31/2020</u> | Actual to <u>Forecast</u> | Forecast/Target <u>9/30/21</u> |
|---|-------------------------------|-------------------------------|--------------------------------|-------------------------------|------------------------------|-----------------------------------|
| PRODUCTION | | | | | | |
| 1 Single family issues (new money): | \$55.0 | \$0.0 | 100.0% | \$55.0 | 0.0% | \$130.0 |
| 2 Single family loans sold (TBA): | \$16.7 | \$8.4 | 98.8% | \$10.8 | 54.2% | \$130.0 |
| 3 Total Single Family Production | \$71.7 | \$8.4 | 753.6% | \$65.8 | 8.9% | \$260.0 |
| 4 Multifamily issues (new money): | \$0.0 | \$0.0 | 0.0% | \$0.0 | 0.0% | \$20.0 |
| 5 Single Family Bond MBS Payoffs: | \$13.9 | \$5.5 | 152.7% | \$6.6 | 109.3% | \$79.7 |
| STATEMENT OF NET POSITION | | | | | | |
| 6 Avg. earning assets: | \$1,414.3 | \$1,328.4 | 6.5% | \$1,377.5 | 2.7% | \$1,457.1 |
| 7 General Fund Cash and Securities: | \$73.5 | \$85.4 | -13.9% | \$82.6 | -11.0% | \$81.5 |
| 8 General Fund SIC FMV Adj.: | (\$0.7) | \$0.3 | -333.3% | \$0.0 | N/A | \$0.0 |
| 9 Total bonds outstanding: | \$1,167.4 | \$1,040.6 | 12.2% | \$1,128.2 | 3.5% | \$1,205.0 |
| STATEMENT OF REVENUES, EXPENSES AND NET POSITION | | | | | | |
| 10 General Fund expenses (excluding capitalized assets): | \$1.5 | \$1.2 | 25.0% | \$1.6 | -6.3% | \$19.8 |
| 11 General Fund revenues: | \$1.8 | \$2.3 | -21.7% | \$2.3 | -21.7% | \$28.4 |
| 12 Combined net revenues (all funds): | \$0.5 | \$1.6 | -68.8% | \$0.7 | -24.1% | \$7.9 |
| 13 Combined net revenues excluding SIC FMV Adj. (all funds): | \$1.3 | \$1.4 | -7.1% | \$0.7 | 97.5% | \$7.9 |
| 14 Combined net position: | \$263.8 | \$247.1 | 6.8% | \$264.0 | -0.1% | \$262.3 |
| 15 Combined return on avg. earning assets: | 0.40% | 1.45% | -72.6% | 0.54% | -26.3% | 0.54% |
| 16 Combined return on avg. earning assets excluding SIC FMV Adj. (all funds): | 1.08% | 1.29% | -16.3% | 0.54% | 100.0% | 0.54% |
| 17 Net TBA profitability: | 1.74% | 1.39% | 25.2% | 1.25% | 39.2% | 1.25% |
| 18 Combined interest margin: | 0.75% | 1.01% | -25.7% | 0.64% | 17.2% | 0.64% |
| MOODY'S BENCHMARKS | | | | | | |
| 19 Net Asset to debt ratio (5-yr avg): | 29.32% | 29.95% | -2.1% | 27.71% | 5.8% | 27.71% |
| 20 Net rev as a % of total rev (5-yr avg): | 12.89% | 12.32% | 4.6% | 10.82% | 19.1% | 10.82% |
| SERVICING | | | | | | |
| 21 Subserviced portfolio | \$1,480.2 | \$1,162.1 | 27.4% | \$1,472.5 | 0.5% | \$1,666.3 |
| 22 Servicing Yield (subserviced portfolio) | 0.57% | 0.44% | 29.5% | 0.41% | 39.0% | 0.41% |
| 23 Combined average delinquency rate (MFA serviced) | 8.76% | 9.21% | -4.9% | 14.00% | -37.4% | 14.00% |
| 24 DPA loan delinquency rate (all) | 8.75% | 9.26% | -5.5% | N/A | N/A | N/A |
| 25 Default rate (MFA serviced-annualized) | 0.00% | 0.84% | -100.0% | 1.50% | -100.0% | 1.50% |
| 26 Subserviced portfolio delinquency rate (first mortgages) | 17.35% | 9.44% | 83.8% | N/A | N/A | N/A |
| 27 Purchased Servicing Rights Valuation Change (as of 9/30) | (\$0.4) | \$1.2 | -133.3% | N/A | N/A | N/A |

Note: Forecast updated as of March 30, 2020

Legend:

Positive Trend Caution Negative Trend Known Trend/Immaterial

NEW MEXICO MORTGAGE FINANCE AUTHORITY
FINANCIAL REVIEW
For the one-month period ended October 31, 2020

SUMMARY OF NEW BOND ISSUES:

Single Family Issues:

\$55.0 mm 2020 Series B Bonds-New Money (October)

Multi-family Issues:

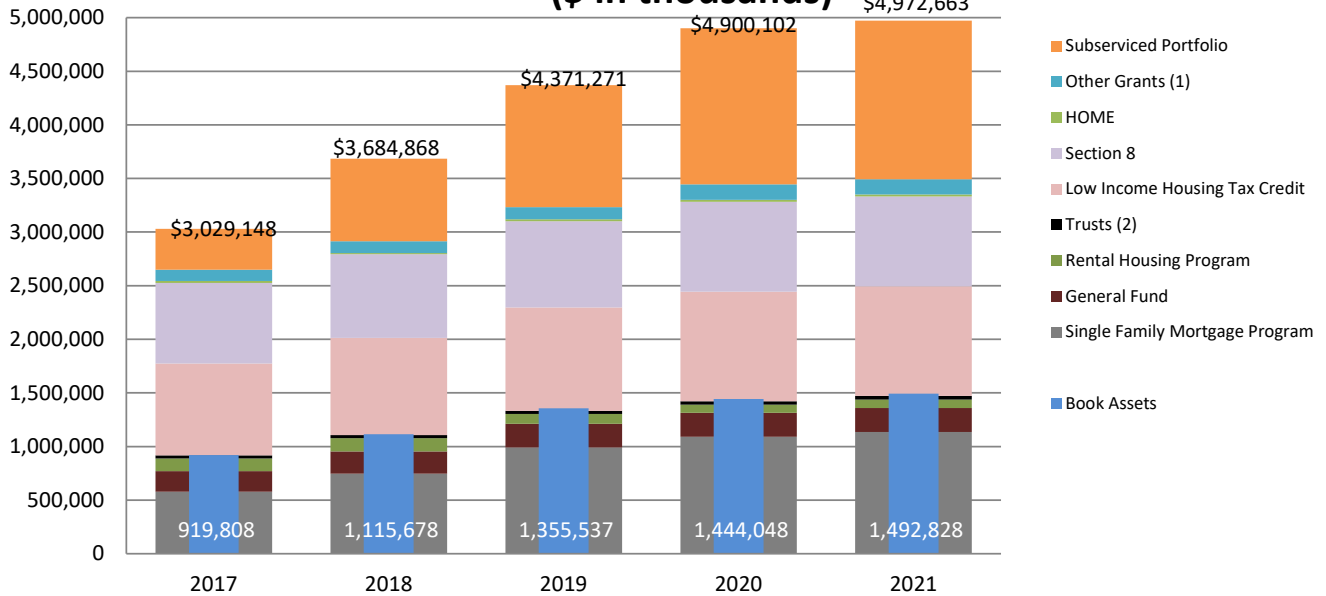
\$9.7 mm 2020 Series JLG North Multifamily-Refunding (October)

\$9.0 mm 2020 Series JLG South Multifamily-Refunding (October)

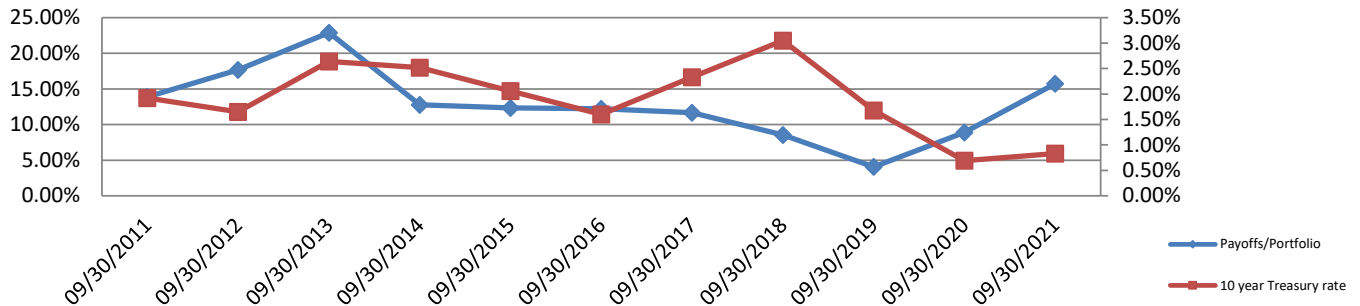
CURRENT YEAR FINANCIAL TRENDS & VARIANCES:

- ▶ Due to decreases in mortgage rates, prepayments are trending higher than last year.
- ▶ Federal interest rate policy as a result of the health crisis is driving yields and margins down in comparison to last year at this same time.
- ▶ Due to market conditions related to the health crisis, the State Investment Council (SIC) General Fund portfolio continues to experience significant volatility. Valuations decreased \$.7 million in September. While these market movements are non-operating in nature, they impact General Fund revenues, combined net revenues and return on average earning assets. Just a reminder that the accounting records are one month in arrears due to SIC reporting timeframes.
- ▶ Incurred approximately \$.5 million in cost of issuance for Single Family Mortgage program bond issuance (\$55 million); expense was paid for through bond premium.
- ▶ 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. As risk has increased significantly since the pandemic the management of this portfolio has become even more of a priority. MFA staff is now receiving weekly forbearance information to analyze trends at the portfolio level. MFA's subservicing oversight team is receiving regular and improved reporting to better monitor and reconcile portfolio activities. Additionally, MFA's subservicer has increased staff and implemented improved technology to support forbearance and delinquency trends as well as loss mitigation activity. Communication and reporting have improved significantly over the last five months. The foreclosure moratorium is having an impact on delinquencies as we are unable to move these seriously delinquent loans through the judicial and claims process. Of the 17.35 percent portfolio delinquency rate, 12.86 percent represents delinquent loans in forbearance. As of October 31st, 9 percent of MFA loans on forbearance plans are current. The subserviced portfolio is approx. 85 percent FHA insured loans. The Mortgage Bankers Association quarterly survey as of September 30, 2020 indicates that the delinquency rate for FHA loans nationally is 15.80 percent and for New Mexico 12.80 percent. FHA Single Family Loan Performance Trends for October 2020 show 18.97 percent delinquency (for purchase loans only) up from 11.98 percent in February 2020 reflecting the impact of COVID-19 forbearance agreements.
- ▶ Fair market value for purchased servicing rights as of September 30, 2020 was \$14.4 million, a decrease of approximately (\$.4) million under cost. GASB requires MFA to utilize "lower of cost or market" accounting for this asset. Due to significant market fluctuations associated with the health crisis, MFA recorded this decline in fair value. Current purchased servicing rights are recorded at a cost of \$14.8 million. Valuations are obtained on a quarterly basis.
- ▶ Based on Moody's issuer credit rating scorecard, MFA's 29.32 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 12.89 percent ratio (5-year average) points to high profitability with favorable trends (10-15 percent range). While ratios currently fall within expected thresholds, there are some trends that are affecting 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.
- ▶ Moody's Investor Services completed an updated credit opinion on MFA in June 2020. They reaffirmed the Aa3/stable rating. Comments included high 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 Aaa/stable rating on the single family indenture in the spring of 2019.

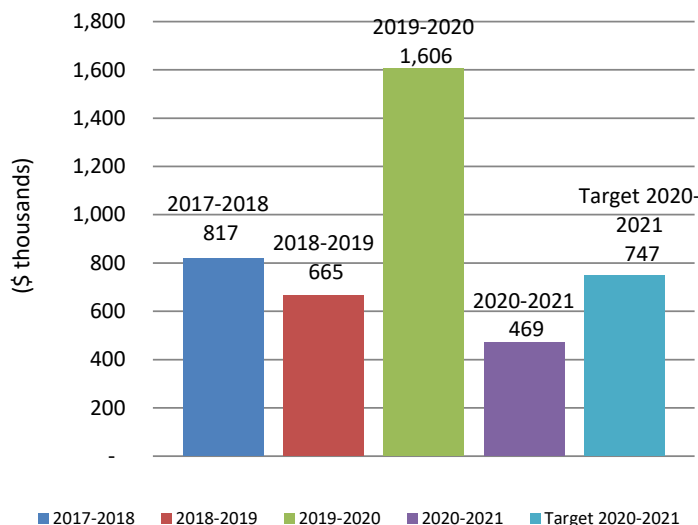
Assets Under Management as of 9/30/2021 (\$ in thousands)



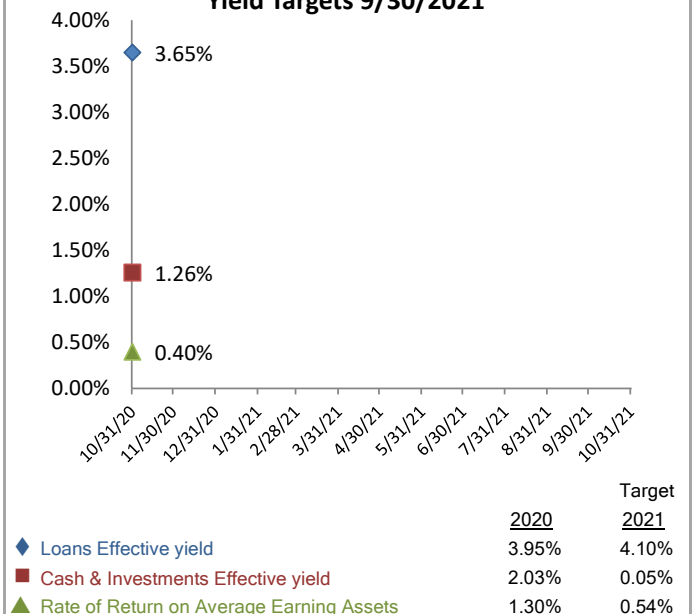
YTD Annualized Payoffs as a Percentage of Single Family Mortgage Portfolio as of 9/30/2021



YTD Excess Revenues over Expenses as of 10/31/2020



Yield Targets 9/30/2021



(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 2020
(THOUSANDS OF DOLLARS)

| | <u>YTD 10/31/20</u> | <u>YTD 10/31/2019</u> |
|---|---------------------|-----------------------|
| <u>ASSETS:</u> | | |
| <u>CURRENT ASSETS:</u> | | |
| CASH & CASH EQUIVALENTS | \$30,465 | \$30,745 |
| RESTRICTED CASH HELD IN ESCROW | 9,719 | 11,457 |
| SHORT-TERM INVESTMENTS | - | - |
| ACCRUED INTEREST RECEIVABLE | 4,396 | 4,180 |
| OTHER CURRENT ASSETS | 3,873 | 2,475 |
| ADMINISTRATIVE FEES RECEIVABLE (PAYABLE) | (0) | (0) |
| INTER-FUND RECEIVABLE (PAYABLE) | 0 | - |
| TOTAL CURRENT ASSETS | <u>48,454</u> | <u>48,856</u> |
| CASH - RESTRICTED | 74,872 | 43,435 |
| LONG-TERM & RESTRICTED INVESTMENTS | 68,365 | 70,438 |
| INVESTMENTS IN RESERVE FUNDS | - | 324 |
| FNMA, GNMA, & FHLMC SECURITIZED MTG. LOANS | 1,052,401 | 946,322 |
| MORTGAGE LOANS RECEIVABLE | 237,729 | 245,537 |
| ALLOWANCE FOR LOAN LOSSES | (6,051) | (3,517) |
| NOTES RECEIVABLE | - | - |
| FIXED ASSETS, NET OF ACCUM. DEPN | 1,469 | 1,213 |
| OTHER REAL ESTATE OWNED, NET | 662 | - |
| OTHER NON-CURRENT ASSETS | - | - |
| INTANGIBLE ASSETS | 14,650 | 11,226 |
| TOTAL ASSETS | <u>1,492,550</u> | <u>1,363,835</u> |
| <u>DEFERRED OUTFLOWS OF RESOURCES</u> | | |
| REFUNDINGS OF DEBT | 278 | 370 |
| TOTAL ASSETS & DEFERRED OUTFLOWS OF RESOURCES | <u>1,492,828</u> | <u>1,364,204</u> |
| <u>LIABILITIES AND NET POSITION:</u> | | |
| <u>LIABILITIES:</u> | | |
| <u>CURRENT LIABILITIES:</u> | | |
| ACCRUED INTEREST PAYABLE | \$9,554 | \$8,297 |
| ACCOUNTS PAYABLE AND ACCRUED EXPENSES | 8,861 | 8,410 |
| ESCROW DEPOSITS & RESERVES | 9,558 | 11,356 |
| TOTAL CURRENT LIABILITIES | <u>27,973</u> | <u>28,063</u> |
| BONDS PAYABLE, NET OF UNAMORTIZED DISCOUNT | 1,167,435 | 1,040,641 |
| MORTGAGE & NOTES PAYABLE | 33,509 | 48,276 |
| ACCRUED ARBITRAGE REBATE | - | - |
| OTHER LIABILITIES | 154 | 165 |
| TOTAL LIABILITIES | <u>1,229,071</u> | <u>1,117,145</u> |
| <u>NET POSITION:</u> | | |
| INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT | 1,469 | 1,213 |
| UNAPPROPRIATED NET POSITION (NOTE 1) | 68,254 | 63,088 |
| APPROPRIATED NET POSITION (NOTE 1) | 194,034 | 182,759 |
| TOTAL NET POSITION | <u>263,757</u> | <u>247,060</u> |
| TOTAL LIABILITIES & NET POSITION | <u>1,492,828</u> | <u>1,364,204</u> |

NEW MEXICO MORTGAGE FINANCE AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE FIRST MONTHS ENDED OCTOBER 2020
(THOUSANDS OF DOLLARS)

| | <u>YTD 10/31/20</u> | <u>YTD 10/31/2019</u> |
|--|-----------------------|-----------------------|
| <u>OPERATING REVENUES:</u> | | |
| INTEREST ON LOANS | \$3,921 | \$3,943 |
| INTEREST ON INVESTMENTS & SECURITIES | 182 | 325 |
| LOAN & COMMITMENT FEES | 335 | 295 |
| ADMINISTRATIVE FEE INCOME (EXP) | 838 | 496 |
| RTC, RISK SHARING & GUARANTY INCOME | 51 | 7 |
| HOUSING PROGRAM INCOME | 10 | 10 |
| LOAN SERVICING INCOME | 274 | 475 |
| OTHER OPERATING INCOME | - | - |
| SUBTOTAL OPERATING REVENUES | <u>5,611</u> | <u>5,551</u> |
| <u>NON-OPERATING REVENUES:</u> | | |
| ARBITRAGE REBATE INCOME (EXPENSE) | - | - |
| GAIN(LOSS) ASSET SALES/DEBT EXTINGUISHMENT | (473) | 168 |
| OTHER NON-OPERATING INCOME | - | 0 |
| GRANT AWARD INCOME | 5,330 | 3,343 |
| SUBTOTAL NON-OPERATING REVENUES | <u>4,857</u> | <u>3,511</u> |
| TOTAL REVENUES | <u>10,467</u> | <u>9,062</u> |
| <u>OPERATING EXPENSES:</u> | | |
| ADMINISTRATIVE EXPENSES | 1,316 | 930 |
| INTEREST EXPENSE | 3,220 | 3,146 |
| AMORTIZATION OF BOND/NOTE PREMIUM(DISCOUNT) | (199) | (141) |
| PROVISION FOR LOAN LOSSES | 2 | 1 |
| MORTGAGE LOAN & BOND INSURANCE | - | - |
| TRUSTEE FEES | 12 | 11 |
| AMORT. OF SERV. RIGHTS & DEPRECIATION | 189 | 117 |
| BOND COST OF ISSUANCE | 494 | - |
| SUBTOTAL OPERATING EXPENSES | <u>5,034</u> | <u>4,064</u> |
| <u>NON-OPERATING EXPENSES:</u> | | |
| CAPACITY BUILDING COSTS | 2 | 54 |
| GRANT AWARD EXPENSE | 4,962 | 3,339 |
| OTHER NON-OPERATING EXPENSE | - | - |
| SUBTOTAL NON-OPERATING EXPENSES | <u>4,964</u> | <u>3,393</u> |
| TOTAL EXPENSES | <u>9,998</u> | <u>7,457</u> |
| NET REVENUES | 469 | 1,606 |
| OTHER FINANCING SOURCES (USES) | - | - |
| NET REVENUES AND OTHER FINANCING SOURCES(USES) | <u>469</u> | <u>1,606</u> |
| NET POSITION AT BEGINNING OF YEAR | <u>263,288</u> | <u>245,454</u> |
| NET POSITION AT D 10/31/20 | <u><u>263,757</u></u> | <u><u>247,060</u></u> |

NOTES TO FINANCIAL STATEMENTS

(For Informational Purposes Only)
(Thousands of Dollars)

(Note 1) MFA Net Position as of October 31, 2020:

UNAPPROPRIATED NET POSITION:

| | |
|------------------|---|
| \$ 34,646 | is held by Bond Program Trustees and is pledged to secure repayment of the Bonds. |
| \$ 33,141 | is held in Trust for the NM Housing Trust Fund and the NM Land Title Trust Fund. |
| \$ 467 | held for New Mexico Affordable Housing Charitable Trust . |
| <u>\$ 68,254</u> | 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:

| | |
|-------------------|---|
| \$ 116,629 | for use in the Housing Opportunity Fund (\$103,594 in loans plus \$13,035 unfunded, of which \$3,104 is committed). |
| \$ 22,291 | for future use in Single Family & Multi-Family housing programs. |
| \$ 1,621 | for loss exposure on Risk Sharing loans. |
| \$ 1,469 | invested in capital assets, net of related debt. |
| \$ 14,998 | invested in mortgage servicing rights. |
| <u>\$ 22,454</u> | for the future General Fund Budget year ending 9/30/21 (\$24,495 total budget less \$2,041 expended budget through 10/31/20.) |
| <u>\$ 179,462</u> | 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:

| | |
|-------------------|--|
| \$ 16,041 | for use in the federal and state housing programs administered by MFA. |
| <u>\$ 16,041</u> | Subtotal - Housing Program |
| <u>\$ 195,503</u> | Total appropriated Net Position |
| <u>\$ 263,757</u> | Total combined Net Position at October 31, 2020 |

Total combined Net Position, or reserves, at October 31, 2020 was \$263.8 million, of which \$68.3 million was pledged to the bond programs, Affordable Housing Charitable Trust and fiduciary trusts. \$195.5 million of available reserves, with \$73.5 million primarily liquid in the General Fund and in the federal and state Housing programs and 122.0 million illiquid in the programs of the General Fund, have been:

- 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 2020-2021 Budget
For the one months ended 10/31/2020

| | One Month Actual | Year to Date Actuals | Year to Date ProRata Budget | Annual Budget | YTD Budget Under/(Over) | Annual Budget Under/(Over) | Expended Annual Budget % |
|--------------------------------------|------------------|----------------------|--------------------------------|---------------|----------------------------|-------------------------------|-----------------------------|
| Revenue | | | | | | | |
| Interest Income | 614,418 | 614,418 | 613,876 | 7,366,516 | (49,644) | 6,162,868 | 9.07% |
| Interest on Investments & Securities | 122,116 | 122,116 | 152,327 | 1,827,920 | 34,735 | 1,760,101 | 6.49% |
| Loan & Commitment Fees | 313 | 313 | 833 | 10,000 | 520 | 9,687 | 3.13% |
| Administrative Fee Income (Exp) | 1,151,156 | 1,151,156 | 963,073 | 11,556,874 | (419,120) | 7,633,267 | 13.10% |
| Risk Sharing/Guaranty/RTC fees | 51,277 | 51,277 | 7,097 | 85,158 | (45,491) | 18,154 | 73.85% |
| Housing Program Income | 10,120 | 10,120 | 20,487 | 1,104,920 | 10,421 | 1,073,933 | 0.93% |
| Loan Servicing Income | 273,509 | 273,509 | 572,509 | 6,870,105 | 219,285 | 5,640,016 | 4.63% |
| Other Operating Income | - | - | - | 500 | - | 1,500 | 0.00% |
| Operating Revenues | 2,222,909 | 2,222,909 | 2,330,201 | 28,821,993 | (249,294) | 22,299,526 | 9.06% |
| Gain (Loss) Asset Sale/Debt Ex | (404,949) | (404,949) | (38,375) | (460,500) | 373,386 | 26,199 | 106.92% |
| Other Non-operating Income | - | - | 13 | 160 | 13 | 160 | 0.00% |
| Non-Operating Revenues | (404,949) | (404,949) | (38,362) | (460,340) | 373,400 | 26,359 | 106.96% |
| Revenue | 1,817,960 | 1,817,960 | 2,291,840 | 28,361,653 | 124,105 | 22,325,885 | 7.53% |
| Salaries | 421,669 | 421,669 | 453,743 | 5,894,885 | (7,094) | 4,967,805 | 7.82% |
| Overtime | 3,742 | 3,742 | 1,914 | 24,877 | (1,837) | 21,015 | 15.11% |
| Incentives | 11,969 | 11,969 | 38,509 | 500,152 | 24,050 | 455,821 | 2.56% |
| Payroll taxes, Employee Benefits | 192,732 | 192,732 | 228,627 | 2,870,269 | 10,492 | 2,372,513 | 7.51% |
| Compensation | 630,112 | 630,112 | 722,794 | 9,290,183 | 25,610 | 7,817,154 | 7.46% |
| Business Meals Expense | - | - | 447 | 5,360 | 422 | 5,060 | 0.00% |
| Public Information | 9,062 | 9,062 | 22,575 | 270,895 | 14,181 | 269,844 | 3.25% |
| In-State Travel | - | - | 10,241 | 122,888 | 8,095 | 97,140 | 0.00% |
| Out-of-State Travel | - | - | 16,391 | 196,698 | 17,617 | 211,399 | 0.00% |
| Travel & Public Information | 9,062 | 9,062 | 49,653 | 595,841 | 40,314 | 583,443 | 1.53% |
| Utilities/Property Taxes | 6,239 | 6,239 | 6,179 | 74,150 | (102) | 67,413 | 8.47% |
| Leasehold Expense | - | - | - | - | - | - | - |
| Insurance, Property & Liability | 16,816 | 16,816 | 14,559 | 174,707 | (6,262) | 109,830 | 13.28% |
| Repairs, Maintenance & Leases | 87,943 | 87,943 | 78,911 | 946,927 | (9,575) | 852,478 | 9.35% |
| Supplies | (48) | (48) | 2,798 | 33,580 | 4,395 | 52,214 | -0.09% |
| Postage/Express mail | 2,425 | 2,425 | 3,068 | 36,819 | 641 | 34,367 | 6.59% |
| Telephone | (20) | (20) | 1,724 | 20,693 | 1,757 | 20,863 | -0.10% |
| Janitorial | 3,195 | 3,195 | 3,356 | 40,276 | (1,105) | 21,884 | 12.74% |
| Office Expenses | 116,551 | 116,551 | 110,596 | 1,327,153 | (10,251) | 1,159,049 | 9.14% |
| Dues & Periodicals | 2,669 | 2,669 | 4,911 | 58,926 | 1,652 | 49,181 | 5.15% |
| Education & Training | 1,853 | 1,853 | 10,948 | 131,380 | 8,373 | 120,858 | 1.51% |
| Contractual Services | 100,699 | 100,699 | 106,577 | 1,272,421 | (6,032) | 1,035,302 | 8.86% |
| Professional Services-Program | - | - | 3,200 | 38,400 | 4,853 | 58,236 | 0.00% |
| Direct Servicing Expenses | 362,552 | 362,552 | 345,178 | 4,142,137 | (48,629) | 3,404,521 | 9.62% |
| Program Expense-Other | - | - | 1,946 | 23,355 | 1,208 | 14,500 | 0.00% |
| Rebate Analysis Fees | - | - | - | - | - | - | - |

GENERAL FUND
Fiscal Year 2020-2021 Budget
For the one months ended 10/31/2020

| | One Month Actual | Year to Date Actuals | Year to Date ProRata Budget | Annual Budget | YTD Budget Under/(Over) | Annual Budget Under/(Over) | Expended Annual Budget % |
|-------------------------------------|------------------|----------------------|--------------------------------|-------------------|----------------------------|-------------------------------|-----------------------------|
| Other Operating Expense | 467,773 | 467,773 | 472,760 | 5,666,619 | (38,575) | 4,682,598 | 9.08% |
| Interest Expense | 36,804 | 36,804 | 29,484 | 353,809 | 50,333 | 1,008,839 | 3.52% |
| Non-Cash Expenses | 190,056 | 190,056 | 177,301 | 2,127,607 | 8,685 | 2,194,844 | 7.97% |
| Expensed Assets | 51,602 | 51,602 | 10,513 | 126,150 | (36,796) | 126,068 | 29.04% |
| Operating Expenses | 1,501,959 | 1,501,959 | 1,573,100 | 19,487,362 | 39,320 | 17,571,994 | 7.87% |
| Program Training & Tech Asst | 1,697 | 1,697 | 12,492 | 149,900 | 44,279 | 550,018 | 0.31% |
| Program Development | 558 | 558 | 13,125 | 157,502 | 11,259 | 141,242 | 0.39% |
| Capacity Building Costs | 2,255 | 2,255 | 25,617 | 307,402 | 55,538 | 691,260 | 0.33% |
| Non-Operating Expenses | 2,255 | 2,255 | 25,617 | 307,402 | 55,538 | 691,260 | 0.33% |
| Expenses | 1,504,214 | 1,504,214 | 1,598,717 | 19,794,764 | 94,858 | 18,263,254 | 7.61% |
| Excess Revenue over Expenses | 313,745 | 313,745 | 693,122 | 8,566,890 | 29,247 | 4,062,630 | 7.17% |

GENERAL FUND CAPITAL BUDGET
Fiscal Year 2020-2021 Budget
For the one months ended 10/31/2020

| | One Month Actual | Year to Date Actuals | Year to Date ProRata Budget | Annual Budget | YTD Budget Under/(Over) | Annual Budget Under/(Over) | Expended Annual Budget % |
|---|------------------|----------------------|--------------------------------|---------------|----------------------------|-------------------------------|-----------------------------|
| 2690 PURCHASED SERVICING RIGHTS | 346,166 | 346,166 | 320,396 | 3,844,750 | (25,770) | 3,498,584 | 9.00% |
| 2950 COMPUTER HARDWARE | 28,647 | 28,647 | 10,083 | 121,000 | (13,287) | 155,677 | 15.54% |
| 2960 SOFTWARE LICENSES | - | - | - | - | - | - | |
| 2920 FURNITURE & EQUIPMENT-10 YR | - | - | 26,952 | 161,714 | 1,023 | 1,023 | |
| 2930 FURNITURE & EQUIP, 5 YR. | - | - | - | - | - | - | |
| 2860 BUILDING | 161,692 | 161,692 | 95,526 | 573,156 | (89,772) | 701,344 | 18.74% |
| Capital Budget | 536,505 | 536,505 | 452,958 | 4,700,620 | (127,806) | 4,356,628 | 11.41% |



**NORTHERN REGIONAL HOUSING AUTHORITY
MEETING OF THE BOARD OF COMMISSIONERS**

**MINUTES OF THE REGULAR MEETING OF THE
BOARD OF COMMISSIONERS OF THE NORTHERN
REGIONAL HOUSING AUTHORITY
HELD: October 30, 2020
11:00 AM**

The Regular Meeting of the Board of Commissioners of the Northern Regional Housing Authority was held October 30, 2020 via telephone and Zoom due to the COVID-19 stay at home order.

The Meeting was called to order at 11:06 AM by Chairwoman Rayetta Trujillo

Members Present were:

| | |
|-----------------|----------------------------------|
| Chairwoman | Rayetta Trujillo |
| Commissioner | Nichole R. Sandoval-Belt |
| Commissioner | Rev. Garland Moore Left at 11:23 |
| Commissioner | Jolene Slowen |
| Commissioner | Donna Vigil Came on at 11:15 |
| Commissioner | Lauren Reichelt Came on at 11:10 |
| Acting Director | Terry L. Baca |

Member Absent were:

| | |
|--------------|----------------|
| Commissioner | Steven Brugger |
|--------------|----------------|

Also present for the meeting were:

Deputy Director – Natasha Martinez
Division Director – Julian Barela
El Camino Real Executive Director- Mary Ann Chavez-Lopez
Las Vegas Site Manager – Barbara Padilla
Raton Site Manager/Taos Site Manager – Coleen Sanchez-Garcia

The agenda for today's meeting was given to the Board for review and approval. Commissioner Slowen moved to approve the agenda. Commissioner Sandoval-Belt seconded the motion and motion carried.



NORTHERN REGIONAL HOUSING AUTHORITY MEETING OF THE BOARD OF COMMISSIONERS

The Minutes of the Regular Board Meeting held September 25, 2020 were given to the Board for review and approval. Commissioner Moore moved to approve the Minutes of the Regular Board Meeting held September 25, 2020 as amended. Commissioner Slown seconded the motion and motion carried.

Report of the Acting Executive Director:

- A. Acting Executive Director reported that the Taos staff is making good progress. Two employees have shown so much growth and are helping improve the quality of work in both areas of maintenance and office duties. Maintenance Foreman Andrew Tafoya and HQS Inspector Amanda Compagnone has gone above and beyond their scope of duties which has made things begin to run more smoothly.
- B. There continues to be a weekly meeting with the Taos staff for unit turnaround updates, move in/move out updates, yearly re-examination progress, and work order updates. All the items discussed in the weekly staff meetings are reported to HUD on a weekly basis. We are moving forward with the HUD Action Plan items completing more tasks every week in preparation for the final merger on January 1, 2021.
- C. Acting Executive Director sent an e-mail to the Department of Motor Vehicle requesting a list of all vehicles currently registered to the Northern Regional Housing Authority. Once the information is released to him, an inventory will be done on all vehicles and trailers. If any are missing a police report will be filed and charges will be pursued.
- D. Acting Executive Director and Deputy Director met with John Tellez, at the Grants site, he is a General Engineer from the Albuquerque HUD Office. Several units have structural damage which need to be assessed. Mr. Tellez believes the units are salvageable adding a floating floors system. Management is currently looking at the cost that would be associated with this, to see if it is manageable by the Housing Authority. An estimated cost will be \$40,000.00 to \$50,000.00 per unit, to do the needed repairs. In addition, a radon test will also need to be performed on these units.
- E. A report was given on the units that are being abated. The units that need to be abated in Taos are done. The units in Questa are being taken down to the studs and trusses. Some ceilings are being left. They will be moving to the Penasco site, to begin working on the units there within the next two weeks.
- F. As we are working through the waiting list, it has been discovered when applications were being submitted, only the application form was received in the office. No necessary information needed for a complete application was received, including social security cards, birth verification, or proof of income. We are now having to go back and ask for



NORTHERN REGIONAL HOUSING AUTHORITY MEETING OF THE BOARD OF COMMISSIONERS

the necessary documentation to have a complete application. The waiting list has gone down significantly, but we now have applicants, that are ready to move in when a unit is available. Now when applications are now being received, they are only being accepted with all the necessary information that is required with them, to determine eligibility for Public Housing.

- G. The vehicles in Taos are in poor shape. Two of them were broke down, last week. Raton Housing Authority took an extra vehicle, they had up to Taos, so they would have something to use in place of the inoperable ones. They were also having problems with the Ford Escape SUV, it was hauled to Raton and has since been repaired and a deep cleaning has been done also. Site Manager, Coleen Sanchez-Garcia is now using it to go back and forth from Raton to Taos during the week.
- H. The request for qualifications for ARCHITECT / ENGINEER SERVICES – 2020 (15) Unit Rehabilitation with deductive alternates had no response. Acting Executive Director will rework the proposal and make cold calls to architects to try and spark some interest.
- I. The request for proposals for payroll services also had no response. Acting Executive Director spoke with a payroll company and has requested a quote. If the quote falls under the small purchase threshold we will be able to contract with them to begin processing payroll in January 2020.
- J. Re-exams are being caught up, if tenants are not responding, after being asked for the information three times, terminations are being sent to them. This is giving us the response needed to complete the re-examination's and process them in the PIC system.
- K. The current fee accountant is processing our monthly finances slowly. There has been intervention through the HUD Office, and they are now catching up and hopefully will have everything done in time to submit our unaudited financials on time.
- L. The Raton Audit is scheduled to be done next week.
- M. We are in the process of moving Las Vegas Employees to the Northern Regional Housing Authority's Payroll and soon after that will start the same process with the Raton Employees.

Deputy Director Report:

- A. Deputy Director went over the financial reports with the Board.
- B. Deputy Director reported that she will be working on the specs for Radon Testing in Grants and run a fair market analysis on the units that we currently have. The units that are being looked at, are 3, 4 and 5 bedroom units, the waiting list currently consists of one bedroom unit applicants only. It would probably be in the best interest for the Housing Authority, to look at replacing these units with duplexes consisting of smaller 1 or 2 bedroom units to accommodate the needs in the area.



NORTHERN REGIONAL HOUSING AUTHORITY MEETING OF THE BOARD OF COMMISSIONERS

- C. The Las Vegas Housing Authority is working with the City Attorney to release the Declarations of Trust for the units with clouded titles. HUD has agreed to release these units to the owners giving them the ability to sell or refinance the units if they need to.
- D. The repayment agreement with the City of Las Vegas and the Las Vegas Housing Authority has been approved by both HUD and the City Council. The agreement states that the City of Las Vegas will pay \$150,000.00 per year for the next 20 years. The successor of this payment will be the Northern Regional Housing Authority. The money will be allocated according to the needs of the Northern Regional Housing Authority where it is needed the most.
- E. The Las Vegas Site is starting a 10 Unit project. The price will be \$189,000.00. A breakdown will be done to show where the money is being spent on the project.
- F. The Deputy Director has been approached by several smaller housing authorities in the Northern Region inquiring about joining the Northern Regional Housing Authority.

Section 8 Report Mary Ann Chavez-Lopez

- A. El Camino Real Director Mary Ann Chavez-Lopez reported that her fee accountant will start providing the Board with monthly financial statements.
- B. We are still waiting for a memorandum of understanding to be signed with CYFD.
- C. Participants and landlords are happy about the current oversight they are seeing and are working well with the El Camino Real staff.

Unfinished Business

- A. New forms from Wells Fargo have been submitted by Wells Fargo to be signed by Rayetta Trujillo, Donna Vigil, Terry Baca, and Julian Barela. Once these forms are signed, we could proceed with opening the new bank account.

New Business:

- A. Discuss, Consideration, and Action: Northern Regional Housing Authority Uniform Policy.
- B. Resolution 2020-118: Approving Northern Regional Housing Authority Uniform Policy. Commissioner Sandoval-Belt moved to approve Resolution 2020-118 Northern Regional Housing Authority Uniform Policy. Commissioner Vigil seconded the motion, and the following vote was recorded:



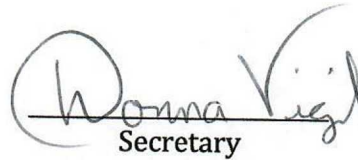
NORTHERN REGIONAL HOUSING AUTHORITY
MEETING OF THE BOARD OF COMMISSIONERS
AYES: Rayetta Trujillo, Nichole Sandoval-Belt, Jolene Slowen, Lauren Reichelt

Closed Executive Session:

- A. Commissioner Reichelt moved to go into Closed Executive Session to discuss Limited Personnel Matters. Commissioner Sandoval-Belt seconded the motion and motion carried.
- B. Commissioner Reichelt moved to return open session with no action taken. Commissioner Vigil seconded the motion and motion carried.

Adjournment: Commissioner Reichelt made a motion to Adjourn at 12:27 PM, the motion was seconded Commissioner Vigil and the motion carried.


Chairman


Secretary



Occupancy Action Plan

(Status on Vacant Units)

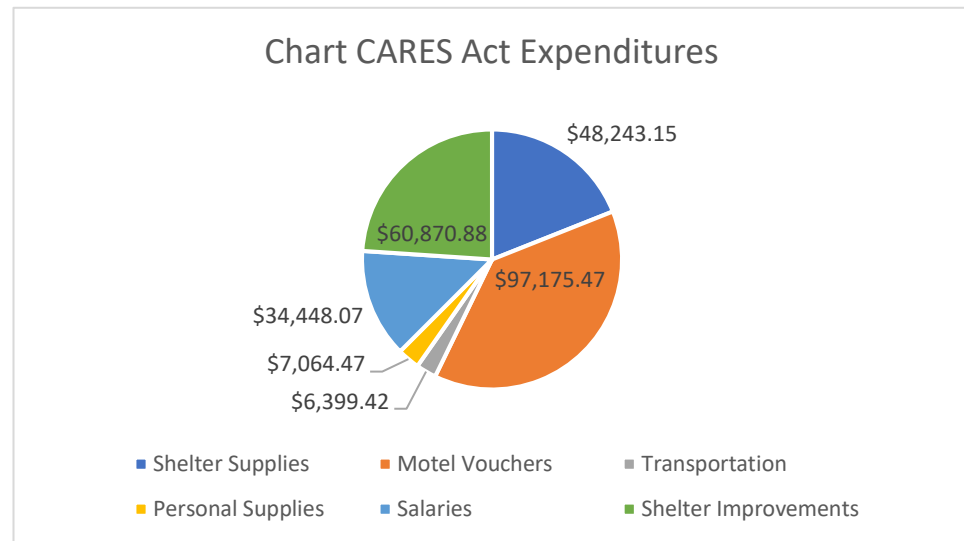
This plan has been created by Mr. Terry Baca and Ms. Natasha Martinez to ensure that Northern Regional Housing Authority is able to serve the Northern Region with the highest level of quality for the people who need it the most, especially in such a trying time.

- 15 Units – 6 In Questa, 4 in Peñasco, and 5 in Taos are all currently being tested for mold and asbestos. These units were determined to be potentially hazardous for employees of NRHA to work in. On 07/21/2020 DC Environmental conducted their sample collections and on 07/22/2020 the samples were sent out to the lab. The survey was received on 08/14/2020, and was concluded that the units did indeed contain hazardous material. AGM Environmental has abated the units in Taos and are currently working in Questa. We have ran into a little issues in Questa with a unit that we had not previously listed. NRHA did not receive any interest in the A/E services for this project we will be readvertising and sending some direct solicitation.
- Maintenance Staff is meeting weekly with Mr. Baca and Ms. Martinez to provide updates as to the status of the units they are currently working on. Regretfully we were informed that one of our maintenance techs has submitted their notice and we will need to advertise and hire a replacement, he is one of our more experienced maintenance men and will be hard to replace but we look forward to adding to our team.
- Our office staff has all stepped up to numerous tasks to ensure we are housing and staying up to date on recertifying tenants.
- Mr. Baca and Ms. Martinez are working closely with the maintenance staff to ensure they have the tools and supplies to not just complete the unit turns but to do it in the most efficient and successful manner.
- Mr. Baca and Ms. Martinez have been working with the administrative staff to ensure when units are turned applicants are currently being notified to be ready to start the housing process, updates are also given at the weekly staff meeting by NRHA admin staff.
- Mr. Baca and Ms. Martinez met with Mr. John Tellez from the NM field office to review units in the Grants area to see what the next step would be. We will be also conducting Radon testing and a market analysis to better look at the next step for these units. Ms. Martinez will also be analyzing the waiting list for this area so we can better analyze the need in this area.

The units that are in a state where a normal turnaround is not as feasible are being rehabilitated, but with guidance and support we are confident that NRHA occupancy will vastly improve.

EHAP CARES ACT Expenditure Report Through October 31, 2020

| | | |
|-----------------------------------|----------|----------------|
| 11/17/2020 0:00 | | |
| ESG CARES Act I & II Expenditures | | |
| CARES Act EHAP Award | EHAP-CV1 | \$1,851,971 |
| | EHAP-CV2 | \$3,370,339 |
| | Total | \$5,222,310 |
| | Balance | \$4,968,109 |
| Activity | | Funds Expended |
| Shelter Supplies | | \$48,243.15 |
| Motel Vouchers | | \$97,175.47 |
| Transportation | | \$6,399.42 |
| Personal Supplies | | \$7,064.47 |
| Salaries | | \$34,448.07 |
| Shelter Improvements | | \$60,870.88 |
| Totals | | \$254,201.46 |



| Activity Descriptions |
|--|
| Shelter Supplies: cleaning supplies, PPE, utilities and maintenance Motel Vouchers: motel rooms rented to mitigate the spread of covid in shelters . Transportation: costs for transporting shelter residents relating to covid mitigation Personal Supplies: Food and toiletries Salaries: new staff covid related, hazard pay for existing staff covid related and data collection activities. Shelter Improvements: changes or additions made to shelters related to the mitigation of covid, e.g. installing plexi glass barriers, replacing carpets, installing sanitation stations and adding restrooms or shelter space to accomodate social distancing. |

