

NORTHWEST NEW MEXICO COUNCIL OF GOVERNMENTS



BOARD OF DIRECTORS SUMMER ANNUAL MEETING

April 19, 2023

Hybrid Meeting– 10 AM

McKinley County Training Center | Gallup, NM | 207 West Hill Avenue

[Virtual Meeting Link](#)

Lunch Provided by Grandma Jo's Bakery

AGENDA

TIME	TOPIC	PRESENTER
10:00 am	I. PRELIMINARY BUSINESS A. Call to Order/Introductions: ESTABLISH QUORUM B. Agenda & Minutes: REVIEW & APPROVAL	Martha Garcia Chair
10:15am	II. SPECIAL PRESENTATIONS A. Economic Development Administration: What's Cooking? B. Mortgage Finance Authority: Continuum and Roadmap for Affordable Housing	Trisha Korbas Economic Development Rep, US Economic Development Administration Donna Maestas-De Vries Chief Housing Officer, Mortgage Finance Authority
11:00am	III. EXECUTIVE/STAFF REPORTS A. Staff Summary Report, 3 rd Quarter (January – March 2023) B. Legislative Report – Snapshot of the Session C. Annual Meeting Preview D. Revolving Loan Fund Plan: REVIEW & APPROVAL E. RLF Legacy Plan Resolution 2023-003: RATIFY F. PERA Smart Save Program Resolution 2023-004: REVIEW & APPROVAL	Evan Williams Executive Director Brandon Howe Planning Director
11:30 am	IV. FINANCIAL REPORTS A. FY2022 Audit Report B. FY2023, Quarter #3 Financial Report: REVIEW & APPROVAL C. FY2023 Budget, Amendment #2: REVIEW & APPROVAL D. FY2024 Budget, Preliminary: REVIEW & APPROVAL	Martina Whitmore, Office Manager Armando Sanchez CPA, SJT Group
11:45 am	V. ANNOUNCEMENTS; OTHER BUSINESS A. FY2024 Board Meeting Calendar B. Announcements & General Comments	Martina Whitmore, Office Manager
	VI. EXECUTIVE SESSION To discuss two item under §(H)(2) of the Open Meeting Act – Personnel Matters: A. Executive Director Contract & Compensation	Martha Garcia Chair

	VII. Other Personnel Issues	
<i>11:55 am</i>	VIII. ADJOURNMENT	<i>Martha Garcia Chair</i>

I. PRELIMINARY BUSINESS





NORTHWEST NEW MEXICO COUNCIL OF GOVERNMENTS

MINUTES

BOARD OF DIRECTORS REGULAR BUSINESS MEETING

January 11, 2022

at the Grants Public Library
Meeting Room

1101 N. First Street *** Grants, NM

I. PRELIMINARY BUSINESS

A. CALL TO ORDER/INTRODUCTIONS/QUORUM.

2nd Vice Chair Fran Palochack [Gallup] convened the meeting of the Board of Directors at 10:12 am. Roll call proceeded in the form of introductions around the table. In attendance were 14 Board Representatives, representing a quorum 8 of the 9 voting entities of the Board (88.9%), along with 4 COG staff. City of Grants Mayor Erik Garcia provided a welcome to the Board.

BOARD MEMBERS IN ATTENDANCE:

BOARD EMERITUS:
CIBOLA COUNTY: Christine Lowery
MCKINLEY COUNTY: Doug Decker
SAN JUAN COUNTY: GloJean Todacheene; Jim Cox
CITY OF AZTEC: Jeff Blackburn
CITY OF BLOOMFIELD: *Excused*
CITY OF FARMINGTON: Julie Baird; Warren Unsicker (alternate)
CITY OF GALLUP: Fran Palochak; Michael Schaaf, Maryann Ustick
CITY OF GRANTS: Erik Garcia; Donald Jaramillo, Fred Rodarte
VILLAGE OF MILAN: Roseanne Lopez

GUESTS IN ATTENDANCE:

Armando Sanchez, Paula Flores, Dr. Shanna Sasser, Nick Lasito

STAFF IN ATTENDANCE:

EXECUTIVE DIRECTOR: Absent
OFFICE MANAGER: Martina Whitmore
EXECUTIVE DIRECTOR: Brandon Howe; Angelina Grey; Michael Sage

B. AGENDA & MINUTES ADOPTION.

Planner Brandon Howe provided an overview of the day's agenda topics and the minutes from October 19, 2022.

ACTION: *Michael Schaaf* (Gallup) moved and *Fred Rodarte* (Grants) seconded adoption of the agenda and minutes from October 19, 2022. Motion carried.

II. SPECIAL PRESENTATIONS

The COG asked for two presentations under this section – unfortunately the Broadband presentation needed to cancel so there was an additional presentation provided by Department of Finance & Administration (DFA) staff.

Paula Flores, Federal Grants Program, provided a presentation on how DFA and its Federal Grants Bureau can help entities find and funnel grant opportunities to match community priorities. A copy of presentation is available at the COG website.

Paula M. Flores
Chief, Federal Grants Bureau
State Budget Division
c. 505-470-1533
paula.flores@dfa.nm.gov

Dr. Shanna Sasser, Rural Ombudsman, provided a verbal presentation on her role to support rural communities throughout New Mexico in developing resources, capacity, and supporting their development through State policy, programs, and project development.

Shanna Sasser, EdD
Rural and Frontier Equity Ombudsman
shanna.sasser@dfa.nm.gov
505-470-2750

III. EXECUTIVE/STAFF REPORT

Planner Brandon Howe provided a summary of the past quarter's key activities and issues. Due to time constraints, Mr. Howe asked the Board to bring any questions about the activities and tasks of his team. No questions were voiced by Committee members.

- A. **STAFF SUMMARY REPORT.** Mr. Howe did provide this report to the Board for their review and understanding.
- B. **FISCAL AGENCY POLICY.** Based on review of this policy, Director Williams felt it needed to be updated to provide a better deal for our members that need this service. It reduces rates from 4%, 2%, and 1% to 2% and 1% and waives the fee for purchases and caps all fees at \$10,000. The idea is to have annual memberships and not nickel and dime these types of assistance programs.

ACTION: *Michael Schaaf (Gallup)* moved and *Julie Baird (Farmington)* seconded, to approve the Fiscal Agency Policy as presented. Motion carried.

- C. **REVOLVING LOAN FUND**

1. **Legacy Program Update:** The COG has been notified by EDA that our legacy will be closed out. This has a potential liability of about \$35,000 for the organization although we will be working with EDA and our CPA to determine the best route to close this program done. The RLF CARES will continue.
2. **RLF Plan Revisions:** The COG is asking approval of two changes to our Plan.
 - a) **Allowing a COG Board member or alternate to serve as the RLF Chairman.** This would allow Jim Cox to continue to serve in this role.
 - b) **Allowing the interest rate to be reduced to Prime** due to the fact that interest rates have rose and our product is very non-competitive.

ACTION: *Michael Schaaf (Gallup)* moved and *Fred Rodarte (Grants)* seconded, to approve

the RLF Plan revisions as presented. Motion carried

3. Collateral Assistance Program: This action authorizes the COG to apply to a State program that helps as underwrite the risk of our lending program by guarantees up to 50% of our loans provided.

ACTION: *Dr. Christine Lowery* (Cibola County) moved and *Michael Schaaf* (Gallup) seconded, to approve the RLF Plan revisions as presented. Motion carried

D. **OPEN MEETINGS ACT RESOLUTION:** Annual approval of the organization’s open meetings act resolution guiding our public meetings.

ACTION: *Michael Schaaf* (Gallup) moved and *Fred Rodarte* (Grants) seconded to approve the Open Meetings Act resolution. Motion carried.

IV. FINANCIAL REPORT

A. **FY2023 Financial Report, Quarter 2:** Mr. Armando Sanchez provided a review of the organization’s financials.

ACTION: *Michael Schaaf* (Gallup) moved and *Roseanne Lopez* (Milan) seconded, to approve the financial report as presented. Motion carried

B. **FY2023 Budget Amendment #2.** No budget amendment was prepared due to the fact that new programs and budget changes were not needed at this time.

V. ANNOUNCEMENTS; OTHER BUSINESS

A. **FY2023 Board Meeting Calendar.** Mr. Howe presented the COG Board 12-month Master Calendar as approved the October board meeting.

B. **Announcements & General Comments:** No comments or announcements.

VI. ADJOURNMENT

ACTION: *Fred Rodarte* (Grants) moved and *Michael Schaaf* (Gallup), to adjourn. Motion carried.
2nd Vice Chair Fran Palochak again thanked the City of Grants and the Library for their hospitality for this meeting and adjourned the meeting of the Board of Directors at 12:11 PM.

Respectfully submitted,

Evan J. Williams
Board Secretary and Executive Director

ATTEST: _____
Martha Garcia
Board Chair

II. PRESENTATIONS





Housing New Mexico

Housing Continuum

MFA Programs from Homelessness to Homeownership



Donna Maestas-De Vries

Chief Housing Officer



About MFA

The New Mexico Mortgage Finance Authority - MFA - is a quasi-governmental entity that was created by the state legislature in 1975 to provide financing for housing and other related services for low- and moderate-income New Mexicans.



OUR VISION

All New Mexicans will have quality affordable housing opportunities.



In 2022, MFA's programs
**have served more
than 18,400 New Mexico
households.**

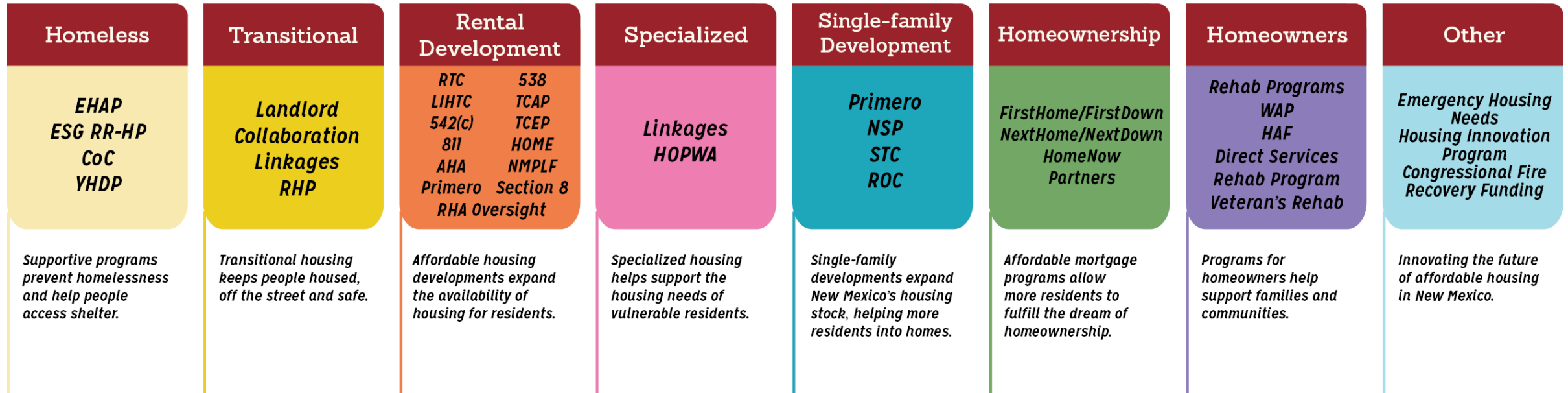


OUR MISSION

MFA is New Mexico's leader in affordable housing. We provide innovative products, education and services to strengthen families and communities.

The Housing Continuum

MFA's programs support the entire housing continuum, from Homelessness to Homeowners:



Homeless Programs

Homeless	Transitional	Rental Development	Specialized	Single-family Development	Homeownership	Homeowners	Other
<p>EHAP ESG RR-HP CoC YHDP</p> <p><i>Supportive programs prevent homelessness and help people access shelter.</i></p>	<p>Landlord Collaboration Linkages RHP</p> <p><i>Transitional housing keeps people housed, off the street and safe.</i></p>	<p>RTC 538 LIHTC TCAP 542(c) TCEP 811 HOME AHA NMPLF Primero Section 8 RHA Oversight</p> <p><i>Affordable housing developments expand the availability of housing for residents.</i></p>	<p>Linkages HOPWA</p> <p><i>Specialized housing helps support the housing needs of vulnerable residents.</i></p>	<p>Primero NSP STC ROC</p> <p><i>Single-family developments expand New Mexico's housing stock, helping more residents into homes.</i></p>	<p>FirstHome/FirstDown NextHome/NextDown HomeNow Partners</p> <p><i>Affordable mortgage programs allow more residents to fulfill the dream of homeownership.</i></p>	<p>Rehab Programs WAP HAF Direct Services Rehab Program Veteran's Rehab</p> <p><i>Programs for homeowners help support families and communities.</i></p>	<p>Emergency Housing Needs Housing Innovation Program Congressional Fire Recovery Funding</p> <p><i>Innovating the future of affordable housing in New Mexico.</i></p>

Homeless Programs



Emergency Homeless Assistance Program (EHAP)

Funding supports shelter operations, essential services and data collection.



Emergency Solutions Grant Rapid Rehousing and Homeless Prevention (ESG RR-HP)

Provides short and medium-term rental assistance, housing stability case management, and housing search and placement services for people experiencing homelessness and those most at-risk of homelessness. Formerly known as RAP.



Continuum of Care (CoC)

Funds provide housing assistance to individuals/families experiencing homelessness and supportive services, such as assistance with medical, financial and educational programs.



Youth Homeless Demonstration Project (YHDP)

The goal is to drastically reduce the number of youth experiencing homelessness, including unaccompanied, pregnant and parenting youth.

Transitional Housing Programs

Homeless	Transitional	Rental Development	Specialized	Single-family Development	Homeownership	Homeowners	Other
<p>EHAP ESG RR-HP CoC YHDP</p>	<p>Landlord Collaboration Linkages RHP</p>	<p><i>RTC</i> <i>538</i> <i>LIHTC</i> <i>TCAP</i> <i>542(c)</i> <i>TCEP</i> <i>811</i> <i>HOME</i> <i>AHA</i> <i>NMPLF</i> <i>Primero</i> <i>Section 8</i> <i>RHA Oversight</i></p>	<p>Linkages HOPWA</p>	<p>Primero NSP STC ROC</p>	<p><i>FirstHome/FirstDown</i> <i>NextHome/NextDown</i> <i>HomeNow</i> <i>Partners</i></p>	<p>Rehab Programs WAP HAF Direct Services Rehab Program Veteran's Rehab</p>	<p><i>Emergency Housing Needs</i> <i>Housing Innovation Program</i> <i>Congressional Fire Recovery Funding</i></p>
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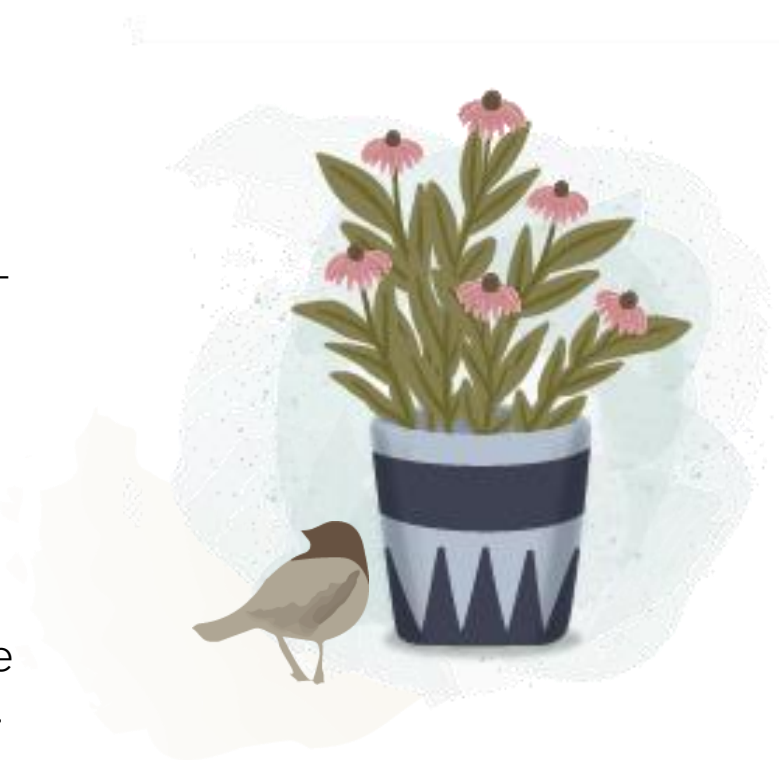
Transitional Housing Programs

Landlord Collaboration Program

Increases access to safe, permanent and supportive housing for youth (ages 18- 24) who are experiencing homelessness or are at-risk of homelessness.

Recovery Housing Program (RHP)

Provides stable transitional, temporary, and permanent supportive housing for individuals in recovery from a substance use disorder.



Rental Development Programs

Homeless	Transitional	Rental Development	Specialized	Single-family Development	Homeownership	Homeowners	Other
<p>EHAP ESG RR-HP CoC YHDP</p> <p><i>Supportive programs prevent homelessness and help people access shelter.</i></p>	<p>Landlord Collaboration Linkages RHP</p> <p><i>Transitional housing keeps people housed, off the street and safe.</i></p>	<p>RTC 538 LIHTC TCAP 542(c) TCEP 811 HOME AHA NMPLF Primero Section 8 RHA Oversight</p> <p><i>Affordable housing developments expand the availability of housing for residents.</i></p>	<p>Linkages HOPWA</p> <p><i>Specialized housing helps support the housing needs of vulnerable residents.</i></p>	<p>Primero NSP STC ROC</p> <p><i>Single-family developments expand New Mexico's housing stock, helping more residents into homes.</i></p>	<p>FirstHome/FirstDown NextHome/NextDown HomeNow Partners</p> <p><i>Affordable mortgage programs allow more residents to fulfill the dream of homeownership.</i></p>	<p>Rehab Programs WAP HAF Direct Services Rehab Program Veteran's Rehab</p> <p><i>Programs for homeowners help support families and communities.</i></p>	<p>Emergency Housing Needs Housing Innovation Program Congressional Fire Recovery Funding</p> <p><i>Innovating the future of affordable housing in New Mexico.</i></p>

Rental Development Programs



Low Income Housing Tax Credit (LIHTC)

Federal Program for low- and very low-income renters which bases tax credit allocation on state population.



New Mexico Housing Trust Fund (NMHTF)

Flexible funding for housing initiatives that provide construction and/or preservation of affordable housing of single or multifamily housing for persons or households of low or moderate income.



National Housing Trust Fund (NHTF)

Loans assist in construction or acquisition/rehab of affordable housing for extremely low-income households whose incomes do not exceed the greater of 30% Area Median Income (AMI) or the federal poverty line.



542 (c) HUD & 538 Rural Development Risk Share

HUD and USDA Risk Share loans are federal programs for multifamily loans, permitting state HFAs to process, underwrite and service loans and to manage and dispose of properties which fall into default.

Rental Development Programs

HOME Rental Funding

Gap financing for affordable and special needs housing projects. As gap financing, HOME funds are typically the last dollars committed to a project and are used in combination with other housing resources such as MFA's Low Income Housing Tax Credit (LIHTC) and 542(c) loan programs.

Tax Credit Assistance Program (TCAP)

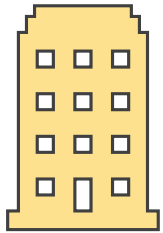
2009 HUD grant for capital investment in affordable rental projects during the financial crisis.



Rental Development Programs

Section 8 Project Based Contract Administration (PBCA)

Since 2000 MFA has served as the PBCA for HUD. MFA has a contract with HUD to perform administrative functions for their NM Project-Based Section 8 properties. Section 8 is a HUD program that subsidizes rent for low-income tenants. MFA manages HUD's section 8 portfolio in NM as part of the PBCA contract.



Section 811

The program provides project based rental assistance for extremely low-income persons with disabilities who are linked with long-term services. The program works like the Section 8 program; the rental assistance covers the difference between the tenant payment and the property's contract rent.

New Mexico Preservation Loan Program (NMPLF)

Provides funding for projects to support the preservation of at-risk affordable housing in the state.



Rental Development Programs

Regional Housing Authority (RHA) Oversight

In 2009, MFA Legislative Oversight Committee, Department of Finance & Administration and the Legislative Finance Committee were mandated to create a plan to reform the Regional Housing Authorities. MFA has been providing the required oversight since 2009.

Affordable Housing Act (AHA)

MFA acts as the oversight entity for the Affordable Housing Act which serves as an exception to the anti-donation clause in the New Mexico Constitution to allow local governments- and other political subdivisions- to put resources towards affordable housing.



Specialized Housing Programs

Homeless	Transitional	Rental Development	Specialized	Single-family Development	Homeownership	Homeowners	Other
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Specialized Housing Programs



Linkages

Linkages is a State-funded permanent supportive housing program that provides long term rental subsidies, utility assistance and supportive services to vulnerable populations. Serves homeless consumers with housing needs, prioritizing individuals with a serious mental illness (SMI) including Native Americans living off reservation.



Housing Opportunities for Persons With AIDS (HOPWA)

HOPWA is federal funding that supports residents with a documented HIV/AIDS diagnosis that are at or below 80% AMI.

Single Family Development Programs

Homeless	Transitional	Rental Development	Specialized	Single-family Development	Homeownership	Homeowners	Other
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Single Family Development Programs

Primero

A flexible, low-cost loan program created to finance the development of affordable rental, special needs residential facilities, or single-family subdivisions that might be considered "high risk" by traditional lenders.

NM Affordable Housing Tax Credit (State Tax Credit)

A tax credit program created by the State of New Mexico to encourage charitable donations to affordable housing projects.

Restoring Our Communities (ROC)

ROC will provide funding for the acquisition, rehabilitation, and resale of single-family homes with a goal of increasing homeowner opportunities for low- and moderate-income households.



Homeownership Programs

Homeless	Transitional	Rental Development	Specialized	Single-family Development	Homeownership	Homeowners	Other
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Homeownership Programs



FirstHome & FirstDown

FirstHome

An affordable mortgage loan option for first-time homebuyers.

FirstDown

An amortizing down payment assistance program with monthly payments that must be combined with FirstHome funded through Housing Opportunity Fund (General Fund).



Home Forward & NextDown

Home Forward

A recently updated first mortgage loan option for non-first-time homebuyers. Formerly known as NextHome.

NextDown

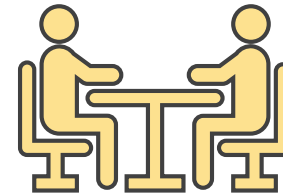
A 10 or 15 year, amortizing down payment assistance program with monthly payments that must be combined with Home Forward.

Homeownership Programs



HomeNow

HomeNow is a down payment assistance, second mortgage loan program available to low-income, first-time homebuyers (80% AMI or lower).



Partners

MFA purchases first time homebuyer loans originated by Habitat for Humanity affiliates in New Mexico.

Homeowners Programs

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Homeowners Programs

HOME and Veterans Rehab Program

Covers home rehabilitation, health and safety, fall reduction, accessibility modifications, care giver modifications and code compliance upgrades.

Direct Services Pilot Program

MFA is currently in the process of establishing a direct services program to access a wider variety of New Mexicans by covering counties that are not currently served by our five service providers.

Weatherization Assistance Program (WAP)

MFA's NM EnergySmart Weatherization Assistance Program provides energy-saving retrofits and home modifications at no charge to eligible homeowners and renters.

WAP Emergency FRF

Funding was made available to make homes "Weatherization Ready" for participation in the NM EnergySmart Program in the Fall of 2022.

Homeowner Assistance Fund (HAF)

The New Mexico Homeowner Assistance Fund (HAF) provides housing grants to income-eligible households experiencing financial hardship associated with the COVID-19 health crisis.

Programs for Emerging Housing Needs

Homeless	Transitional	Rental Development	Specialized	Single-family Development	Homeownership	Homeowners	Other
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Programs for Emerging Housing Needs



Emergency Housing Needs Program

A mechanism for MFA to quickly deploy assistance to respond to emergency housing situations as they arise.



State and Local Fiscal Recovery Funds

In response to the severe economic impact produced by the pandemic and resulting recession.

Programs for Emerging Housing Needs



Housing Innovation Program

A resource to spur innovative housing projects and create an opportunity to test novel housing solutions.



Congressional Fire Recovery Funding

Supports the construction of temporary and permanent housing, rehabilitate housing and provide housing support and stability services to meet the needs of New Mexicans who are or were displaced as a result of wildfires or otherwise affected by the wildfires.

Thank you!



Donna Maestas-De Vries
Chief Housing Officer

dmaestas-devries@housingnm.org
505.767.2225



MFA

Housing New Mexico

III. REPORTS





CONNECTING THE DOTS -NEWSLETTER-

January - March 2023



The Connecting the Dots quarterly newsletters is a product of the Northwest New Mexico Council of Governments

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Director's Note

Who's On First? How About Entrepreneurs.

In Economic Development, there have traditionally been three legs of the stool that professionals have focused on including: Business Retention & Expansion, Business Attraction, and Entrepreneurship. This article focuses some time on entrepreneurial development that typically represents the biggest driver of economic activity in the United States. According to a report issued by the Small Business Administration (SBA) in 2019, small businesses account for two-thirds of new jobs and deliver 44% of the United States' gross domestic product (GDP). Yet getting from entrepreneurship to a small business is a daunting journey for most, and sherpas are few and far between to guide those wanting to take the risk. I have myself had a hard time directing entrepreneurs to the right starting point or to an entrepreneurial support organization (ESO) that can put people on the path. The saying we hear often is: 'communities tend to roll out the red carpet for big business relocations and communities tend to roll out the red tape for entrepreneurs and small business.'

Everyone knows what happens to a stool that is missing a leg. I had a deep fear that after the pandemic that aging business owners would take stock and say "I'm just done" with no transition or succession plans – closing the doors to foundational small businesses in our communities and causing an even-faster downward trend of disinvestment. While our business community proved resilient, so do our entrepreneurs that pop up businesses throughout the community especially at area markets and signature events and even from their homes. The spirit of entrepreneurship seems to be very much alive and new resources seem pointed to our region, but it does not seem clear on how to build, sustain, and scale a responsive entrepreneurial ecosystem that reports metrics that matter and moves the needle on wealth creation.

A simple but not easy playbook might look like:

1. **Make the choice to adopt this strategy along with an attitude of abundance, focus on inclusion, and continuous innovation until effective approach,**

2. **Talk with entrepreneurs to pinpoint what they need and don't need in Entrepreneur-Led Economic Development,**
3. **Assess and map resources and service providers to build a network and determine gaps,**
4. **Build trust and a network that starts busting up silos and creates a paradigm for cooperation, collaboration, and joint resourcing, and**
5. **Identify simple but key metrics that can tell the story of success.**

Some concrete examples include holding regional pitch competitions with cash or technical assistance prizes and creating a "concierge desk" staffed by someone who knows what's available and can match entrepreneurs with the best resources. Some out-of-the box ideas might be in addition to rebate or stimulus checks, send one for households that start or formalize and incorporate a business; double it for those that sale outside the region and State.

Except for the New Mexico MainStreet Program, there has not been many tools that fit and work for rural and tribal communities. But in recent years, New Mexico has made a concerted effort to create asset-based economic drivers and incentivize film, outdoor recreation, creative industries, food systems, and tourism as diversification strategies that can work as part of a rural renaissance focus and a wave that the region can ride or even lead. I applaud the tremendous efforts and strides we have taken in traditional economic development and developing career pathways for key target sectors, but equally important attention needs to be paid to developing entrepreneurial pathways, asset-building programs, and wealth creation.



Evan Williams, CEcD
Executive Director

Water & Environment Planning Office

Water & Environment Office (WEO)

COG is currently moving forward and gaining traction with establishing its first office that is primarily focused on water and environment priorities for our region, with Angelina Grey, Planner, heading this program. The goal of this program is to take our efforts and attention on small water systems and brownfields and enhance regional initiatives that can be catalytic to creating major milestones in historic partnerships and support networks that puts our region on the map, literally. Ms. Grey has been working on developing this program to be succinct and aligned with the structure and framework of the RTPO program.

Water Trust Board

COG assisted members with several applications, including the City of Gallup (Water Well), Catalpa Water Association (Design), Ramah Water and Sanitation District (Design), and White Cliffs Mutual Domestic Water Users Association (Water Improvement). As of end of March, House Bill 525 – Water Trust Fund for Water Projects was signed by the Governor. The Water Trust Board is currently working on finalizing project selection and identifying available funding. Selected applicants will be notified after the May 3rd board meeting.

Northwest New Mexico Water Utility

The NWNMUA board members are still working with Dominique Cartron and the Rural Community Assistance Corporation (RCAC) in finalizing organizational startup. The next board meeting is scheduled for May 2023.

Regional Water Commons Meeting

The last RWC meeting was held on March 15, 2023. Ms. Grey is currently working on updating the COG water web pages and will soon have a copy of the agenda packet posted, along with other regional water updates.

COG/RCAC Partnership

This is year two of the COG & RCAC partnership that was made possible through an EPA Water Infrastructure Improvements for the Nation (WIIN) grant that was secured by the NM Environment Department. COG and RCAC will continue providing technical assistance and support through outreach activities with small water systems. The goal is to incorporate this support network through our entire region whether it be through direct services or with contractual services with the NWNMUA.

Funding for Water & Wastewater

All the federal funding that is allocated under the Bipartisan Infrastructure Law (BIL) is being funneled through state agencies and departments. For NM, the funding is directed to NMED's Drinking Water State Revolving Fund and the Clean Water State Revolving Fund. Both programs are currently accepting both pre-applications and applications on a quarterly basis.

- Competitive, based on MHI
- Initially offered as loans with 0.01% interest rates (of total project cost), with some potential availability of grants
- For CWSRF, 100% grants are awarded to severely low-income communities* (must qualify through census data calculations for medium household income, unemployment rate, and poverty rate (all must be higher than the national data)
- List of required organizational and financial documentation

Project Review Schedule Dates:

1. Quarter 1 (Jan/Feb/March) — Due by March 31
2. Quarter 2 (Apr/May/June) — Due by June 30
3. Quarter 3 (Jul/Aug/Sep) — Due by September 30
4. Quarter 4 (Oct/Nov/Dec) — Due by December 31

Special Projects Office and CDBG Update

Special Projects Office

COG has restructured their office and one of the utmost importance is the Special Projects Office (SPO). The SPO serves the Northwest New Mexico region consisting of San Juan, McKinley, and Cibola counties including all municipal, rural, and tribal communities. This newly established Office will provide specialized skills and services that are not available or achievable in most communities in our region. This Office promotes data driven innovation and to develop programs that empower by sharing, communicating, and transferring knowledge to communities and the region.

The SPO would be a knowledge driver and center for the region and its communities. To that end, we envision promoting practices that advance adaptive management, improve communities, and reduce the efforts of filtering through informational material.

The SPO manager is tasked with the diversity of special projects that would entail data needs, storage, and utilizing multimedia sources. Currently the SPO is in the process of creating dashboards, interactive mapping, and updating US Census Designated Places. In addition, provide mapping services and multimedia services such as plotting maps, GPS surveying, film production, and varied formats. The SPO has an odd flowing range of tasks such as providing expertise towards:

- US Census Participant Statistical Area Program
- Trail Design/Construction and Conservation
- NM Community Data Collaborative – Center for Health Innovation
- Trail of the Ancients Scenic Byway Corridor
- Environmental Systems Research Institute (ESRI) Geographic Information System (GIS) technology applications
- Multimedia support
- Other unique projects that come to the COG

The SPO is knowledge based and in time will have functioning capacities in interactive web use, data analysis, infographics, mapping, and other multitudes of information to share with the region.

Community Development Block Grant (CDBG)

McKinley County

COG assisted the county in administrating and facilitating two separate CDBG programs:

- a. CDBG Construction Grant - The pre-selection Process is a requirement for local governments to complete almost on an annual basis, regardless of whether applying to any of the CDBG funding programs. This process was completed, and a full summary was provided to the county and commissioners for review and selection is scheduled to occur in April. The COG will continue to assist McKinley County through the application cycle and will support the development of a high quality, competitive application.
- b. CDBG Planning Grant - The county's planning grant project is focused on developing a preliminary engineering report for the Allison community water delivery system project. The Allison community is an unincorporated community located on the northwest boundary of the City of Gallup. The community is experiencing water supply and quality issues and is looking for solutions to mitigate this issue. The preliminary engineering report will examine multiple solutions to meet the needs of the community. This project is currently in the Notice of Award phase of the grant agreement process.

City of Gallup

The city is moving forward with its own CDBG construction grant project located on West Logan Avenue between 7th and 9th streets. The City of Gallup has held pre-construction conference meetings and is scheduled to begin construction on May 1, 2023. The City and contractors anticipate construction to be completed in September 2023.

Legislative Recap

Once again, much of the staff's time during the previous quarter was dedicated to providing legislative technical assistance, guidance, and support to members and other entities during the 60-day session. A unique service provided by the COG, allows members to get the most out of the legislative process and allows other entities to participate in this critical function of state government. This COG assists in coordinating and facilitating legislative forums, prepping and submitting capital outlay and junior funding requests, coordinates reauthorization submissions, and tracks policy recommendation proposed during the session. This year the COG deployed two staff persons to Santa Fe to participate and provide on-site support to members. Both Executive Director Evan Williams and Planner Angelina Grey engaged in numerous legislative activities from attending committees, producing informational material, ensure and review capital outlay submissions, and facilitated discussions between governments and legislators and governments and the Governor.



Money Bills:

Every year, the COG pays special attention to priority funding bills or as we like to call them, the "Money Bills". This year those bills are:

- House Bill 2 – General Appropriations Act: This bill provides the framework for the State's budget which includes funding for staple programs and special 1-time appropriations for specific purposes and/or projects. Close examination reveals some exciting opportunities for members to compete for funding along with dedicated funding for a select few. The 2023 legislature proposed a budget of over \$9 billion.
- House Bill 505 – Capital Outlay: Every year the state provides recognized

subdivisions of the state with the opportunity to secure funding to aid the implementation of projects through the capital outlay process. This year's source of capital outlay funding was provided by the General Fund and provided approximately \$1.2 billion of investment into the growth of New Mexico. \$45M of which is coming directly into the Northwest region of New Mexico.

- Senate Bill 192 – Junior Bill: Another opportunity for funding that has been provided to subdivisions of the state is the Junior fund process. Typically reserved for programming and support for existing services, this bill has grown to become a more flexible option for small funding needs. This year, approximately \$100 million was appropriated in SB192 with roughly \$3.3 million coming to the Northwest region of New Mexico.
- Senate Bill 392 – Reauthorization Bill: For those capital appropriations that experience difficulties, SB392 provides options for extension of time, change of agency, and change of purpose. This annual bill has been critical for Northwest New Mexico as many of the governments and tribal entities have been impacted by inflated costs of materials, delay times for equipment, and other impacts caused by the pandemic. This year, roughly 70 capital appropriations from Northwest New Mexico were approved with most of them requesting extensions to spend funds.

COG Legislative Assistance Provided:

- 3 Legislative Forums coordinated and facilitated.
- 123 Capital Outlay requests prepped and submitted.
 - » 43 - Member Government requests
 - » 9 - Special District
 - » 71 - Navajo Chapter request
- 10 Junior Bill request letters drafted.
- 20+ reauthorization request prepped and submitted.
- 3-weeks of on-site support in Santa Fe
- 750+ hours dedicated to legislative support

NWRTPO Update

New 2024-2025 RTIPR - Call for Projects

RTPO members are submitting Project Feasibility Forms – PFF’s against an April 14 deadline. These include PFF’s for yet to be funded projects to be carried forward from our previous RTIPR, as well as PFF’s for new proposed projects.

Upon reception of these PFF’s staff will review, then forward these to NMDOT District 5 and 6 for their review as well in advance of a May 2 – 4pm mandatory PFF review meeting at DOT District 6. Staff are encouraging members to attend this meeting in person, but DOT District 6 is also offering an on-line virtual option; DOT District 5 will participate in this meeting as well for any proposed northern Navajo Projects in San Juan County. For any PFF’s not approved to move forward, DOT District staff and COG RTPO staff will discuss options, to either edit the PFF, or pursue funding via Local Govt. Road Fund or NMDOT Transportation Project Fund.

Thereafter, RTPO members will commence drafting Project Prospectus Forms (PPF’s) that will be due by August 31. The only exception is the Transportation Project Fund application deadline for 2024 projects – which is May 31 via full application submission to the NMDOT FTP website. Any projects to be prioritized within any section of the RTIPR – typically just Roadway and Transportation Project Fund, will take place at our November 8, 2023 meeting.

Thereafter, RTPO staff will draft the RTIPR in November and December, and present the final RTIPR to be approved by the NWRTPO members in our January or February, 2024 meeting. After this, in March, 2024 we conduct our DOT District 5 and 6 Zipper meetings – including projects from Catron and Sandoval Counties for DOT Dist. 6. There after the DOT Districts decide which projects they wish to promote and move forward into their STIP for FY2024 forward.

Recent and Current Funding:

Recently funded projects for our region include State Planning & Research funds, where we’ve been awarded \$250,000 for a McKinley County Transportation Master Plan; and \$150,000 for a Grants / Milan Comprehensive Transportation Safety Action Plan. Also for the 2023 NMDOT Transportation Project Fund, seven (7) of our member governments were awarded a combined total of \$15,605,334 for local transportation projects, along with four (4) governments from the Farmington MPO awarded a combined total of \$4,142,000 for their local projects.

Current funding being pursued includes the DOT Carbon Reduction Program with the following two projects for McKinley County:

- Autonomous Commercial Truck Mobility Complex - \$2,087,777
- Commercial Truck Testing Corridor Fueling Complex - \$2,087,777

Additional funding being pursued includes the Municipal Arterial Program (MAP) for City of Grants – requesting a total of \$606,960.00 with \$455,220 from MAP funds and \$151,740 from the City for the 25% local match.

I-40 Planning Grants: The NWRTPO Submitted nine (10) I-40 Planning Projects, supported by DOT District 6 seeking funding for future development including:

- McKinley: Autonomous Commercial & Mobility Complex
- McKinley: Commercial Truck Testing Technology Corridor
- McKinley: I40 Prewitt Industrial Park Connectivity and Rail Crossing
- McKinley: I40_NM371_NM612 Interchange
- McKinley: Williams Acres I-40 Noise Barrier
- McKinley: Supply Chain Accelerator
- Gallup: I40_NM118 East and West Interchanges
- Gallup: TradePort
- Milan: I40_NM568_Sawmill Road Interchanges
- Milan: I40_Horizon Blvd. Interchange

Economic Development & RLF



Four Corners Rapid Response Team

The COG engaged Los Alamos National Lab as part of the Four Corners Rapid Response Team. Engagement is hoped to bring forth additional resources to the region. The Rapid Response Team is a federal effort aimed at providing technical assistance to the northwest New Mexico region to expand regional capacity to undertake economic transformation and diversification in light of recent coal-fired power plant and associated coal mines.

Ft. Wingate Feasibility Study

COG is managing Native Associates who are tasked with development of an Economic Feasibility Study for a parcel located on lands formerly under the control of Ft. Wingate. The Feasibility Study will help determine options for development and provide associated infrastructure cost. Coordination with the Eastern Regional Business Development Office for the Navajo Nation is occurring as part of the project.

EDA-AURO Director visits New Mexico

Jorge Ayala, Director of EDA - Austin Regional Office which oversees the State of New Mexico, made a visit to New Mexico to meet with the NewMARC organization; the New Mexico Association of Regional Councils, to which the Northwest New Mexico Council of Governments is a member.

The COG has invested considerable time and resources to cultivate a relationship with EDA-AURO which has produced significant investment into the region. It is hoped the partnership with EDA-AURO and Mr. Ayala can be leveraged for large transformative regional initiatives.

Revolving Loan Fund

During the first quarter of CY23, the COG continued efforts to promote and market the RLF. Outreach with business, media, and business support organizations were intended to increase the applicant pipeline.

The COG conducted on the ground outreach consisting of engaging business owners, person-to-person, to cultivate interest in the program. The effort allows for the RLF to understand the needs of the business and overtime, the needs of the region. On the ground outreach has been conducted in :

- Aztec
- Farmington
- Gallup

To expand interest with businesses in the region, the COG conducted outreach with newsprint media including:

- Cibola Citizen
- Durango Herald
- Farmington Daily Times
- Gallup Independent

Farmington Daily Times and the Durango Herald ran news articles on the RLF, which helped to generate immediate interest and inquiries. The Farmington Daily Times article is used as part of the local marketing packet. Efforts continue with the Cibola Citizen in Grants and the Independent in Gallup.

Additional outreach was conducted with business support organizations including:

- Dineh Chamber of Commerce
- NMSU Arrowhead Center

Jim Cox, RLF Chairman and Sheldon Bartel, National Development Council (NDC), participate in bi-weekly calls with the COG to provide technical assistance.

Revitalizing Downtown Gallup

Downtown Gallup

The COG continues to be an advocate in Downtown Gallup redevelopment and revitalization. COG has recently engaged in numerous downtown activities that highlight our work to help create a vibrant and energized downtown district. First, COG continues its role as ex-officio on the Gallup Mainstreet Board. COG provides technical assistance support to the Mainstreet Director and has helped develop applications for funding, developed implementation strategies, and have participated in visioning and planning workshops.

Coal Avenue Commons - The COG has assisted with securing funding from the New Mexico Department of Transportation for the construction of Coal Avenue Commons Phase 2. This multimillion-dollar project was officially open for public use as an event street on Saturday April 8, 2023, as part of the first Art Crawl event of the season.

Courthouse Square - The COG has engaged in visioning and planning workshops with the Mainstreet Board members to identify improvements to courthouse square. It has long been noted that courthouse square, which is home to numerous events has flaws that make use of the space difficult for event promoters and uncomfortable for participants of events. Through New Mexico Mainstreet, Gallup Mainstreet has been granted technical assistance support to bring in a team of consultants to revisit courthouse square and identify solutions to improve the event space and reenergize the downtown community.

Downtown Coordinating Committee - Lastly, the COG has engaged in downtown planning through the Downtown Coordinating committee (DCC). The is a collective of downtown organizations who have been tasked with the responsibility of implementing the Downtown Metropolitan Redevelopment Area Plan. The DCC has reconvened after a temporary hiatus and looks to get to work to improve downtown through implementation of the downtown vision.





Northwest New Mexico Council of Governments

“moving the region forward”



**NORTHWEST NEW MEXICO COUNCIL OF GOVERNMENTS
STATE PLANNING DISTRICT #1**

**STAFF SUMMARY REPORT
FY 2023/ 3RD QUARTER**

FOR THE PERIOD: January 1, 2023 – March 31, 2023

The State Grant-in-Aid (SGIA) work program is utilized by the State Planning Districts to develop a dynamic framework of integrated general services to support planning, development, and technical assistance activities as a regional service to local and state government. This report reflects functions and tasks in the approved FY2023 Work Program and Budget. The following are functions and tasks completed by the Northwest New Mexico Council of Governments during the third quarter of FY2023:

Function 1:	Organizational Management. Provide for general administration and development of the Planning District organization, including management of the State Grant-in-Aid in conjunction with other grants and programs, building organizational capacity, sustainability, and networking with other Planning Districts and with a multi-sector variety of public and private institutions in service to the regional development mission.
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QUARTERLY ACTIVITY HIGHLIGHTS & RECAP

- (1) **Northwest New Mexico Regional Utility Authority:** COG staff continues to attend meetings of the newly established Northwest New Mexico Utility Authority. The new established authority has been a decade long initiative to support small water systems in McKinley County with the intent to provide economies of scale for provide operations & maintenance and infrastructure improvements.
- (2) **Professional Development Plans:** COG staff have engaged in the development of personal development plans that will be used to guide staff through a multiyear professional development and certification program to ensure continued growth and increase COG’s ability to support planning and development in Northwest New Mexico.
- (3) **Downtown Coordinating Committee:** COG staff has reengaged the Gallup Downtown Coordinating Committee which is a collective of downtown development organizations who have been tasked with implementing the Downtown Redevelopment Area Plan.

TASK TRACKING

TASK	DUE DATE	STATUS
1.1 Professional Development Provide ongoing professional development training or continuing education classes for staff, i.e., training, webinars, professional conferences.		Q1 <ul style="list-style-type: none"> ✓ Angelina Grey participated in the following: Environmental Finance Center Network’s Basic Water Math for Small Water Systems, RCAC Board Member Training, NMWWA WC Workshop, EPA National Brownfields Conference, DFA capital outlay workshop. ✓ Brandon Howe participated in the following: DFA Regional Recreation and Quality of Life grant, EPA National Brownfields Conference, DFA capital outlay training. ✓ Carrie House participated in the following: DFA Regional Recreation and Quality of Life grant, DFA Capital Outlay training. ✓ Evan Williams participated in the Statewide Housing and Economic Development Conferences. ✓ Michael Sage, Alex Quam and George Kanesta participate in Statewide Economic Development Conference and VISTA member training and on-boarding. ✓ Michael Sage attended the Annual International Economic Development Council (IEDC) Conference in Oklahoma City, OK.

		Q2	<ul style="list-style-type: none"> ✓ Angelina Grey participated in the following: Environmental Finance Center Network’s Regionalization and the Power of Partnership, NM American Planning Association’s State-wide planning conference, Financial Management and Benchmarking for Small Wastewater Systems, EPA’s Wastewater Emergency Response Planning, and EPA’s Building Resilience & Adapting to Climate Change Impacts. ✓ Brandon Howe participated in the following: NM Infrastructure Finance Conference. ✓ Carrie House participated in the following: National Trails Workshop, NM Data Users Conference.
		Q3	<ul style="list-style-type: none"> ✓ Angelina Grey participated in the following: Legislative onboarding with Director Williams, WaterSMART webinar, Southwest Tribal Fire and Climate Resilience workshop, NM Water & Wastewater Association pump and motors training, Environmental Finance Center changes to CWSRF, Climate Resilience workshop, PERA Training, Environmental Justice and Economic Screening, EPA Brownfields professional learning community, Congressional Directed Spending application process, American Planning Association AICP certification steps, EFCN Operator Certification – area and volume math, EFCN – Septic Systems. ✓ Brandon Howe participated in the following: NM L/TAP Supervisory Training, Capital Outlay Notice of Obligation and Pay Request recording, IRS Tax Estimator provided by SJT Group, PERA Training. ✓ Carrie House participated in the following: Navajo Trails & Recreation Conference, Data for Economic Development Districts, NOLS Wilderness First Responder Training, PERA Training, ESRI Spatial Analysis and Cartography workshops, Census Tribal census webinar. ✓ Evan Williams participated in the following: Legislative onboarding with Angelina Grey.
		Q4	
<p>1.2 Board Training & Support</p> <p>Provide workshops and training as needed to COG boards and committees, i.e., annual workshop, handbook for board members.</p>		Q1	<ul style="list-style-type: none"> ✓ Board Meeting and Annual Luncheon (August 3rd) was held in Gallup at the McKinley County Training Center. ✓ No COG Executive Committee meetings were held in the first quarter.
		Q2	<ul style="list-style-type: none"> ✓ Board Meeting (October 19th) was held in Aztec at the Aztec Public Library. ✓ No COG executive Committee meetings were held
		Q3	<ul style="list-style-type: none"> ✓ Board Meeting (January 19th) was held in Grants at the Grants Public Library. ✓ No COG executive Committee meetings were held
		Q4	

<p>1.3 Networking</p> <p>Facilitate & strengthen working relationships with local, tribal, state, federal, nonprofit, and private sector agencies, and partners.</p>		<p>Q1</p> <ul style="list-style-type: none"> ✓ Water Commons: COG hosted one (1) Water Commons meeting on September 21st. ✓ Water Summit: COG staff co-hosted the inaugural water summit in McKinley County. The summit provided a day full of presentations on various topics regarding water planning and was well attended. The water summit was held on August 31st. ✓ NewMARC: COG attended the first quarter meeting virtually on August 23rd. NewMARC is the forum for all COGs to discuss federal, state, and local activity. ✓ Gallup Executive Directors Alliance: COG attended the quarterly GEDA meeting on August 19th. ✓ NMDOT Commission: COG attended and presented at the Transportation Commission meeting on September 15th.
		<p>Q2</p> <ul style="list-style-type: none"> ✓ Water Commons: COG hosted two (2) Water Commons meeting during the second quarter. ✓ NewMARC: COG attended the first quarter meeting virtually on November 17th. NewMARC is the forum for all COGs to discuss federal, state, and local activity. ✓ Gallup Executive Directors Alliance: COG attended the quarterly GEDA meeting on October 14th at Rehoboth McKinley Christian Hospital. ✓ Regional Economic Development Organizations Meetings: COG staff participated in multiple regional EDO meetings to discuss regional economic development initiatives and projects. ✓ Northwest New Mexico Regional Utility Authority: COG staff continued to attend meetings of the new regional utility authority which intends to provide operations and maintenance support to small water systems in McKinley County. This has been a decade long initiate to stand this authority up.
		<p>Q3</p> <ul style="list-style-type: none"> ✓ Water Commons: COG hosted two (1) Water Commons meeting during the third quarter. ✓ Gallup Executive Directors Alliance: COG attended GEDA meetings on January 20th, February 17th, and March 17th. ✓ Regional Economic Development Organizations Meetings: COG staff participated in multiple regional EDO meetings to discuss regional economic development initiatives and projects. ✓ Northwest New Mexico Regional Utility Authority: COG staff attended the first meeting of the new regional utility authority which intends to provide operations and maintenance support to small water systems in McKinley County. This has been a decade long initiate to stand this authority up. ✓ Downtown Coordinating Committee: COG staff attended the Gallup Downtown Coordinating Committee to reengage downtown redevelopment activities as part of the implementation of the downtown MRA Plan.
		<p>Q4</p>

1.4 SGIA Administration Submit Annual Work Program/Certification, audit, reports, and invoices to the Local Government Division.		
1.4.1 AWP & Certification Submit annual work program packet including certification by the end of each State fiscal year in compliance with DFA requirements.	Annual	Annual work program and certification was submitted and approved
1.4.2 Audit Submit audit report to Local Government Division upon release by State Auditor.	Q1-Q2	COG staff completed audit activities and submitted financial statements to the State Auditor's Office.
1.4.3 Reporting & Invoicing	Quarterly	✓ FY2022 Q4: Completed
		✓ FY2023 Q1: Completed
		✓ FY2023 Q2: Completed
		✓ FY2023 Q3:

Function 2:	Local Government Support. Provide a range of technical assistance services and guidance to local governments and to other public entities in the region, focused on identifying, cultivating, financing, and implementing investable community development projects.
QUARTERLY ACTIVITY HIGHLIGHTS & RECAP	
<p>(1) Legislative Assistance: COG staff attended the 2023 legislature and was able to assist numerous local governments, tribal entities and special districts with capital outlay submissions, junior funding requests, reauthorization submissions, and prepped numerous informational materials to be used during the legislature.</p> <p>(2) Legislative Forums: COG coordinated a legislative forum for Navajo Chapters in January. The legislative forum provided the opportunity for 30 Navajo Chapters to present legislative priorities to area legislators.</p> <p>(3) Capacity Building: COG has assembled a team of consultants who have been tasked to help identify funding sources, breakdown grant applications, determine eligibility and best fit.</p>	

TASK TRACKING			
TASK	DUE DATE	STATUS	
2.1 General Technical Assistance			
<p>2.1.1 Policy Assistance Identify and develop policy needs and issues that are viable legislative initiatives and assist in promoting and tracking these initiatives throughout the legislative process.</p>	Ongoing	Q1	COG staff monitored and provided guidance to local governments regarding Bipartisan Infrastructure Law (BIL) funding and other programs at the Federal and State Level. COG weighed in a legislative proposal from the City of Albuquerque on Transformational MR Areas with enhanced tax increment collection as well as formation of a Creative Industries Division (similar to Film and OR), Hydrogen, and P3 legislation.
		Q2	COG staff continued to monitor and provide guidance to local governments regarding Bipartisan Infrastructure Law (BIL) funding programs. COG staff assisted local governments with funding strategies that include modifying state legislation to change funding program rules to increase access to funds. Proposed strategies were presented to area legislators during legislative forum in December.
		Q3	COG staff assisted local governments with funding strategies that include modifying state legislation to change funding program rules to increase access to funds. Proposed strategies were presented to area legislators during legislative forum in December. COG staff broke down legislative funding bills to identify funding strategies for future projects. COG staff also monitored other legislative bills that would impact entities of NWNM.
		Q4	
<p>2.1.2 Funding Provide guidance to local governments to help meet basic eligibility requirements for receiving government funding for community and economic development activities.</p>	Ongoing	Q1	COG continued to email #GrantOps, and provide a filter, funnel, and follow-up approach to funding opportunities and other annual state programs such as CDBG, NMFA Water Trust Board, Local Government Planning Fund, Youth Conservation Corps, etc.
		Q2	COG continued to email #GrantOps, and provide a filter, funnel, and follow-up approach to funding opportunities. COG provided special focus on CDBG and WTB during the quarter. COG assisted member governments, special districts and tribal entities with

			capital outlay submissions.
		Q3	COG staff continued to focus efforts on CDBG public participation processes, WTB applications, and capital outlay submissions during this quarter. COG staff also continued to inform members of grant opportunities.
		Q4	
<p>2.1.3 Fiscal Agency</p> <p>Provide fiscal agent services as mutually agreed upon with member governments in connection with Executive Order 2013-006. i.e., including capital outlay appropriations, Community Development Block Grant, and Water Trust Board funding.</p>	Ongoing		<p>Q3: COG serves as fiscal agent for few projects on behalf of member governments, working with local and State staff to produce agreements and smooth over bureaucratic issues. During quarter 3, COG provided fiscal agent services to Bloomfield and Milan.</p>
<p>2.1.4 Asset Management</p> <p>Provide guidance to local governments upon request to improve capacity to manage infrastructure, such as development of asset management plans.</p>	Ongoing		<p>Q3: COG staff is working with technical assistance providers to outline training for small water system in NWNM. These trainings will take place in quarter 4.</p>
<p>2.1.5 Planning & Technical Support</p> <p>Provide related technical assistance, such as census data, land use planning, comprehensive plans, and mapping, upon request and availability of resources.</p>	Q3		<p>Data Dashboard: COG staff continued to collect data and worked towards developing a data dashboard using ArcGIS. Data will be used to assist with planning initiatives and federal and state grant applications.</p> <p>Gallup MRA: COG staff continued to coordinate and draft a Metropolitan Redevelopment Area Designation Report for the proposed Central 66 district. Assessments have been completed and will be incorporated into report.</p> <p>ZMTP: COG continued to update the Zuni Mountains Trails & Conservation Master Plan.</p> <p>Affordable Housing Plan: COG staff researched and reviewed affordable housing plans in preparation of providing assistance to Cibola and McKinley Counties.</p> <p>Gallup Growth Management Master Plan: COG staff participated in steering committee meetings related to the update of the Gallup Growth Management Master Plan.</p> <p>Gallup Transportation Master Plan: COG staff participated in committee meeting related to the development of the Gallup Master Transportation Plan.</p>
<p>2.2 ICIP Management</p>			
<p>2.2.1 Trainings</p> <p>Collaborate with the Local Government Division to organize and host Infrastructure Capital Improvement Plans (ICIPs) training in the COG region.</p>	Ongoing	Q1	COG promoted the ICIP training series and encouraged all local governments, tribal entities, and special districts to attend the virtual training series.
		Q2	COG staff promoted the ICIP training series and encouraged local governments, special districts and tribal entities to watch legislative training videos including the capital outlay process training and the capital outlay project request form training.
		Q3	No trainings were hosted but COG staff continued to promote the ICIP training series catalog of recorded

			trainings to help entities prep for capital outlay submissions and spending, and to understand CDBG.
		Q4	
2.2.2 Plan Development Provide technical assistance to local governments in updating, utilization and monitoring of local ICIPs upon request.	Ongoing	Q1	COG staff assisted member governments and special districts with the update of Infrastructure Capital Improvement Plans prior to the July 15 th and August 19 th deadlines.
		Q2	COG staff assisted local governments, special districts and tribal entities with amendments to ICIPs to align with capital outlay priorities.
		Q3	COG did not provide ICIP assistance this quarter but referred to many ICIPs as part of the Capital outlay submission process.
		Q4	
2.2.3 Funding Analysis Work with local governments and the legislature to prioritize, evaluate, and recommend projects for compatible funding sources.	Ongoing	Q1	COG staff continues to hold projecteering sessions with member governments to identify funding sources and development financing strategies to ensure implementation of priority projects.
		Q2	COG staff coordinated two legislative forums to provide local governments, special districts, and tribal entities the opportunity to present legislative priorities to area legislators. COG staff assisted with the submission of over 75 capital outlay requests for member governments, special district and tribal entities.
		Q3	COG staff under contract with members assembled a team of technical assistance providers to help identify funding options for prioritized projects. The COG and team have identified a list of priority funding applications for key catalytic projects.
		Q4	
2.3 CDBG Support			
2.3.1 Inform & Notify Provide information to staff and officials regarding the Community Development Block Grant (CDBG) programs and training events.	Ongoing	Q3: COG staff continued to monitor timelines and schedules and has shared info with participating entities and will continue to act as liaison for members who are applying and implementing CDBG. COG staff has worked with McKinley County and the Village of Milan to ready them for project selection and subsequently LMI and application processes.	
2.3.2 Application Selection & Development Provide technical assistance as requested to local municipalities and counties to identify, select, and develop eligible applications for projects for CDBG funding.	Ongoing	Q3: COG staff assisted McKinley County and the Village of Milan to complete their public participation processes and have provided a preliminary evaluation of proposed projects to help identify the most impactful and competitive projects.	
2.3.3 Presentations Assist local CDBG applicants in preparation of presentations to the Community Development Council.	Only During Q1	No presentations to the Community Development Council were made this quarter.	

2.3.4 Implementation Provide technical assistance as requested to implement awarded CDBG projects.	Ongoing	Q3: COG staff continued to aid the City of Grants and City of Gallup on their construction grants.
2.3.5 Project Administration Provide project administration as mutually agreed upon to member governments to implement CDBG projects, i.e., monitoring, procurement, pay requests and closeout.	Ongoing	Q3: COG has entered into an agreement with McKinley County to administer a CDBG planning grant for the Allison community Preliminary Engineer Report for water delivery system construction. COG has closed the RFP and has secured a consultant to complete the PER. COG and consultant are reworking the scope of work and have coordinated with DFA – LGD.

Function 3:	Integrated Planning & Development. Incorporate common and core regional work programs, such as the Regional Transportation Planning Organization (RTPO), the Economic Development Administration (EDA) and the State Grant-In-Aid (SGIA), into a unified statewide model.
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QUARTERLY ACTIVITY HIGHLIGHTS & RECAP

- (1) **Grant and Project Technical Assistance:** COG has **secured \$35.4M in grant funding** for numerous entities in Northwest New Mexico.
- (2) **Congressional Directed Spending:** In Quarter 3, COG staff over **40 individual requests for congressional funding** for various catalytic projects in Northwest New Mexico.
- (3) **Interstate-40 Planning Funding:** One-time special funding provided by the legislature resulted in the COG helping entities in McKinley and Cibola County secure over **\$18M in planning funds** for I-40 improvements to support economic development activities in the region.

TASK TRACKING

Task	Due Date	Status
3.1 COG Partnership Partner with other regional Planning Districts to focus resources, streamline reporting, administrative compliance, and identify best practices as well as needs.	Ongoing	Q3: COG continues to participate in weekly EDA calls with other Regional Planning Districts to develop plans, programs, and projects to aid in economic recovery during and post pandemic. COG has also participated in NewMARC to discuss regional issues with other Council of Governments.
3.2 Outreach & Marketing Provide outreach and marketing for local government inclusion into the integrated planning process, such as FUNDIT, Comprehensive Economic Development Strategy (CEDS), etc.	Ongoing	Q3: COG continued to promote and distribute the NWNM CEDS and has used the plan to inform regional and local economic development activities. COG staff also informed economic development partners of FUNDIT and has assisted multiple entities with applications to participating in the program. Lastly, COG has engaged in Regional Economic Development Organization meetings with 4 Corners, Greater Gallup, and Cibola Communities EDOs.
3.3 Related Planning & Development Initiatives Include related planning initiatives into the integrated planning model as Planning District staff and financial resources permit, such as regional water planning, Legislative Jobs Council, energy initiatives, workforce, etc.	Ongoing	<p>Regional Plans: COG continues to work on the update of the Zuni Mountains Trails & Conservation Plan. COG, under contract with NMDOT is prepping for the start of the McKinley County Transportation Master Planning process and the Grants/Milan Comprehensive Safety Action Planning Process.</p> <p>Gallup MRA: COG staff continues to develop a Metropolitan Redevelopment Area Designation Report for the proposed Central 66 district.</p> <p>Milan 40-Year Water Plan: COG staff assisted the Village of Milan in securing legislative funding to develop a 40-year water plan.</p> <p>Cibola County Affordable Housing Plan – COG continues to aid and guidance to Cibola County staff who has taken lead of the Affordable Housing Planning process.</p>

3.3.1 Grantsmanship & Project Technical Assistance (TA):

CLIENT	GRANT/SOURCE	AMOUNT	STATUS
NWNMCOG	Federal Appropriation Request: COG assisted the Southwest Indian Foundation, Greater Gallup Economic Development Corporation and the City of Gallup with the development of an application to the congressional delegation for funding to continue the Greater Gallup Industrial Workforce Program.	\$750,000	Awarded
McKinley County	Governors American Rescue Plan Act Funding: COG staff assisted McKinley County to develop a request for ARPA funds from the Governor to assist with water supply infrastructure for the Williams Acres Community.	\$340,000	Denied

McKinley County	NMDOT Transportation Project Fund: COG assisted with the development of an application to NMDOT for TAP funds to complete Superman Canyon Bridge replacement.	\$2,580,517	Awarded
McKinley County	NMDOT Transportation Project Fund: COG assisted with the development of an application to NMDOT for TAP funds to complete Deer Springs Road Bridge replacement.	\$935,269	Denied
McKinley County	DFA Regional Recreation & Quality of Life Grant: COG assisted with the development of an application to DFA for funding to renovate and repair facilities at Red Rock Park including the construction of half of the RV park.	\$3,500,000	Awarded
McKinley County	DFA Capacity Building Grant: COG assisted with the development of an application to DFA for funding to secure grant writing consultants to aid with federal grant applications.	\$50,000	Awarded
McKinley County	Federal Appropriation Request: COG assisted with the development of an application to the congressional delegation for funding for infrastructure improvements to the McKinley County Industrial Park	\$2,000,000	Awarded
McKinley County	NMFA Water Trust Board: COG assisted with the development of an application to NMFA for funding for the construction the Whitecliffs MDWUA water system improvements.	\$1,685,419	Pending
McKinley County	NMFA Water Trust Board: COG assisted with the development of an application to NMFA for funding for design of the Catalpa WA water delivery system.	\$350,000	Pending
McKinley County	NMFA Water Trust Board: COG assisted with the development of an application to NMFA for funding for design of improvements to the Ramah WSD water system.	\$440,000	Pending
McKinley County	DFA Statewide Hunger Grant Initiative: COG assisted with the development of an application to DFA for Statewide Hunger Grant funds to plan for Ramah Food System Hub.	\$50,000	Denied
McKinley County	NMDOT State Research and Planning: COG assisted with the development of an application to NMDOT for SRP funds to develop a Transportation Master Plan for McKinley County.	\$200,000	Awarded
McKinley County	NMDOT I-40 Planning Grant: COG assisted McKinley County with the development of applications to NMDOT for I-40 planning funds to plan and study the following: Williams Acres Sound Barrier, Thoreau Interchange, Prewitt Interchange, Autonomous Vehicle & Truck Testing Complex, I-40 Supply Chain Accelerator, and Hydrogen Technology Hub.	\$8,650,000	Awarded
City of Gallup	NMDOT Transportation Project Fund: COG assisted with the development of an application to NMDOT for TAP funds to complete Nizhoni Boulevard Reconstruction.	\$4,364,300	Awarded
City of Gallup	EDA Coal Communities Commitment Program: COG assisted with the development of an application to EDA for funds for water line extension from the Gallup Energy Logistics Park and the McKinley Industrial Park.	\$3,515,108	Awarded
City of Gallup	Federal Appropriation Request: COG assisted with the development of an application to the congressional delegation for funding for water wells in Gallup	\$1,300,000	Awarded
City of Gallup	DFA Regional Recreation & Quality of Life Grant: COG assisted with the development of an application to DFA for funding to replace four (4) artificial turf fields at the Ford Canyon Park.	\$2,046,245	Denied
City of Gallup	Youth Conservation Corps (YCC): COG assisted the City of Gallup with the development of a new YCC grant to continue the local YCC program. The proposal is focused on trail development within the County.	\$174,991	Awarded
City of Gallup	DFA Capacity Building Grant: COG assisted with the development of an application to DFA for funding to secure grant writing consultants to aid with federal grant applications.	\$50,000	Awarded
City of Gallup	Senior Center Capital Outlay: COG staff was able to help secure Senior Center Capital Outlay for the new Gallup regional center.	\$7,500,000	Awarded
City of Gallup	NMDOT I-40 Planning Grant: COG assisted Gallup with the development of applications to NMDOT for I-40 planning funds to plan and study the following: East & West Gallup Interchanges, and Tradeport.	\$5,000,000	Awarded
Cibola County	NMDOT Transportation Project Fund: COG assisted with the development of an application to NMDOT for TAP funds to complete CR5 – Moquino Road & Bridge reconstruction.	\$1,900,000	Awarded

Cibola County	DFA Capacity Building Grant: COG assisted with the development of an application to DFA for funding to secure grant writing consultants to aid with federal grant applications.	\$50,000	Awarded
City of Grants	NMDOT Transportation Project Fund: COG assisted with the development of an application to NMDOT for TAP funds to complete Nimitz Drive reconstruction.	\$1,140,000	Awarded
City of Grants	DFA Capacity Building Grant: COG assisted with the development of an application to DFA for funding to secure grant writing consultants to aid with federal grant applications.	\$50,000	Awarded
City of Grants	DFA Regional Recreation & Quality of Life Grant: COG assisted with the development of an application to DFA for funding to construct phase I improvements to the Regional Multi-Purpose Arena.	\$5,274,244	Awarded
City of Grants/Village of Milan	NMDOT State Research and Planning: COG assisted with the development of an application to NMDOT for SRP funds to develop a Transportation Safety Action Plan for the City of Grants and Village of Milan.	\$120,000	Awarded
Village of Milan	NMDOT Transportation Project Fund: COG assisted with the development of an application to NMDOT for TAP funds to construct phase III of the Airport Road project.	\$1,195,000	Awarded
Village of Milan	NMDOT Transportation Project Fund: COG assisted with the development of an application to NMDOT for TAP funds to reconstruct Willow Dr.	\$2,700,000	Denied
Village of Milan	Governors American Rescue Plan Act Funding: COG staff assisted the Village of Milan to develop a request for ARPA funds from the Governor to assist with utility replacement along Airport Road.	\$500,000	Denied
Village of Milan	DFA Regional Recreation & Quality of Life Grant: COG assisted with the development of an application to DFA for funding to renovate and repair the Milan Swimming Pool.	\$3,461,553	Denied
Village of Milan	DFA Capacity Building Grant: COG assisted with the development of an application to DFA for funding to secure grant writing consultants to aid with federal grant applications.	\$50,000	Awarded
Village of Milan	NMDOT I-40 Planning Grant: COG assisted Milan with the development of applications to NMDOT for I-40 planning funds to plan and study the following: Horizon Boulevard and Sawmill Road Interchanges.	\$5,000,000	Awarded
City of Farmington	EDA Assistance to Coal Communities: COG assisted with the development of an application to EDA for funding to support the Harvest Food Hub in Farmington.	\$686,925	Awarded

3.3.2 Healthy Communities: COG staff has remained in contact with the UNM Prevention and Research Center on the VIVA Connects program in eastern Navajo Nation. COG monitors the program via the quarterly newsletters and is ready to assist as needed.

3.3.3 Workforce: The NWNMCOG has partnered with NM Workforce Solutions and Greater Gallup Economic Development Corporation (GGEDC) to develop an industry-driven workforce development program for various cohorts and job skills that currently are in high demand for local, high-paying jobs. COG has continued partnership with the industrial workforce program which is now managed by the Southwest Indian Foundation. COG staff was notified of a **\$750,000** award from the New Mexico federal delegation for continuation of the industrial workforce development program.

3.3.4 Economic & Tourism Development: The COG team continued to administer the multi-year contract with the US Economic Development Administration. Project highlights for this quarter include:

Long Range Planning:

- **Ft. Wingate Market Feasibility Study:** The COG contracted with Indian Affiliates who has completed about 20% of the project to study a parcel of land near the interchange for development in partnership with Navajo Nation Division of Economic Development as part of an EDA Assistance to Coal Communities grant.
- **I40 Planning Grant Applications:** Submitted and awarded \$5.5M several I-40 planning grants for economic development including autonomous, test track, super center, supply chain accelerator, and hydrogen technology hub.

Technical Support & Data Management:

- **Factbook:** COG is working on an outline for a new Factbook based on StatsAmerica and other sources.

Project Development & Monitoring:

- **Hydrogen Hub WISSH Grant Application:** Under leadership on New Mexico and neighboring States, COG and its partners supported a second-round application to DOE for a hydrogen hub award, which includes several key demonstration projects in Northwest New Mexico. As part of this effort, COG continues regular meetings with the Four Corners Rapid Response Team and I-WEST presentation, report, and action plans.

Other Activities and Projects:

- **Legislative Support:** major victories this Session in advancing economic development and diversification in our region including MRA legislation, Creative Industries Division, energy transition support, and a Legacy Conservation Fund to bolster Outdoor Recreation.

General EDD Support & Administration

- **Regional Development Corporation:** COG continues to work on standing this up.
- **Audit:** was released by State Auditor in April 2023 with no findings and distributed to all funding agencies.

3.3.5 **Transportation:** Report for January through March 2023 for the N.W. Regional Transportation Planning Organization; Quarterly highlights as follows:

Long Range Planning:

- Completed Grant Agreements and Request for Proposals (RFP) for the McKinley Transportation Master Plan and Grants/Milan Comprehensive Transportation Safety Action Plan which were both awarded NMDOT State Planning and Research funds. COG staff is currently evaluating proposals and is on pace to select vendors in April.
- COG staff has been task to sit on the Gallup Transportation Master Plan steering committee. Staff will provide information and assistance as needed and will work to ensure alignment with the Northwest Regional Transportation Plan.
- The RTPO was able to help secure over \$18M in Interstate-40 planning grant funding to study and plan improvements to various interchanges and other interstate infrastructure.

Technical Support & Data Management:

- Engaged UNM LTAP to provide periodic training at our RTPO meetings. Staff attended a Road Safety Audit workshop to understand how RSAs are developed, what data is needed and how they are used to prioritize transportation infrastructure.

Project Development & Monitoring:

- Supported the submission of 2 Carbon Reduction Program applications for construction of infrastructure to support a autonomous commercial truck and mobility complex, and a commercial truck testing and technology corridor fueling complex.
- Assisted the City of Grants with the preparation of a Local Government Road Fund application for Municipal Arterial Program funding.
- Initiated Call for Projects Process and have informed members of the Project Feasibility Form process.
- Provided guidance and information regarding the NMDOT Transportation Project Fund program.

Other Activities and Projects:

- Staff participated in the statewide virtual RTPO Roundtable hosted by the North Central RTPO on January 10th.
- Monitored federal funding opportunities and relayed information to RTPO members.

General RTPO Support:

- Completed annual RTPO member survey. Will be used to guide work program and develop RTPO meeting agendas.

- Have engaged UNM-LTAP for periodic training at our virtual meetings.

RTPO Administration:

- Completed 2nd Quarter RTPO Report

Respectfully submitted

on behalf of the COG staff,



Evan J. Williams, Executive Director

FOR MORE INFORMATION, TAP RESOURCES AND FOLLOW THE COG VIA:

Website: www.nwnmcog.com

Facebook: <https://www.facebook.com/NWNMCOG>

Twitter: <https://twitter.com/NWNMCOG>

YouTube: [NWNMCOG](https://www.youtube.com/NWNMCOG)





NORTHWEST NEW MEXICO COUNCIL OF GOVERNMENTS
New Mexico Economic Development District I

Revolving Loan Fund Plan

FOR THE

ENTERPRISE LOAN FUND OF NORTHWEST NEW MEXICO

capitalized in part by

The US Department of Commerce, Economic Development Administration

and

**The State of New Mexico, Local Government Division,
HUD Community Development Block Grant (CDBG) Program**

approved on April 19, 2023

by

**The Board of Directors
Northwest New Mexico Council of Governments**

**Billy W. Moore, Board Chairman
Evan J. Williams, Executive Director/ELF Director**

ACKNOWLEDGEMENTS

This Revolving Loan Fund Plan for the Northwest New Mexico Enterprise Loan Fund

was revised during Fiscal Year 2020, 2021, 2022, and 2023
with the consultation & assistance of

National Development Council,
the Board of Directors of the Northwest New Mexico COG &
Economic Development Administration, Austin Regional Office.

ENTERPRISE LOAN FUND OF NORTHWEST NEW MEXICO

REVOLVING LOAN FUND PLAN

Revised July 28, 2021, April 20, 2022, April 19, 2023

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ENTERPRISE LOAN FUND OF NORTHWEST NEW MEXICO

INTRODUCTION

The Enterprise Loan Fund (ELF) of Northwest New Mexico came into being in 1996 as a partnership of the City of Farmington, the Northwest New Mexico Council of Governments and small business assistance partners in the Four Corners region. It was co-capitalized by a \$300,000 grant from the *Revolving Loan Fund* program of the Economic Development Administration, US Department of Commerce, and a \$300,000 grant from the State of New Mexico under the *Community Development Block Grant (CDBG)* program funded by the US Department of Housing and Urban Development.

This document will address:

- The **need for this public financing tool** to complement other business assistance programs and services available to firms and/or would-be entrepreneurs in industry sectors and/or locations targeted by the Five-Year Comprehensive Economic Development Strategy for Northwest New Mexico, published Spring 2021,
- The **types of financing activities** employed,
- The capacity of the ELF's organization to make loans and to work effectively with the business community and other financing providers, to function as an integral part of the overall economic adjustment effort and to manage the lending function, and
- Other matters as required by the EDA's Revolving Loan Fund Guidelines.

The Northwest New Mexico Council of Governments (NWNMCOG) is the Economic Development District designated by the Economic Development Administration for the tri-county region encompassing the New Mexico counties of Cibola, McKinley and San Juan. The District covers three counties, seven municipalities, and four tribal entities including the Navajo Nation and Pueblos of Acoma, Laguna, and Zuni. The District has been disempowered by long-term economic stagnation, as defined in the Economic Adjustment Program administered by the EDA, in accordance with all three of the relevant economic problem criteria: (a) very high unemployment; (b) low per capita income; and (c) chronic distress. Further, in recent years the collapse of coal and other natural resource markets, has caused massive economic disruption in our region, population loss, and tax base depletions. This sector was a key foundational element of the Northwest New Mexico economy that is not easily replaced even through proactive and aggressive diversification efforts.

The **mission** of the Northwest New Mexico ELF is to improve access to capital for businesses and individuals in support of business and job creation, retention and expansion throughout the tri-county region.

This *Revolving Loan Fund Plan* is organized and presented according to the guidelines of the Economic Development Administration.

PART I.

THE REVOLVING LOAN FUND STRATEGY

The RLF is designed to address areas of economic distress in Northwest New Mexico and help implement the Comprehensive Economic Development Strategy (CEDS) for the Northwest New Mexico Council of Governments (NWNMCOG) as summarized below. Small businesses often are unable to access private capital for financing business expansion and improvements. Those who can meet private capital procurement requirements may do so at higher prices. In order to lessen this burden to local businesses, the RLF is designed to supplement private financing for tenant improvements and fixed assets such as equipment for businesses, as well as permanent working capital, refinancing of existing business debts, and the acquisition and rehabilitation of commercial real estate. Use of RLF funds in tandem with select private financing can reduce the cost of overall private financing, thereby increasing the availability of private capital to businesses that are located in Northwest New Mexico.

A. ECONOMIC ADJUSTMENT OVERVIEW

Northwest New Mexico comprises 15,503 square miles of high arid plateau and mountainous terrain and contains an ethnically diverse and geographically diffuse population of about 220,000 residents, reflecting an average density of 14 persons per square mile. The region is made up of three rural counties (*Cibola, McKinley and San Juan*) and portions of four Indian reservations (*Acoma, Laguna, Navajo, and Zuni*). Much of the land outside the reservations is federal land (managed by the Bureau of Land Management or Forest Service) or State land. The principal municipalities are: Farmington (pop. 46,624) in San Juan County; Gallup (pop. 21,899) in McKinley County; and Grants (pop. 9,163) in Cibola County, based on 2020 US Census population counts

1. The Economic Adjustment Problem

Prior to the 1950's, the District's economy was predominantly agricultural, much of it at subsistence levels, except for the modest impact of travel along U.S. Route 66 through the southern portion of the District. The exploitation of oil, gas, coal and uranium resources beginning in the 1950's introduced a new dynamic to the regional economy: rapid growth with jobs that paid well and required skills often not available in the local population, spurring in-migration, followed by severe job loss and out-migration during the down cycles in these industries.

The District-wide unemployment rate has averaged levels greater than the nation, while per capita incomes have been less than three-fifths of the national average. Poverty numbers remain high throughout the region based on 2020 US Census data:

- For San Juan County, 21.5% of the population is in poverty;
- For McKinley County, 32.0% of the population is in poverty, and
- For Cibola County, 25.1% of the population is in poverty.

Other long-term problems faced by the District include:

- Lack of accessible investment capital;
- Loss of better paying jobs resulting from down cycles in basic economic activities;
- Economic disparity and excessive dependence on government;
- Socioeconomic isolation resulting from the great distances between communities within the District and remoteness from major markets;
- Cultural and jurisdictional obstacles to economic planning and development resulting from the mix of cultures, multiple sovereign boundaries and diverse governmental jurisdictions;
- Inadequate water supply, especially in southern portions of the District, and inadequate community infrastructure throughout the Indian reservations;
- Inadequate transportation linkages from some portions of the region to major markets;
- Inadequate last-mile telecommunications infrastructure; and
- Lack of affordable, quality housing.

2. The CEDS

This RLF Administrative Plan stems from a regional strategy document, La Rista Northwest, that has been reviewed by the US Economic Development Administration (EDA) and certified as a Comprehensive Economic Development Strategy (CEDS).

There are also several area plans that dictate the direction of economic development activity in Northwest New Mexico, including:

- ***New Mexico 5-Year Economic Development Plan (2021)***
- ***Trail of the Ancients SET Plan (2017)***
- ***POWER (Partnerships & Opportunities in Workforce & Economic Revitalization) Report (2018)***
- ***Navajo Nation Comprehensive Economic Development Strategy (2018)***
- ***Regional Water Plans***

3. Area Resources and Assets

The commercial areas within the tri-county area of northwest New Mexico are primarily located in the few incorporated municipalities spread throughout the region. San Juan County is the largest economy in the tri-county area anchored by the City of Farmington, and including the City of Aztec, City of Bloomfield, City of Kirtland. McKinley County is the second largest economy in the tri-county area anchored by the City of Gallup. Cibola County is the third largest economy anchored by City of Grants and including the Village of Milan.

Commercial areas continue to possess a number of resources and potential opportunities for synergistic economic development and growth, including:

- Availability of commercial zoned vacant or underutilized parcels along major traffic corridors;
- Numerous commercial districts with unique tenant mixes;
- Organized merchant associations in many city districts;
- Recent and planned public improvements along major corridors;
- A high degree of community involvement and support for economic development and revitalization efforts;
- Commitment of a significant amount of local and federal resources, including the recent development projects and public improvements around Farmington, Gallup, Grants, and Aztec; and
- Availability of high quality educational and job-training resources through San Juan College, UNM-Gallup, NMSU-Grants, and several EDO-operated workforce training programs and other local employment training programs.

B. THE BUSINESS DEVELOPMENT STRATEGY

1. Objectives of the Business Development Strategy

Based on the CEDS planning process, the EDA-RLF will prioritize the type of investments that will be the most effective in attaining the objectives outlined in the CEDS. These priorities are:

- Increase existing small businesses, as defined by SBA size standards, in NWNM that have the ability to repay the loan with historical and/or projected cash flows;
- Increase minority enterprise development;
- Increase women-owned business development;
- Increase veteran-owned business development; and
- Increase business development in low-to-moderate income census tracts.

The ELF will expand access to capital through the following loan fund:

- **Enterprise Loan Fund (ELF)**. The ELF will make loans to growing businesses that have existed for at least two years. The intent of the ELF is to finance business development projects, partnering with a bank or other lending institution. Under the ELF, loans range from \$20,000 to \$100,000.

2. Targeted Sectors

The NWNMCOG has targeted the following industry clusters in the Target Area for business assistance:

- Healthcare, medical devices, biotechnology and healthcare services;
- Environmental, including environmental technology and environmental services;
- Business services, including locally serving professional services, business related services, technical services, finance, and real estate services;
- Light manufacturing, including food processing;
- Retail Trade; and
- Outdoor Recreation

3. Ineligible Businesses

Ineligible businesses include those engaged in illegal activities, loan packaging, speculation, multi-sales distribution, gambling, investment or lending, or where the owner is on parole.

Specific types of businesses not eligible include:

- Real estate investment firms, when the real property will be held for investment purposes as opposed to loans to otherwise eligible small business concerns for the purpose of occupying the real estate being acquired.
- Firms involved in speculative activities that develop profits from fluctuations in price rather than through the normal course of trade, such as wildcatting for oil and dealing in commodities futures, when not part of the regular activities of the business.
- Dealers of rare coins and stamps are not eligible.
- Firms involved in lending activities, such as banks, finance companies, factors, leasing companies, insurance companies (not agents), and any other firm whose stock in trade is money.
- Pyramid sales plans, where a participant's primary incentive is based on the sales made by an ever-increasing number of participants. Such products as cosmetics, household goods, and other soft goods lend themselves to this type of business.
- Firms involved in illegal activities that are against the law in the jurisdiction where the business is located. Included in these activities are the production, servicing, or distribution of otherwise legal products that are to be used in connection with an illegal activity, such as selling drug paraphernalia or operating a motel that permits illegal prostitution.
- Gambling activities, including any business whose principal activity is gambling. While this precludes loans to racetracks, casinos, and similar enterprises, the rule does not restrict loans to otherwise eligible businesses, which obtain less than one-third of their annual gross income from either the sale of official state lottery tickets under a state license, or legal gambling activities licensed and supervised by a state authority.
- Charitable, religious, or other non-profit or eleemosynary institutions, government-owned corporations, consumer and marketing cooperatives, and churches and organizations promoting religious objectives are not eligible.

C. FINANCING POLICIES

The ELF will be administered in accordance with the *Title IX Economic Adjustment Program Revolving Loan Fund Administrative Manual*, and the following policies will be implemented:

1. **Eligible Lending Area**. Three counties of Northwest New Mexico: Cibola, McKinley, and San Juan, plus the four tribal entities of Navajo (New Mexico portion only), Acoma, Laguna, and Zuni.
2. **Allowable Borrowers**. Any registered for-profit business (Sole Proprietorship, Partnership, C/S Corporation, Limited Liability Company, and Limited Liability Partnership.) , in operation for a minimum of 2-years, that can repay the debt from historical or projected cash flows.

3. **Loan Size** – Loan size range from \$20,000 to \$100,000. The Loan Committee (LC) may approve loan amounts larger than the standard maximum on an exception basis. The maximum individual loan size, per Economic Development Administration (EDA) program-wide policy, is to be no more than 25% of the LEF program’s capital base at the time of the loan application.

D. **INTEREST RATES**

Interest rates on loans will be fixed. The standard interest rate on ELF loans will be equivalent to the prime interest rate quoted in the Wall Street Journal plus 2% at the time of loan closing by the Loan Committee. The minimum interest rate is 5%. The maximum interest rate is 10% based on the standard max per 13 CFR 307.15(b)(2)

1. **Application Fee** - There will be a \$250 fee for each loan application. The application fee will be credited towards the loan-underwriting fee or will be refunded to the applicant if not approved.
2. **Loan Fees** – Standard loan fees will be as follows:
 - Loan Origination Fee – 1% of loan amount
 - Loan Closing Fees - 3rd Party Fees associated with loan closing can be rolled into the loan amount.
- **Payment Terms** - Payments will be made monthly using ACH payment;
- **Loan Terms** - Standard loan terms will be as follows:
 - Working Capital (7-10 years);
 - Machinery & Equipment (7 to 10 years);
 - Real Estate – New & Improvements (25 years);
 - Leaseholder Improvements (Life of the lease but not to exceed 10 years); and
 - Debt Refinance (term commensurate with use of proceeds from loan to be refinanced).

In general, loan terms will not exceed the average useful life of the assets being financed.

- **Private Leveraging/Participation** – ELF recipients are highly encouraged to participate in other financing institutions’ loans. To provide context for this goal, there is an Economic Development Administration (EDA) portfolio-wide requirement in which the full ELF (all participants collectively) will leverage a minimum of two private dollars for each ELF dollar loaned. That is, the leveraging requirement applies to the portfolio as a whole rather than to the individual loan. Private “leveraging/participation” is defined as capital (cash or real estate only) invested to the business by the borrower, others (partners) or financing from private entities such as banks or crowd sourced funding.
- **Equity/Borrower Injection** - The ELF, with the exception of working capital loans, will require all borrowers to inject owner equity as a percentage of the requested loan amount; this may

be in form of owner equity and/or private financing. The borrower's equity injection should be at least 10% of requested loan amount for existing businesses.

- **Collateral** – Collateral pledged and personal guarantees for each loan will depend upon the loan amount, the overall risk of the credit, and the availability of personal and business assets to be pledged as collateral. Loans will be secured by collateral (business and personal) to the maximum extent possible to ensure an adequate secondary source of repayment. Generally, collateral pledged through UCC-1 filings for ELF loans shall not be pledged to other lenders or for other obligations of a business.
- **Credit Memorandums** - Each application will be reviewed for standard underwriting criteria. A credit memorandum summarizing the applicant's satisfaction of the criteria will be presented to the Loan Committee prior to consideration for loan approval. Generally, the credit memo will address the following qualities: management ability, market feasibility, primary source of repayment, secondary source of repayment, leverage, environmental issues, job creation, credit history, and the project or applicant's overall economic impact. Credit memorandums will also address other program requirements, such as the ratio of funds loaned to jobs created.
- **Financing Restrictions** – ELF Capital may **not** be used to:
 - a) Undertake research and development;
 - b) Acquire an equity position in a private business;
 - c) Subsidize interest payments on an existing loan;
 - d) Provide the equity contribution required of borrowers under other Federal loan programs;
 - e) Enable a borrower to acquire an interest in a business, either through the purchase of stock or through the acquisition of assets, unless the need for ELF financing is sufficiently justified and documented in the loan write-up/credit memo. Acceptable justification could include acquiring a business to substantially save it from imminent foreclosure, or acquiring it to facilitate a significant expansion or increased investment;
 - f) Provide loans to a borrower for the purpose of investing in interest bearing accounts, certificates of deposit or other investment not related to the objectives of the ELF;
 - g) Refinance debt unless:
 - 1. It is sufficiently documented in the attendant credit memo that the ELF loan is not replacing private capital solely for the purpose of reducing the risk of loss to an existing lender(s), or
 - 2. An ELF loan is used to purchase the rights of a prior lien holder during an in- process foreclosure action in order to preclude a significant loss on an ELF loan. This action may be undertaken only if there is a high probability of receiving compensation within 18 months from the sale of assets sufficient to cover the ELF's expenses plus a reasonable portion of the outstanding loan obligation.
 - h) Finance any activity that serves to relocate jobs from one commuting area to another. (A commuting area is that area defined by the distance people travel to work to and from NWNM) unless:

1. The applicant has moved or will move into region for reasons unrelated to ELF assistance;
2. The applicant has relocated to the region to the date of the applicant's request for ELF assistance;
3. The applicant will expand employment in the region substantially beyond employment in the area where the business was originally located;
4. The applicant is relocating from technologically obsolete facilities to remain competitive; and
5. The applicant is expanding into the new area by adding a branch affiliate of subsidiary while maintaining employment levels in the old area(s).

E. PORTFOLIO STANDARDS AND TARGETS

1. Private Investment Leveraging Ratio

As specified in the EDA Terms and Conditions, the portfolio shall maintain a private leverage ratio of 2:1, or \$2 of private dollars or funds to every \$1 in EDA funding.

2. Cost per Job

- a. Every project shall have a new job creation or jobs saved component.
- b. The portfolio shall target a cost per job ratio of \$50,000 or less.
- c. The maximum cost per job for any single loan will generally not exceed \$100,000.

F. ELF LOAN SELECTION CRITERIA

Priority in processing loan applications will be given to applications that further the targeting of ELF funds as outlined above. Loan applications will be considered for processing, if:

1. Staff can demonstrate credit worthiness based upon the financing policies of this plan;
2. The project is consistent with the business development strategy;
3. The loan will meet program goals to facilitate in the creation of higher paying, higher skilled, private sector jobs; diversify and strengthen the economy; and stimulate private investment. Priority will be given to those projects that provide the highest economic benefit, which may be evidenced by creation of jobs;
4. The loan is consistent with the goal of maintaining a diversified portfolio; and
5. Business has sufficient historical and projected cash flow to repay loan.

G. PERFORMANCE ASSESSMENT PROCESS

The portfolio goals will be monitored at the time of the semi-annual report to EDA. If targets are out of line or a trend is noticed in this direction, these trends will be analyzed to determine if any modifications to the Plan and/or portfolio are required. This will be accomplished by utilizing the current database software that is utilized to generate the EDA report.

The EDA Administrative Plan will be reviewed annually as part of the annual certification. Changes will be made to the plan as deemed appropriate to ensure the plan is consistent with the area's

current economic development strategy and that the ELF is being operated in accordance with policies and procedures contained in the approved plan. (13 CFR 308.14).

ELF OPERATIONAL PROCEDURES

The operation of the Enterprise Loan Fund of Northwest New Mexico will draw upon the collaborative strengths of local governments, economic development organizations and educational institutions within the District, and will be based upon an organizational structure that clearly defines authority and responsibility for administration of the Program.

A. ORGANIZATIONAL STRUCTURE

1. **Genesis of the ELF:** The ELF was initially created by a joint powers agreement among the City of Farmington, the Counties of San Juan, McKinley and Cibola, and the Northwest New Mexico Council of Governments. This is a regional fund, serving all three counties in order to achieve economies of scale and to qualify for the maximum funding available. The Council of Governments is under contract to the EDA to assure compliance with federal requirements. The joint powers agreement empowers the Council of Governments Board of Directors as the body responsible for oversight and policy making, and vest in it the power to contract for marketing and administration of the ELF.
2. **Marketing:** Marketing of the ELF will be done through collaboration with locally owned commercial financial institutions. Additional marketing will be done in collaboration with the Small Business Development Centers in Farmington, Gallup and Grants. Further, direct marketing will be achieved through presentations to community organizations and outreach at community events.
3. **Fund Administration:** The administrative organization of the Revolving Loan Fund is briefly envisioned as follows, and expanded on below:
 - a. **Authority for Fund.** The COG Board of Directors establishes regional ELF policy and reviews operations and performance; solicits nominations for, and appoints, the Loan Committee; and as needed, outsources for ELF marketing and administration.
 - b. **Fund Manager.** The Enterprise Loan Fund Director manages and supervises the ELF and its staff or contractor and, in coordination with the Loan Committee Chair, reports to the COG Board of Directors. The ELF Director is responsible for ensuring implementation of the ELF program in accordance with this Plan and pertinent federal and state requirements and guidelines.
 - c. **Market Linkages.** The Directors of the Small Business Development Centers (SBDCs) in Farmington, Gallup and Grants constitute a secondary mechanism for loan marketing and consultation with prospective borrowers regarding preparation of business plans and loan application packages, and for delivering entrepreneurial training to clients. Local bankers also provide the ELF with potential clients from the banks' pool of applicants who fall short of bank requirements and thus need gap financing to complete the loan package.
 - d. **Technical Assistance.** Under Memorandum of Understanding between the ELF and the New Mexico Small Business Development Center, the Small Business Development Centers in Grants, Gallup and Farmington, respectively, will provide technical

assistance services to ELF clients, client consultation and written feedback to the ELF as a means of increasing clients' opportunity for success in the loan program. Agreements with a commercial banker in each county also provide a means of obtaining feedback and recommendations on improving the financial conditions of each client.

- e. Fund Policy Governance: ELF policy will be governed by the Board of Directors of the Northwest New Mexico COG, which is composed of members from units of local government in Cibola, McKinley and San Juan Counties. Lending decisions will be made by the Loan Committee. Loan Committee membership will generally include balanced participation from the financial and entrepreneurial sectors of the regional community.
 - f. Use of Fund Revenues: Loan fees, borrower charges, interest and other program income will be used to offset administrative costs when available and as allowed under the guidelines of the Economic Development Administration. All program income not used or allowed to be used for administrative expenses will be credited to the capital base of the ELF and used to fund additional loans.
4. Loan Committee: The Northwest New Mexico Council of Governments will form a Loan Committee (LC) to provide policy oversight and financial review services for new loan applications and modification agreements. The ELF Program Director ensures that the Loan Committee receives the ELF Managers analysis of the application to make effective recommendations about the viability of each business' financing request. The Loan Committee will meet as needed and will be responsible for implementing the policies contained in this ELF Plan and any procedures as may be adopted and promulgated by the Board of Directors of the Northwest New Mexico Council of Governments, as well as for recommending policy changes, approving loans, modifying loans, and concurring with all loan foreclosure and workout actions.
- a. Loan Committee. The Loan Committee (LC) will schedule meetings "as needed" to review transactions requiring action. The Loan Committee shall meet in person or virtually. Organizational and operational matters, including loan decisions, will be made by a majority vote of the appointed members of the Loan Committee. A quorum will exist whenever at least half of appointed Loan Committee members are in attendance. However, at least one Loan Committee member with financing experience (similar to the type of loans to be made) must be present for each loan decision. No loan will be committed, no major loan modification or waiver agreed to, no loan foreclosure action initiated without formal prior review and comment (in the form of Loan Committee minutes) of the Loan Committee. Staff will recommend on interest rates, terms and conditions, and approvals for all loans.
 - b. Loan Committee Chair. The NWNMCOG Board of Directors shall appoint the Loan Committee Chair who shall report the status of ELF activity to a quorum of the Board in coordination with the ELF Manager. The Loan Committee Chair must be a member of the NWNMCOG Board or designated alternate.
5. Conflict of Interest. No officer, employee, or member of the NWNMCOG or Loan Committee that advises, approves, recommends or otherwise participates in decisions

concerning loans or the use of ELF funds, or person related to the officer, another employee, or any member of the NWNMCOG and Loan Committee may receive any benefits resulting from the use of ELF loan or grant funds.

In addition, the NWNMCOG may not lend ELF funds to an employee of the NWNMCOG or any member of the Loan Committee. Former board members and members of his or her immediate family shall not receive a loan from the ELF for a period of two (2) years from the date that board member last served on the board. Immediate family is defined as domestic partner or significant other, parents, grandparents, siblings, children and grandchildren, but does not include more distant relatives, including cousins, unless they live in the same household.

Loan Committee members are responsible for disclosing any possible conflict of interest that may exist with respect to a particular action of the Loan Committee, and recusing themselves from all relevant votes on said loan as appropriate.

An officer, employee, or member of the NWNMCOG and Loan Committee shall not solicit or accept, directly or indirectly, any gift, gratuity, favor, entertainment or any other thing of monetary value, for him or herself or for another person, from any person or organization seeking to obtain a loan or any portion of the ELF funds. Former Loan Committee members and/or officers are ineligible to apply for or receive loan or grant funds for a period of one year from the date of termination of his/her services.

Loan Committee members that have other professional relationships (i.e., a banker with loan to borrower) with a prospective borrower cannot be present for deliberations, but may respond to questions from other members of the Loan Committee, to avoid the appearance of a conflict of interest. All Loan Committee members will be required to comply with local and state conflict of interest policies and filing requirements (see: 13 CFR 300.3).

B. LOAN PROCESSING PROCEDURES

1. Standard Application Requirements

Each potential borrower will be required to initially complete the NWNMCOG's standard loan application. Staff will review the application to determine if it meets the general intent and purpose of the ELF. In evaluation of applicants, staff will consider whether the project/loan:

- Meets the targeting criteria;
- Demonstrates a reasonable assurance of repayment; and
- Is consistent with the portfolio job/cost ratio established for the ELF.

Potential borrowers are required to submit the following documents (as applicable) with their loan application:

- I. Statement of Need for RLF to include:
 - a. Plans, cost estimates/bids for leaseholds and equipment (include installation costs)
 - b. Purchase agreements for real estate acquisitions
 - c. Private lender commitment or denial of funds letter(s)
- II. Business Federal Income Tax Returns – prior 3 years
- III. Most recent Full Fiscal Year-End Financial Statement (signed / initialed) if no Tax Return for most recent year is available, to include:
 - a. Balance Sheet
 - b. Income / Expense Statement
 - c. Aging of accounts receivable and payable and list of vendors and addresses and account numbers for any account over 90 days.
 - d. Schedule of Business Debts (including the following: original amount of debt, current balance outstanding, payment amount(s), interest rate, collateral, & status)
 - e. Additional personal guarantees of other debts
- IV. Individual Federal Income Tax Return – prior 3 years
- V. Personal financial statement (any owner with 20% ownership or more)
- VI. Statement of Personal History
- VII. Credit release (any owner with 20% ownership or more)
- VIII. Legal to include:
 - a. Articles of incorporation / By-laws and/or partnerships/operating agreements / dba certificates / business licenses
 - b. Certificate of good standing (corporations only)
- IX. Resume(s) of principal(s) (normally those with 20% ownership or more; worker cooperatives should submit resumes of all members)
- X. Lease Agreement / Site Control or Letter of Intent to Lease:
- XI. Pro forma financial statement / projects (including notes and schedules) to include:
 - a. 2 years profit and loss projections
 - b. Explanations of the underlying assumptions supporting cash flow projections
- XII. 4506T signed and dated

Borrowers shall be approved based upon a reasonable assurance and determination of repayment ability and potential economic benefits to the community, i.e., number and quality of jobs they will create, worker ownership opportunities created, amount of taxes generated, extent to which they expand support businesses and services.

2. **Credit Reports**

Standard commercial and personal credit reports on all principals owning 20% or more of a business under consideration for a loan and the business will be ordered and reviewed by the contracted underwriting party. Adverse credit deficiencies that would cause the underwriter to question the ability and or willingness of the potential borrower to repay the loan will be deemed a valid reason for declining the request. A summary review of the results of the credit reports shall be a part of the loan write-up.

3. Uniform Commercial Code (UCC) Lien Search and/or Title Report

A UCC search may be completed to determine any existing liens, where personal property is being taken as security (i.e. equipment, or business assets). A real estate title report may be required in those instances where real property is being taken as collateral.

4. Appraisal Reports

Appraisal reports or other valuation determinations may be obtained, where existing fixed assets and/or real properties are being used as primary collateral. If completed, appraisals will utilize qualified appraisers having expertise appropriate to the assets being pledged.

5. Environmental Reviews

For proposed Real Estate projects, new or improvements, the ELF Administrator with the assistance of appropriate staff, shall assess the significance of all environmental impacts of activities to be financed in compliance with the National Environmental Policy Act of 1969 and other Federal environmental mandates, as per the Assurances (SF 424D as revised) executed with the Economic Development Administration (EDA). No activity shall be financed which would result in a significant adverse environmental impact unless the impact is to be mitigated to the point of insignificance. When necessary to ensure compliance, any required mitigation shall be made part of the loan conditions.

No project shall be approved which would result in the alteration of or have an adverse impact on any wetland without prior consultation with the U.S. Department of the Interior, Fish and Wildlife Service, and, if applicable, obtaining a section 404 permit from the Army Corps of Engineers.

Consistent with E.O. 11988, no project shall be approved which would result in new above ground development in a 100-year flood plain. This determination will be made by reviewing the proposed development against FEMA Flood Insurance Rate Maps.

The State Historic Preservation Officer, (SHPO) shall be notified of each loan proposal that involves significant new construction or expansion and asked to submit comments on the effect of the proposed activity on historic and archaeological resources. The ELF Administrator shall work with the SHPO and EDA in cases where the SHPO has recommended actions or has been determined an adverse impact.

All real estate loan applicants shall be requested to provide information indicating whether or not there was hazardous materials such as EPA listed (see 40 CFR 300), hazard substances, leaking underground storage tanks, asbestos, polychlorinated biphenyls (PCB), or other hazardous materials on site that have been improperly handled and have the potential of endangering public health. If deemed necessary, real estate loan applicants may be required to perform or provide evidence of a Phase I site assessment to identify possible sources of contamination, a Phase II site assessment to test soil and/or groundwater samples, and a Phase III site remediation involving mitigation of applicable contaminants. In cases where there are unresolved site contamination issues, the ELF Administrator shall

work with the real estate loan applicant and the appropriate state environmental agency office to resolve these outstanding issues.

6. Standard Collateral Requirements

Loans will be secured to the fullest extent possible to protect the interests of the ELF as a secondary source of repayment. Loans may be secured with the following types of assets:

- Real property
- Machinery & equipment
- Inventory
- Accounts Receivable
- Stock pledges
- Patents and other intellectual properties
- Securities
- Intangibles
- Personal and/or corporate guarantees.

A personal guarantee will be required of any principal having a 20% or more ownership in the company being considered; it shall also be required of the principal(s) trust(s) deemed to be controlled by him or her. Personal guarantees may be collateralized with liens on business and/or personal property. Appropriate hazard and liability insurance shall be required, and key man life insurance shall be considered depending on the size and nature of the transaction and the health and ages of the principals. The NWMMCOG shall be named as a Loss Payee on the appropriate insurance policies. Trust deeds may be obtained and supported by lenders title policies in those cases where real property is pledged as collateral. Liens on all personal property will be perfected by UCC-1 filings. UCC searches will be conducted to determine encumbrances and to ensure the ELF obtains desired lien position. All ELF program funding is subject to the Davis-Bacon Act and Related Acts, which establishes a requirement for paying the local prevailing wages on public works projects for laborers, unless the EDA determines that loan amounts are so de minimis that property cannot be purchased or renovated with the loan.

7. Standard Equity Requirements

Existing businesses may be required to inject at least 10% of the requested loan amount. Working capital loans are exempt. Assets (e.g. equipment), which are added to a project from outside sources, may be considered part of the equity investment, provided they are lien free.

8. Loan Write-Up/Credit Memos

Written loan presentations (“credit memos”) to the Loan Committee Oversight will contain at a minimum the following information:

1. Evidence that the Borrower is in NWNM;
2. Recommendation: Support funding recommendation based on analysis of the business' industry, its place in that industry, financial analysis, and ability to repay.

3. Findings: Indicate if borrower is eligible, under criteria established in the ELF Plan and EDA Grant Agreement.
4. Description of Business
5. Background and History of Business Operation: Describe the history and background of the business, including a brief industry analysis.
6. Detailed description of the borrower; i.e., is it a corporation, partnership, sole proprietorship, list owners and their percentage of the business.
7. List of names and relationships of the guarantors to the owners of the business as appropriate.
8. Provide loan details:
 - a) Loan Request: State the amount of the request and state the recommended monthly amortization and term.
 - b) Interest: Indicate the rate, specifying a fixed rate.
 - c) Use of Funds by category.
 - d) Loan Fees: The maximum fee charged will be 1% of the total loan amount.
 - e) Expected cash to close the loan
9. Purpose: Describe in detail the purpose of the loan by category, i.e., fixed asset financing, tenant improvements, etc. Be specific about sources and uses of proceeds to complete the project. Any proposed exceptions to loan policies need to be explained.
10. Credit Report: Indicate the results of the credit reports obtained on the principals, guarantors, and company.
11. Financial Analysis: Indicate the source of information for the analysis. Describe the company's financial performance as reflected by its financial statements, with special emphasis on revenues and operating income, leverage, cash flow, and debt capacity. Projection should be consistent with historical performance unless there is an extraordinary event such as a new contract. Any significant changes in financial positions or performance of the company must be explained.
12. Personal Financial Analysis: Write an analysis of the principal's and guarantor(s) personal financial statements. Any significant changes in financial position or performance must be explained.
13. Collateral: Describe the collateral pledged for this loan and indicate the secured position of the ELF. If property is being pledged, show the present market value and the net equity available for all properties pledged. Date of appraisal, name of appraiser and loan to value must also be included.
14. Job/Cost Ratio: Divide the total loan amount by the number of jobs saved and/or created as a result of this loan. Recall, that the ELF program is subject to the Davis-Bacon Act and Related Acts, applying to contractors and subcontractors performing on federally funded or assisted contracts in excess of \$2,000 for the construction, alteration, or repair (including painting and decorating) of public buildings or public work.
15. Public Benefit: Describe the benefit of this loan in terms of jobs retained and/or created. Indicate the value of this borrower to the community. Specify whether this loan would create or preserve sole proprietors. Jobs saved are defined as jobs that would be imminently lost without ELF assistance.

16. Environmental Problems: Loans will not be made to any project that has a Phase I finding. Borrower must provide proof of successful remediation.

9. Procedure for Loan Approvals

When a loan is approved, staff will draft a memo stipulating the terms of approval and obtain the signature of the chairperson of the Loan Committee Oversight. The minutes of the Loan Committee meeting shall reflect this approval and be circulated to all members of the Loan Committee. ELF staff shall be directed to prepare and send a commitment letter with a time expiration date signed by the RLF Manager to the prospective borrower, stating the terms and conditions of the committed loan consistent with the written credit memo to the Loan Committee, and any provisions or changes recommended by the Loan Committee. It shall also state *"this commitment is based on the fact that there have been no material adverse changes in the credit condition of the borrower since statements and information has been submitted to the ELF. If any such material adverse changes have taken place, this commitment is void and not in effect."*

10. Loan Decline – Appeal Process

The Loan Committee will act upon recommendations for loan approval with the knowledge that the due diligence and underwriting on each loan has been completed, and upon reliance that the financial exhibits provided in the application are correct. Where a loan is denied by the Loan Committee, an applicant may request further review by the Loan Committee if the applicant can provide additional information that addresses the concerns of the Loan Committee about the proposed loan. However, Loan Committee decisions on loans are final and binding and cannot be appealed.

C. LOAN CLOSING AND DISBURSEMENT PROCEDURES

1. General Closing Requirements

- a. Proof of equity, such as current bank account statements showing the needed funds on deposit, will be required for all loans requiring an equity injection;
- b. If existing debt is being converted to equity, or subordinated, evidence such as a subordination agreement, the original note, the conversion agreement, corporate resolutions and copies of shares issued will be required;
- c. Where another lender is involved in the financing of a business an inter-creditor agreement setting forth the respective rights of the parties shall be required where appropriate for the protection for the ELF; and
- d. ELF operator has deemed conditions listed on commitment letter have been fulfilled.

2. Loan Closing Documentation Requirements

- a. All loans will require a promissory note and a loan agreement;
- b. All loan documents will be reviewed and approved by the NWNMCOG Attorney prior to loan closing;
- c. Sole proprietorships using a "doing business as/dba" will be required to provide copies of fictitious name filings;

- d. Partnerships will be required to provide copies of the partnership agreements and buyout agreements if applicable;
- e. Corporations will normally be required to provide copies of the Articles of Incorporation, By Laws, certificates of good standing, and corporate resolution to borrow;
- f. All loans will require a security agreement where personal property secures a loan;
- g. Perfection of collateral will require UCC-1 filings on equipment and fixtures, inventory and receivables, recording deeds of trust on real property, and certificates of title or stock registration, as appropriate;
- h. UCC searches will be performed before loan committee review to determine position. UCC searches may also be performed after loan closing and UCC filings to confirm that the desired lien position was actually obtained;
- i. Borrower will be advised if Lenders Title insurance will be required for all financed real property;
- j. Borrower will be advised if vehicle titles will be required to show the NWNMCOG as lien holder. If a third party owns the collateral, hypothecation and assignment agreements shall be required;
- k. All principals with 20% or more ownership will normally be required to provide continuing guarantees, and subordination agreements, as appropriate;
- l. Inter-creditor Agreement, if necessary, to preclude prior lien holder from increasing debt, and/or to delineate collateral and responsibilities of lenders;
- m. Prior to closing, the borrower will present the required hazard and liability insurance policies, and any other insurance coverage such as key life insurance, as required
- n. Lease assignments will be taken as appropriate; and
- o. ELF operator will provide a pre-closing memo to the file identifying any adverse changes in the financial condition of the applicant(s) collateral, and other changes if they occurred since commitment letter was returned (signed).

The Loan Agreement shall contain covenants that shall require the borrower to comply with Federal statutory and regulatory requirements that apply to activities carried out with ELF loans. The Loan Agreement shall contain a provision to protect and hold the Federal government harmless from and against all liabilities that the Government may incur as a result of providing an award to assist (directly or indirectly) in site preparation as well as the renovation or repair of any facility or site. This applies to the extent that such liabilities are incurred because of ground water, surface, soil or other conditions caused by operations of the ELF Recipient or any of its predecessors on the property. The Loan Agreement shall also include a list of the Federal requirements that apply to ELF Borrowers as provided in the U.S. Department of Commerce Economic Development Administration Revolving Loan Fund Standard Terms and Conditions.

3. Loan Disbursement Requirements

- a. The borrower will certify in the loan agreement that the funds are to be used for the purposes intended as specified in the loan application. A positive covenant shall be included in the loan agreement stating the purpose of the loan. A breach of this covenant shall be deemed an event of default and the loan may be called.

- b. Funds will not be made directly to the business or its principals but rather to 3rd party vendors. Borrower shall provide invoices and purchase orders to ELF fiscal agent who will then disburse funds to the party listed.
- c. Funds may be disbursed over 12 months. If funds are not drawn within 6 months from closing date, ELF operator will require updated financials and other docs as deemed necessary by ELF operator.

D. LOAN SERVICING PROCEDURES

1. Loan Payment and Collection Procedures

The NWNMCOG staff, including the ELF program manager, will provide borrowers with payment coupons annually and upon request, receive and deposit loan and interest payments into an interest bearing ELF bank account. Additionally, upon request, the ELF Program Manager will provide monthly reports of disbursements, receipts of interest and principal and any past due accounts. Timely notification of any payment due and not paid will be provided to borrowers.

Late fees (which will be incorporated in the body of the Promissory note) shall be 5% of the payment outstanding, compounded monthly, and begin accruing on the next calendar day after the payment is due. If the loan is past due more than 15 business days, late fees shall commence.

2. Loan Monitoring Procedures

- a. Annual financial statements (defined to include a balance sheet and profit and loss statement, compiled by an independent accountant or certified by the chief financial officer and president) and business and personal tax returns will be required on all loans. RLF staff shall monitor these and other dated requirements such as insurance renewals, and UCC renewals. If documents are not received on a timely basis as stipulated by the Loan Agreement, designated staff will be responsible for correcting the deficiency. Provisions will be made in the Loan Agreement that audited statements may be required.
- b. ELF staff will visit each borrower on an annual basis to determine whether the business is in line with its stated business plan. Each visit will be documented by memorandum and will contain a summary of the progress the business is making (or not making) from a marketing and financial perspective, as well as an assessment of the business' future. This report shall be provided to the Loan Committee.
- c. As part of the required semi-annual reports, jobs saved/created data will be compiled by ELF staff and supplied to the EDA. All jobs will be reported in full time equivalents.
- d. All other required loan documentation and special provisions will be monitored by ELF staff.

3. Late Payment Follow-up Procedures

- a. Monthly invoices/statements will be sent.
- b. If payment is more than 10 days late, 5% of the late payment will be charged as a late fee. Interest shall compound monthly.

- c. On the 11th day, ELF staff will contact the borrower promptly to determine the problem, if any exists.
- d. Late payment will be applied to fees first, then interest and principal.
- e. If, after 90 days a delinquency still exists and the loan has not been renegotiated or brought current, the loan will generally be determined to be in default and recovery of the security will commence.
- f. Any renegotiation of loan terms to remedy a default must be approved the Loan Committee.
- g. If at any time during this 90-day period, the Economic Development Manager believes that the borrower cannot or will not bring the loan current, with Loan Committee Oversight approval, ELF staff can declare the loan in default and begin recovery against collateral, if deemed appropriate.

4. Collection Procedures

The RLF staff will work to exercise all rights and privileges of a lender in order to collect the proceeds on delinquent loans. To ensure that the delinquent loan is collected in an appropriate, efficient, and timely manner, staff will:

- a. Prepare a plan of action with guidance by the Loan Committee Oversight for collecting the loan and taking action against the collateral.
- b. Make sure all required loan documentation is in order.
- c. Consult with the NWNMCOG Attorney on all default notices and collection efforts and to ensure that no laws or regulations will be violated by the collection effort and that all legally required actions are taken.
- d. Contact all other co-lenders as appropriate.
- e. List defaulted or chronically delinquent loans with credit bureaus.
- f. Notify the guarantors of the default and put them on notice that they are expected to make payment, in full, upon demand.
- g. Begin collection procedures and/or asset liquidation process.

5. Write-off Policy and Procedures

Loans with an outstanding balance that have been placed in default and remain outstanding after 180 days will generally be written off. However, collection efforts will continue until determined not to be cost effective or prospects for recovery no longer exist. A reasonable loss through defaults will be considered without establishing a loan loss reserve. All write-offs must be directed by the Loan Committee Oversight for approval by the NWNMCOG Board of Directors.

E. LOAN SERVICING PROCEDURES

A. ADMINISTRATIVE PROCEDURES

1. Procedures for Loan Files and Record Retention

All original primary loan documents will be maintained in the Loan/Collateral file, which will be stored in a secure location by the ELF Manager. This file will contain the original note(s), loan agreement, collateral perfection documents (UCC-1 filings, deeds of trust, etc.), and all other

original legal documents. All files will be filed and recorded as specified by the EDA Terms and Conditions. Each individual borrower will have a loan file consisting of two items: i) a credit file and ii) an application file.

The Credit File will contain copies of the appropriate legal documents needed to monitor the loan, as well as the original credit memo to the Loan Committee, financial statements and tax returns, credit reports, personal financial statements, a copy of the commitment letter, copies of proof of insurance, site visit memorandum, job reports, and any other correspondence relating to the relationship between the borrower and the ELF. A chronological record shall be maintained recording all significant events by date with a brief description.

The Application File shall be established to contain the original application, business plan, financials, business plan evaluation, and any other documentation provided to evaluate the application. Every effort will be made to maintain confidentiality of applicant records/applications. There will be a public file, which can be reviewed by the public with all personal protected information (eg. Social Security numbers, loan and credit card numbers redacted). A private file that will include all documentation including, but not limited to, application, credit memorandum, third party evaluations and non-confidential reports and UCC-1 filings.

Record Retention Loan files and related documents and records must be retained for the life of the loan and for a seven-year period from the date of final disposition of the loan. The NWNMCOG will maintain four different kinds of file records: 1) an application file, 2) a loan file, 3) a decline file and 4) a closed loan file. This will ensure that we have records of all decisions made by the Loan Committee for public review. The date of final disposition of the loan is defined as the date of: (a) Full payment of the principal, interest, fees, penalties, and other costs associated with the loan; or (b) Final settlement or write-off of any unpaid amounts associated with the loan.

Administrative records NWNMCOG staff or loan servicer must maintain adequate accounting records and source documentation to substantiate the amount and percent of ELF income expended for eligible ELF administrative costs and retain records of administrative costs incurred for activities and equipment relating to the operation of the ELF for five years from the date the costs were claimed.

The loan servicers must also make any retained records, even those retained for longer than the period described, available for inspection. The record retention periods, described above, are minimum periods and such prescription is not intended to limit any other record retention requirement of law or agreement.

2. Procedures for Complying with EDA Reporting Requirements

The ELF program will follow the EDA guidelines articulated in the Revolving Loan Funds Capital Utilization Standard Program. During the 'revolving phase', the Northwest New Mexico must manage their repayment and lending schedules to provide that at all times at least seventy- five (75%) percent of their ELF capital is loaned or committed.

When the percentage of loaned ELF capital falls below the application capital utilization percentage, the dollar amount of the ELF funds equivalent to the difference between the actual percentage of ELF capital loaned and the applicable capital utilization percentage is referred to as “excess funds.”

Sequestration of excess funds If the NWNMCOG RLF fails to satisfy the applicable utilization percentage requirements for two (2) consecutive reporting periods, EDA may require the NWNMCOG to deposit excess funds in an interest-bearing account. The portion of interest earned on the account holding excess funds attributable to the Federal Share of the ELF grant shall be remitted to the U.S. Treasury. The NWNMCOG must obtain EDA’s written authorization to withdraw any sequestered funds.

Persistent non-compliance The NWNMCOG, as a long standing ELF program administrator, will generally be allowed a reasonable period of time (as determined by EDA) to lend excess funds and achieve the applicable capital utilization percentage. However, if the NWNMCOG fails to achieve the applicable capital utilization percentage after a reasonable period of time, as determined by EDA, it may be subject to sanctions such as suspension or termination.

Loan Default Rates The EDA shall monitor the NWNMCOG’s loan default rate to ensure proper protection of the Federal Share of the ELF property, and request information from the NWNMCOG as necessary to determine whether it is collecting loan repayments and complying with the financial obligations under the ELF Grant.

Such information may include:

- A written analysis of the NWNMCOG’s portfolio, which shall consider the Recipient’s business plan, loan and collateral policies, loan services and collection policies and procedures, the rate of growth of the ELF Capital Base, and detailed information on any loan in default; and
- A corrective action plan subject to EDA’s approval, which shall include specific actions the ELF recipient must take to reduce the loan default rate; and
- A quarterly status report indicating the NWNMCOG’s progress on achieving the milestones outlined in the corrective action plan.

Failure to provide the information requested and to take steps to protect the Federal Share may subject the NWNMCOG to enforcement action under §307.21 and the terms and conditions of this grant. A collection account has been established and maintained in coordination with the NWNMCOG Attorney and the NWNMCOG’s Finance Department in accordance with NWNMCOG regulations governing collections.

3. Grantee Control Procedures

ELF staff shall, periodically review the loan files to determine if they are consistent, complete and correct. All accounts, books, records and loan files shall be reviewed and audited in accordance with NWNMCOG Auditor standards, and Federal Administrative and Audit Standards.

4. Plan Amendment Procedures

Any changes to this Administrative Plan must be approved by the Loan Committee and NWNMCOG Board of Directors and shall be submitted to the EDA in writing for approval consistent with requirements of the EDA.

F. MODIFICATION

The Loan Committee may from time to time recommend, and the NWNMCOG Board of Directors may approve, changes in strategy, policy, standards and procedures, so long as such changes are consistent with the statutes and regulations governing the use of EDA funds for the ELF, subject to review and approval by the EDA.

G. OTHER REQUIREMENTS

- 1. Equal Opportunity.** The ELF will work through the Small Business Development Centers and the Navajo Nation Regional Business Development Offices, and through Chambers of Commerce, local economic development agencies, local governments, community and civic groups, to promote its services to minority communities, and will clearly state in any advertising and promotional material that loans will be available on a non-discriminatory basis, and that no loan will be denied on the basis of race, color, national origin, religion, age, disability, political affiliation, or sex. All applicants subject to affirmative action will be required to provide the relevant assurances and hiring plans in writing.
- 2. Environmental Protection.** Each applicant will be required to comply with all federal and state statutes and regulations concerning environmental impact, and to provide any relevant mitigation plans. No loan will be approved until appropriate environmental, historical and archaeological clearances are obtained.
- 3. Non-Relocation.** No loan involving a move from one labor market to another within the time period specified by EDA regulations will be approved. A certificate of non-relocation will be required from all applicants.
- 4. Flood Insurance.** A site survey will be required of each loan to identify flood plain/hazard areas. Any project located in such an area will be required to have appropriate flood insurance.
- 5. Nepotism.** No ELF loans will be made to any business entity if the owner of such entity or any owner of an interest in such entity is related by blood, marriage, law or business arrangement to any officer or employee of the NWNMCOG, the Loan Committee, any subcommittee, or member of the Boards of Directors of said entities or any other Board which advises, approves, recommends or otherwise participates in decisions concerning loans or the use of grant funds.

APPENDIX

Appendix I: Definitions

When used in context with the Enterprise Loan Fund (ELF) the following definitions shall apply:

Minority-owned Business – *A small business in which the majority (at least 51%) of the company is owned and controlled by a member (or collection of members) of four ethnic or racial groups: African American, Asian American, Hispanic American, and Native American.*

Small Business – *A privately owned corporation, partnership, or sole proprietorship that has fewer than 1,500 employees and a maximum of \$38.5 million in average annual receipts, according to the SBA.*

Veteran-owned Business – *A small business that is at least 51% owned and controlled by one or more service-disabled veterans. Eligible veteran must have a service-connected disability.*

Women-owned Business – *A small business that is at least 51% owned and controlled by women who are US citizens.*





UNITED STATES DEPARTMENT OF COMMERCE
Economic Development Administration
Austin Regional Office
903 San Jacinto Blvd., Suite 206
Austin, TX 78701

**AGREEMENT TO TERMINATE
FINANCIAL ASSISTANCE AWARD FOR CONVENIENCE**

EDA Investment No.: 08-39-03046

WHEREAS, the United States of America, Department of Commerce, Economic Development Administration (“Government” or “EDA”) pursuant to its authority under the Public Works and Economic Development Act of 1965 (P. L. 89-136), as amended, entered into a Financial Assistance Award (“Award”), with Northwest New Mexico Council of Governments (“Recipient”);

WHEREAS, the Award provided an amount not to exceed the lower of \$106,886.51, or 50% percent of the total project cost of \$213,773.03 to capitalize a revolving loan fund (“RLF”); and

WHEREAS, the Government and Recipient (collectively the “Parties”) have determined that it is not feasible or not desirable to continue the project and that an accounting should be made and the Award terminated for convenience of the Parties; and

NOW, THEREFORE, for the mutual benefit and convenience of the Parties, the Government tenders this Agreement to Terminate Financial Assistance Award for Convenience (“Termination Agreement”), which will be effective upon the signature of the Parties:

1. The Parties agree that the value of the RLF’s assets are \$213,773.03.
2. The Parties agree that the amount to be recovered by the Government is equal to \$106,886.51, which represents the Federal share of the RLF capital base (“Federal Share Due”).
3. The Federal Share Due shall be remitted, in full, within 30 calendar days of the effective date of this Termination Agreement to:

Chief Counsel
Office of the Chief Counsel
Economic Development Administration
U.S. Department of Commerce
1401 Constitution Avenue,
NW/Mail Stop 72023
Washington, D.C. 20230

Checks must include the EDA grant number in the memo portion of the check and the “Payee” is the “U.S. Economic Development Administration.”

4. Pending final disposition of the RLF assets, this Termination Agreement does not relieve Recipient of the obligation to protect the Federal interest in the RLF assets. All Award terms and conditions remain in effect until the full Federal Share Due is deposited with the Government.
5. Certain provisions of the Award terms and conditions are continuing obligations that extend beyond termination of the Award. These obligations include, but are not limited to, the following:
 - a. Recipient must comply with Award closeout and post-closeout adjustments and continuing responsibilities, as set forth in 2 CFR §§ 200.343 and 200.344 (or the equivalent regulations in 15 CFR part 14 or 24, as applicable, for most awards made prior to December 26, 2014). Under these regulations, the Government may recover funds on the basis of a later audit and the Recipient must return any funds due as a result of a refund or correction.
 - b. If applicable, Recipient may have audit requirements under 2 CFR part 200, subpart F.
 - c. EDA may require Recipient to report on project performance beyond the project closeout date for Government Performance and Results Act (“GPRA”) purposes. In no case shall Recipient be required to submit any report more than ten years after the project closeout date.
 - d. All records in the possession of Recipient or its sub-awardees regarding the Award shall be retained for a period of three (3) years after the effective date of this Termination Agreement. All records shall be retained beyond the three (3) year period if audit findings have not been resolved within that period or if other disputes have not been resolved. These requirements are further detailed in 2 CFR § 200.333 (or the equivalent regulations in 15 CFR part 14 or 24, as applicable, for most awards made prior to December 26, 2014).
 - e. The Recipient shall continue to provide the Government access to records regarding the Award as detailed in 2 CFR § 200.336 (or the equivalent regulations in 15 CFR part 14 or 24, as applicable, for most awards made prior to December 26, 2014).
6. Acceptance of this Termination Agreement must be made by the Recipient, with an executed original returned to the Government, on or before 30 days from the date of the Regional Director’s signature on this Termination Agreement. Failure to submit a timely executed Termination Agreement may result in the Government withdrawing this Termination Agreement and initiating a unilateral termination, if deemed appropriate by the Government.
7. Recipient represents and warrants that the execution, delivery, and performance of this Termination Agreement was duly authorized in accordance with Recipient’s governance rules and that the Termination Agreement is signed by a person duly authorized to bind the Recipient, and that any and all required permissions from the governing body of the Recipient have been obtained.

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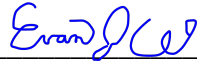
**AGREEMENT TO TERMINATE
FINANCIAL ASSISTANCE AWARD FOR CONVENIENCE**
EDA Investment No.: 08-39-03046

**DEPARTMENT OF COMMERCE
ECONOMIC DEVELOPMENT ADMINISTRATION**

By:  _____ 02/08/2023
Jorge D. Ayala, Regional Director _____ Date
Austin Regional Office

NORTHWEST NEW MEXICO COUNCIL OF GOVERNMENTS

The above Agreement to Terminate Financial Assistance Award for Convenience is hereby accepted by Recipient.

By:  _____ Executive Director
Signature _____ Title of Accepting Official

Evan Williams _____ 3/1/2023
Printed Name _____ Date



RESOLUTION 2023-003

Approval of Termination for Convenience Agreement of our Revolving Loan Fund Legacy Account

WHEREAS, on December 6, 2022, the Northwest New Mexico Council of Governments (COG) was officially notified by the US Economic Development Administration (EDA) of termination of its obligations under the Revolving Loan Fund (hereafter RLF Legacy Fund) award 08-39-030406; and

WHEREAS, the Northwest New Mexico Council of Governments (COG) was provided two options either termination for cause or termination of convenience. A termination for convenience offers several advantages over termination for cause, including no adverse impact on future federal funding decisions and if the Northwest New Mexico Council of Governments meets certain conditions; and

WHEREAS, on December 16, 2022, a consultation of these options was held and based on the guidance provided, Executive Director Williams requested a termination for convenience; and

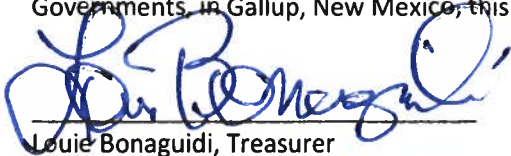
WHEREAS, on January 11, 2023, the COG Board of Directors was provided a briefing on this issue, provided notice of the intent to terminate for convenience, and the potential liabilities of this action and not taking this action; and

WHEREAS, on February 8, 2023, EDA provided the actual termination for convenience agreement that requires a Board resolution; and

NOW THEREFORE BE IT RESOLVED:

1. Approval of the Termination for Convenience Agreement; and
2. Approval of the Executive Director being delegated to execute all necessary actions for that agreement; and
3. Directing payment of the Federal share of the capital base determined to be \$106,886.51, which the Northwest New Mexico Council of Governments has in its RLF Legacy Fund bank accounts.

PASSED, APPROVED AND ADOPTED by the Board of Directors via polling and to be officially ratified at a duly called and convened regular meeting of the Board of Directors of the Northwest New Mexico Council of Governments in Gallup, New Mexico, this 19th of April, 2023.


Louie Bonaguidi, Treasurer


ATTEST: Evan Williams, Executive Director



EMPLOYER INFORMATION (please print clearly using black or blue ink)

EMPLOYER: Northwest New Mexico Council of Governments
NOTICE/RESOLUTION NUMBER: 2023-004

A RESOLUTION TO ADOPT THE STATE PLAN FOR DEFERRED COMPENSATION

WHEREAS, the State of New Mexico has enacted the Deferred Compensation Act (NMSA 1978 Section 10-7A-1 et seq.) which permits any local public employer to adopt the Deferred Compensation Plan as approved, pursuant to NMSA 1978 Section 10-7A-8 by the Public Employees Retirement Board, and

WHEREAS, the State of New Mexico, by the Public Employees Retirement Board has established and maintains the Deferred Compensation Plan ("Plan") for participation by state employees and by local employees, and

WHEREAS, the Northwest NM Council of Governments of Northwest New Mexico, (hereinafter referred to as the "Participating Employer") desires to adopt the Plan for participation by its employees;

WHEREAS, the Participating Employer has also determined that it wishes to encourage employee's savings for retirement by offering salary reduction contributions;

WHEREAS, the Participating Employer has reviewed the Plan;

By adopting the Plan, the Northwest NM Council of Governments (NWNMCOG) adopts the investments and services selected by the Public Employees Retirement Board.

- to include the Roth investment option
- to include the Self-Directed Brokerage Account

Section 1.

The Employer shall abide by the terms of the Plan, including amendments to the Plan made by the Public Employees Retirement Board, all investment, administrative, and other service agreements of the Plan, and all applicable provisions of the Internal Revenue Code and other applicable law.

Section 2.

The Employer may terminate its participation in the Plan, if it takes the following actions:

- a. A resolution must be adopted terminating its participation in the Plan
- b. The resolution must be filed with the Deferred Compensation Manager and the Public Employees Retirement Board within 15 working days of approval by the governing body of the local public body.
- c. The resolution must be filed not less than two years after the date the Employer's participation became effective.

AUTHORIZATION (signature required)

The Executive Director has authority to execute on behalf of the NWNMCOG
(Official Title of Authorized Individual) (Employer)

documents to implement the Plan for the Employer, and to take action to correctly maintain the Plan under this Resolution.

APPROVED by the Governing Body of the Northwest NM Council of Governments this 19th day of April, 2023.
(Employer)

By: _____
(Name)

(Official Title)

IV. FINANCIAL REPORTS





Northwest New Mexico Council of Governments

Financial Statements
and
Independent Auditor's Report

June 30, 2022

Northwest New Mexico Council of Governments

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Northwest New Mexico Council of Governments

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**Northwest New Mexico
Council of Governments
Official Roster
June 30, 2022**

DIRECTORS	POSITION	MEMBER GOVERNMENT/TITLE
Billy Moore	Chair	McKinley County - County Commissioner
Martha Garcia	1st Vice-Chair	Cibola County - County Commissioner
Michael Padilla, Sr.	Member	City of Aztec - City Councilor
Louie Bonaguidi	Board Treasurer	City of Gallup - Citizen Appointee
Linda Rodgers	Member	City of Farmington - City Councilor
Jim Cox	Member	San Juan County - Deputy County Manager
Jason Thomas	Member	City of Bloomfield - Public Works Director
Fran Palochak	Member	City of Gallup - City Councilor
Michael Shaaf	Member	City of Gallup - City Councilor
Maryann Ustick	Member	City of Gallup - City Manager
Anthony Dimas	Member	McKinley County - County Manager
Robert Baca	Member	McKinley County - County Commissioner
Genevieve Jackson	Member	McKinley County - County Commissioner
Erik Garcia	Member	City of Grants - City Councilor
Modey Hicks	Member	City of Grants - Mayor
Judy Horacek	Member	Cibola County - Projects Coordinator
Ellen Baca	Member	Village of Milan - Trustee
Administrative Officer		
Evan Williams, Executive Director & Board Secretary <i>ex officio</i>		



Independent Auditors' Report

Board of Directors
Evan Williams, Executive Director
Northwest New Mexico Council of Governments

And

Honorable Brian S. Colón, Esq., New Mexico State Auditor
Office of the State Auditor

Report on the Audit of the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the budgetary comparison for the general fund of the Northwest New Mexico Council of Governments (the "Council"), as of and for the year ended June 30, 2021, and the related notes to the financial statements, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the budgetary comparison for the general fund of the Council, as of June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Council and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Council's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

OFFICE LOCATIONS

TEXAS | Waco | Temple | Hillsboro | Houston
NEW MEXICO | Albuquerque



Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Council's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the Public Employee Retirement Association schedules on pages 5-14 and 46-47 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statement that collectively comprise the Council's basic financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 29, 2022, on our consideration of the Council's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Council's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Council's internal control over financial reporting and compliance.

Pattillo, Brown & Hill, LLP

Albuquerque, New Mexico

November 29, 2022

**Northwest New Mexico
Council of Governments
Management’s Discussion and Analysis
For the Year Ended June 30, 2022**

This section of the financial report presents a discussion and analysis of the Northwest New Mexico Council of Governments (the “Council”) financial performance during the fiscal year ended June 30, 2022. Please read it in conjunction with the Council’s financial statements, which follow this section.

The Management’s Discussion and Analysis and the accompanying financial statements cover all activities of the Council.

Financial Highlights

- ◆ During fiscal year 2022, the Council’s total net position increased by \$101,409 to \$909,670. This increase was almost completely in governmental activities, which began the year with net position of \$548,963 and ended the year with a net position of \$650,362. Net position of business-type activities increased by \$10 to \$259,308.
- ◆ Expenses of the Council’s governmental activities were \$1,588,191 in fiscal year 2022, an increase of \$164,662 from fiscal year 2021 expenses, all of which was for regional community development activities. The increase is primarily attributable to increased federal grant spending related to Economic Adjustment Assistance grants from the U.S. Department of Commerce.

Overview of Financial Statements

This annual report consists of four parts:

1. Management’s discussion and analysis (this section).
2. The basic financial statements.
3. Required supplementary information.
4. Compliance Section.

The basic financial statements include two kinds of statements that present different views of the Council. The first two statements, the statement of net position and the statement of activities, are Council-wide financial statements that provide both long-term and short-term information about the Council’s overall financial status. The remaining statements are fund financial statements that focus on individual parts of the Council, reporting operations in more detail than the Council-wide statements. The fund financial statements include the following:

**Northwest New Mexico
Council of Governments
Management's Discussion and Analysis
For the Year Ended June 30, 2022**

- Governmental fund financial statements report how the Council's regional community development activities were financed in the short-term as well as what remains for future spending.
- Proprietary fund financial statements report short and long-term financial information on the Council's Enterprise Loan Fund enterprise.

The financial statements also include notes that explain some of the information in the financial statements and provide more detail. The statements are followed by a section of required supplementary information that provides schedules for the Council's participation in the Public Employees Retirement Association (PERA).

Council-wide Statements

The Council-wide financial statements are designed to provide readers with a broad overview of the Council's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the Council's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position serves as a useful indicator of whether the financial position of the Council is improving or deteriorating.

The statement of activities presents information showing how the Council's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., accrued vacation leave).

In the statement of net position and the statement of activities, we divide the Council into two kinds of activities:

- *Governmental Activities* – The Council's regional community development activities are reported here. These activities are financed primarily through federal, state and local grants, and membership dues.
- *Business-Type Activities* – The Council's Enterprise Loan Fund operation is reported here.

**Northwest New Mexico
Council of Governments
Management's Discussion and Analysis
For the Year Ended June 30, 2022**

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds, not the Council as a whole. Separate funds are established by the Council to help control and manage revenues and expenditures for particular purposes or to show that it is meeting legal responsibilities for using certain grants and other money. The two fund types, governmental and proprietary, use different accounting approaches:

- *Governmental Funds* – Most of the Council's services are reported in governmental funds. Governmental funds focus on how cash and other financial assets flow in and out, and the balances left at year-end are available for spending. Consequently, the governmental funds provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Council's programs. Because this information does not encompass the additional long-term focus of the Council-wide statements, we provide additional information at the bottom of the governmental funds balance sheet, or on a subsequent page, that explains the relationship (or differences) between the amounts reported in the Council-wide statements (statement of net position and the statement of activities) and the governmental funds statements.
- *Proprietary Funds* – When the Council charges customers for the services it provides, these services are generally reported in proprietary funds, which are reported the same way that all activities are reported in the statement of net position and the statement of activities. In fact, the proprietary funds present the same information as the business-type activities reported in the Council-wide statements but provide more detail and additional information, such as a statement of cash flows.

**Northwest New Mexico
Council of Governments
Management's Discussion and Analysis
For the Year Ended June 30, 2022**

Financial Analysis of the Council as a Whole

Net position. As of June 30, 2020, the Council's total net position increased by \$101,409. Table 1 summarizes the Council's net position of its governmental and business-type activities.

**Table 1
The Council's Net Position
As of June 30,**

	Governmental Activities		Business-Type Activities		Totals	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Current and other assets	\$ 774,578	\$ 861,294	\$ 259,308	\$ 259,298	\$ 1,033,886	\$ 1,120,592
Capital assets	<u>569,462</u>	<u>546,684</u>	<u>-</u>	<u>-</u>	<u>569,462</u>	<u>546,684</u>
Total assets	<u>1,344,040</u>	<u>1,407,978</u>	<u>259,308</u>	<u>259,298</u>	<u>1,603,348</u>	<u>1,667,276</u>
Deferred outflows - pension related	<u>98,006</u>	<u>216,871</u>	<u>-</u>	<u>-</u>	<u>98,006</u>	<u>216,871</u>
Current and other liabilities	199,614	342,598	-	-	199,614	342,598
Long-term liabilities	<u>424,053</u>	<u>686,565</u>	<u>-</u>	<u>-</u>	<u>424,053</u>	<u>686,565</u>
Total liabilities	<u>623,667</u>	<u>1,029,163</u>	<u>-</u>	<u>-</u>	<u>623,667</u>	<u>1,029,163</u>
Deferred inflows - pension related	<u>168,019</u>	<u>46,725</u>	<u>-</u>	<u>-</u>	<u>168,019</u>	<u>46,725</u>
Net position						
Net investment in capital assets	569,462	546,684	-	-	569,462	546,684
Restricted	-	-	259,308	259,298	259,308	259,298
Unrestricted (deficit)	<u>80,898</u>	<u>2,277</u>	<u>-</u>	<u>-</u>	<u>80,898</u>	<u>2,277</u>
Total net position	<u>\$ 650,360</u>	<u>\$ 548,961</u>	<u>\$ 259,308</u>	<u>\$ 259,298</u>	<u>\$ 909,668</u>	<u>\$ 808,259</u>

**Northwest New Mexico
Council of Governments
Management's Discussion and Analysis
For the Year Ended June 30, 2022**

Change in Net Position. Total revenues were \$1,689,590 and \$1,896,132 for 2022 and 2021 compared with expenses of \$1,588,191 and \$1,423,529, respectively. The decrease in revenues is primarily attributable to a one-time contribution of \$250,000 received from the Tri-State Generation & Transmission Association (Tri-State) received in 2021. Total expenses increased compared to 2021 and is largely attributable to increased U.S Department of Transportation and U.S. Department of Commerce grant award expenditures. Table 2 summarizes the Council's change in net position for its governmental and business-type activities:

**Table 2
Changes in the Council's Net Position
For the Years Ended June 30,**

	Governmental Activities		Business-Type Activities		Totals	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Revenues						
Program revenues						
Operating grants and contributions	\$ 1,064,938	\$ 1,326,801	\$ -	\$ -	\$ 1,064,938	\$ 1,326,801
Capital grants and contributions	138,928	138,928	-	-	138,928	138,928
Charges for services	207,070	146,000	-	-	207,070	146,000
General revenues						
Membership dues	210,345	224,500	-	-	210,345	224,500
Donation of capital assets	-	-	-	-	-	-
Gain on sale of capital assets	-	-	-	-	-	-
Miscellaneous income	68,309	55,197	10	9	68,319	55,206
Contributed capital asset	-	4,706	-	-	-	4,706
Total revenues	<u>1,689,590</u>	<u>1,896,132</u>	<u>10</u>	<u>9</u>	<u>1,689,600</u>	<u>1,896,141</u>
Expenses						
Regional community development	1,588,191	1,423,529	-	-	1,588,191	1,423,529
Enterprise loan fund	-	-	-	-	-	-
Total expenses	<u>1,588,191</u>	<u>1,423,529</u>	<u>-</u>	<u>-</u>	<u>1,588,191</u>	<u>1,423,529</u>
Change in net position	101,399	472,603	10	9	101,409	472,612
Net position, beginning of year	<u>548,961</u>	<u>76,358</u>	<u>259,298</u>	<u>259,289</u>	<u>808,259</u>	<u>335,647</u>
Net position, end of year	<u>\$ 650,360</u>	<u>\$ 548,961</u>	<u>\$ 259,308</u>	<u>\$ 259,298</u>	<u>\$ 909,668</u>	<u>\$ 808,259</u>

**Northwest New Mexico
Council of Governments
Management's Discussion and Analysis
For the Year Ended June 30, 2022**

Governmental activities

Spending for governmental activities was \$1,588,191 and \$1,423,529 for 2022 and 2021, respectively, which was offset by approximately \$1,689,590 and \$1,896,132 in revenues primarily from grants and contracts and membership dues. The decrease in revenues is primarily due to a \$250,000 contribution from Tri-State while the increases in expenses are primarily due to an increase in U.S. Department of Commerce Economic Adjustment Assistance grant awards and expenditures and increased highway planning and construction grant awards from the U.S. Department of Transportation.

Business-type activities

Activity in the Council's Revolving Loan Fund was limited to \$10 and \$9 of interest income for the years ended June 30, 2022, and 2021.

Financial Analysis of the Council's Funds

The general fund is the chief operating fund of the Council. During the year ended June 30, 2022, the general fund's fund balance increased \$55,006 to \$581,881. During the year ended June 30, 2021, the general fund's fund balance increased \$349,499 to \$526,873.

All of the Council's proprietary fund net position is restricted for economic development activities. Net position of the proprietary fund increased by \$10 to \$259,302 at June 30, 2022.

General Fund Budgetary Highlights

General fund actual revenues were under budget by \$1,271,489 while general fund expenditures were under budgeted expenditures by \$1,238,796.

Capital Assets

Governmental activities had net capital assets of \$569,462 and \$546,684 as of June 30, 2022 and 2021, respectively. Capital asset additions during 2021 consisted primarily of software. Capital asset additions during 2021 consisted primarily of roof repairs. Depreciation expense totaled \$27,161 and \$25,150 for the years ended June 30, 2022 and 2021, respectively.

Additional details for capital assets can be found in the notes to the financial statements.

**Northwest New Mexico
Council of Governments
Management's Discussion and Analysis
For the Year Ended June 30, 2021**

Economic Factors and Next Year's Activities

The Council's budget continues to reflect the overall economy of local communities, the region, State and nation, as well as public funds available from each level. Federal funding in the short-term seems to be on the rise, and local economies are recovering from COVID-19 downturns mainly through Federal injections of funding for states, municipalities, counties and tribes. The Council continues to add new services and provide value in this new environment while continuing their robust relevance and presence in the work of supporting local and regional economies and quality of life.

Public funding for the Council has been somewhat stable, and members sometimes tap other resources to subcontract with the Council for specialized services. The Council has expanded its internal capabilities to attract special projects including Comprehensive Planning, Transportation Planning, and Outdoor Recreation Projects.

Operational budget continues to be relatively stable. Other factors are outlined below:

- ◆ Membership: Membership dues have stabilized and are estimated to be slowly increasing in the coming couple of years mainly due to the value COG provides and the need for grant writing and administration services. Local governmental members have experienced increasing Federal revenue, stabilized in local gross receipt tax revenue after COVID-19, but are still very conservative in their investments due to volatility in the region's traditional industries. The COG Board of Directors approved a proposal to raise wages linked to inflation and one-time increases over several years to re-staff a San Juan County office starting in FY2023.
- ◆ US Economic Development Administration (EDA):
 - Planning and Technical Assistance Grant: Planning and technical assistance funding for the annual "Partnership Planning Program" grant to "Economic Development Districts" from EDA (U.S. Department of Commerce), administered under a renewed three-year grant agreement for Calendar Years 2022 through 2024, continuing at \$210,000 three-year agreement and with a required match of \$52,500 for each of the Federal fiscal years. The Council matches the federal funds at the rate of 25% of grant funds (which computes to 20% of "total project cost") for this economic development function. Annual renewal is assumed within the agreement, but may be subject to certain factors, including (a) Congressional reauthorization of and appropriations to the EDA and (b) EDA compliance and peer reviews. The Council completed a formal Peer Review in Summer 2021.

**Northwest New Mexico
Council of Governments
Management's Discussion and Analysis
For the Year Ended June 30, 2022**

- ◆ US Economic Development Administration (EDA):
 - The Council continues to maintain and manage two multi-year grants awarded by EDA under the inter-agency “Assistance to Coal Communities” (ACC) initiative, tapping resources reflecting the government's commitment to coal-impacted regions.
 - Assistance to Coal Communities Grant #1: In September 2019, the Council was awarded a \$988,400 grant to develop master plans and design documents for the Prewitt and Milan Industrial Parks, respectively, and develop and implement a pilot workforce program. This funding was matched by \$540,000 in State investment. The majority of this grant was provided to contractors.
 - Assistance to Coal Communities Grant #2: In September 2020, the Council was awarded a \$988,400 grant to develop final design documents for the Milan Industrial Parks and complete a market feasibility study for Fort Wingate. This funding required no match. The majority of this grant was provided to a contractor but did allow the Council to continue its a part-time Regional Economic Development Manager position.
 - Assistance to Coal Communities Grant #2: In September 2020, the Council was awarded a \$988,400 grant to develop final design for the Milan Industrial Park, aid the Four Corners Economic Development, Inc. economic development efforts, and develop a master plan for Fort Wingate. The matching fund required was waived as COG and its members did not have the financial ability to raise funds. The majority of this grant was provided to a contractor but did allow the Council to continue its a part-time Regional Economic Development Manager position.
 - CARES Act Recovery Grant: The Council is in the second year ending June 30, 2022 set of a grant providing \$400,000 in non-competitive EDA-CARES Act funds to provide and implement a COVID-19 Recovery Plan for the region.
- ◆ State Grant-in-Aid: Annual appropriations from the State Legislature, administered by the Local Government Division and identified as grant-in-aid funding for regional planning councils were subjected to a series of budget cuts administered “across the board” in State government, reducing annual SGIA budgets by over 10% from January 2016-2019, now stabilized at \$99,000.

**Northwest New Mexico
Council of Governments
Management's Discussion and Analysis
For the Year Ended June 30, 2022**

◆ New Mexico Department of Transportation Regional Transportation Planning (NMDOT):

- The Council's annual contract from the NMDOT for management of the Northwest Regional Transportation Planning Organization (RTPO) is administered under two-year agreements. Annual funding for this agreement continued at \$85,000 for Federal Fiscal Year 2022 (October 2021 – September 2022 funding cycle), with the requirement of a 25% match (or 20% of total project).

Future funding is subject to numerous federal and state budget processes, and managerial demands and requirements have increased in the past two years, resulting in numerous adjustments in the documentation of services and expenses for the program.

The Council received and is implementing a special planning fund grant from NMDOT for the Prewitt-Milan Transportation Master Plan (TMP) at \$120,000 with a \$30,000 match required coming from a private donation. This plan will guide transportation network development to support economic projects in the bi-county region.

- ◆ Private Contracts: On January 8, 2021, the Council was presented a private donation of \$250,000 for economic development related to the closure of the Tri-State Prewitt Escalante Generating Station. The Executive Committee has asked for a plan to utilize funding for required grant matches and other needed purposes.
- ◆ Local Grants and Contracts: Additional subcontracts have been entered into with local governments for special projects related to local and regional infrastructure, with new opportunities shaping up for fiscal year 2022.

Initiatives to grow the budget in fiscal year 2022 will continue to be pursued, e.g.:

- The Council has received guidance from the Board and its Executive Committee on strategies and direction on adding services, increasing memberships, or both.
- The Council has engaged the New Mexico Legislature's Rural Economic Opportunities Task Force to formulate a rural development strategy that would bring additional multi-year funding and positions dedicated to that work including the Federal Infrastructure Bill. This included a special appropriation for grant writing services starting on July 1, 2022.

**Northwest New Mexico
Council of Governments
Management's Discussion and Analysis
For the Year Ended June 30, 2022**

- Contracts with local governments for legislative appropriations and planning grants under the Community Development Block Grant program administered by the State Department of Finance and Administration (DFA) under annual funding from the U.S. Department of Housing and Urban Development.
- Specialized and supplemental technical assistance to local governments and other public entities in the field of planning, organizational development and funding.
- Continued research into funding opportunities for the Council.

Continued management of short-term grants and contracts, which can serve as an implementation avenue for various initiatives while at the same time diversifying funding into the Council and building short and long-term reserves.

Request for Information

This financial report is designed to provide a general overview of the Council's finances and demonstrate its accountability for funds received. If you have questions about this report or need additional financial information, contact the Council at the following address:

Northwest New Mexico Council of Governments
106 West Aztec Ave
Gallup, NM 87301
(505) 722-4327

Council-Wide Financial Statements

**Northwest New Mexico
Council of Governments**
Statement of Net Position
June 30, 2022

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Current assets			
Cash and cash equivalents	\$ 314,149	\$ -	\$ 314,149
Cash restricted for loan programs	-	259,308	259,308
Grants receivable, net	460,429	-	460,429
Total current assets	<u>774,578</u>	<u>259,308</u>	<u>1,033,886</u>
Noncurrent assets			
Nondepreciable	73,244	-	73,244
Depreciable, net of accumulated depreciation	496,218	-	496,218
Total noncurrent assets	<u>569,462</u>	<u>-</u>	<u>569,462</u>
Total assets	<u>1,344,040</u>	<u>259,308</u>	<u>1,603,348</u>
Deferred Outflows - Pension Related	<u>98,006</u>	<u>-</u>	<u>98,006</u>
Liabilities			
Current liabilities			
Accounts payable	141,882	-	141,882
Accrued payroll liabilities	17,153	-	17,153
Unearned grant revenue	33,664	-	33,664
Compensated absences, current portion	6,915	-	6,915
Total current liabilities	<u>199,614</u>	<u>-</u>	<u>199,614</u>
Noncurrent liabilities			
Net pension liability	404,372	-	404,372
Compensated absences, net of current portion	19,681	-	19,681
Total noncurrent liabilities	<u>424,053</u>	<u>-</u>	<u>424,053</u>
Total liabilities	<u>623,667</u>	<u>-</u>	<u>623,667</u>
Deferred Inflows - Pension Related	<u>168,019</u>	<u>-</u>	<u>168,019</u>
Net Position			
Net investment in capital assets	569,462	-	569,462
Restricted for loan programs	-	259,308	259,308
Unrestricted	80,898	-	80,898
Total net position	<u>\$ 650,360</u>	<u>\$ 259,308</u>	<u>\$ 909,668</u>

The accompanying notes are an integral part of these financial statements.

**Northwest New Mexico
Council of Governments
Statement of Activities
For the Year Ended June 30, 2022**

	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Functions/Programs:							
Governmental activities							
Regional community development	\$ 1,588,191	\$ 207,070	\$ 1,064,938	\$ 138,928	\$ (177,255)		\$ (177,255)
Total governmental activities	<u>1,588,191</u>	<u>207,070</u>	<u>1,064,938</u>	<u>138,928</u>	<u>(177,255)</u>		<u>(177,255)</u>
Business-type activities							
Enterprise loan fund	-	-	-	-	-	-	-
Total business-type activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 1,588,191</u>	<u>\$ 207,070</u>	<u>\$ 1,064,938</u>	<u>\$ 138,928</u>	<u>(177,255)</u>	<u>-</u>	<u>(177,255)</u>
General revenues:							
Membership dues					210,345	-	210,345
Miscellaneous income					68,309	10	68,319
Contributed capital asset					-	-	-
Total general revenues					<u>278,654</u>	<u>10</u>	<u>278,664</u>
Changes in net position					101,399	10	101,409
Net position, beginning of year					<u>548,961</u>	<u>259,298</u>	<u>808,259</u>
Net position, end of year					<u>\$ 650,360</u>	<u>\$ 259,308</u>	<u>\$ 909,668</u>

The accompanying notes are an integral part of these financial statements.

Fund Financial Statements

**Northwest New Mexico
Council of Governments
Balance Sheet
Governmental Fund
June 30, 2022**

	<u>General Fund</u>
Assets	
Cash and cash equivalents	\$ 314,149
Grants receivable	460,429
Total assets	<u>\$ 774,578</u>
Liabilities and Fund Balance	
Liabilities	
Accounts payable	\$ 141,882
Accrued payroll and related liabilities	17,153
Unearned grant revenue	33,664
Total liabilities	<u>192,699</u>
Fund Balance	
Unassigned	<u>581,879</u>
Total fund balance	<u>581,879</u>
Total liabilities and fund balance	<u>\$ 774,578</u>

The accompanying notes are an integral part of these financial statements.

**Northwest New Mexico
Council of Governments**
**Reconciliation of the Governmental Fund Balance Sheet
to the Statement of Net Position**
June 30, 2022

Fund Balance - Governmental Fund	\$	581,879
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in government activities are not financial resources and, therefore, are not reported in the funds		569,462
Some liabilities, listed below, are not due and payable in the current period and, therefore, are not reported in the funds		
Compensated absences		(26,596)
Defined benefit pension plan deferred outflows are not financial resources and, therefore, are not reported in the funds		98,006
Defined benefit pension plan deferred inflows are not financial resources and, therefore, are not reported in the funds		(168,019)
The net pension liability is not due and payable in the current period and, therefore, is not reported in the funds		<u>(404,372)</u>
Net Position - Governmental Activities	\$	<u>650,360</u>

The accompanying notes are an integral part of these financial statements.

**Northwest New Mexico
Council of Governments**
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Fund
For the Year Ended June 30, 2022

	<u>General Fund</u>
Revenues	
Membership dues	\$ 210,345
State and local grants and contributions	248,822
Federal grants and contracts	955,044
Project management and fiscal agent fees	207,070
Miscellaneous income	<u>68,309</u>
Total revenue	<u>1,689,590</u>
Expenditures	
Current	
Regional community development	1,584,645
Capital outlay	<u>49,939</u>
Total expenditures	<u>1,634,584</u>
Net change in fund balance	<u>55,006</u>
Fund balance, beginning of year	<u>526,873</u>
Fund balance, end of year	<u><u>\$ 581,879</u></u>

The accompanying notes are an integral part of these financial statements.

**Northwest New Mexico
Council of Governments**
**Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balance to the Statement of Activities
For the Year Ended June 30, 2022**

Net change in fund balance - governmental fund \$ 55,006

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay	49,939	
Contributed capital asset	-	
Depreciation expense	<u>(27,161)</u>	22,778

Expenses reported in the statement of activities that do not require the use of current financial resources are not reported as expenditures in governmental funds:

Current year increase in compensated absences		4,855
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Changes in deferred outflows of resources-pension related, deferred inflows of resources-pension related, and the net pension liability		<u>18,760</u>
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Change in net position - governmental activities \$ 101,399

**Northwest New Mexico
Council of Governments**
Statement of Net Position
Proprietary Fund
June 30, 2022

	Enterprise Loan Fund
Assets	
Cash and cash equivalents	\$ 259,308
Total assets	259,308
 Net Position	
Restricted for loan programs	259,308
Total net position	\$ 259,308

The accompanying notes are an integral part of these financial statements.

**Northwest New Mexico
Council of Governments**
Statement of Revenues, Expenses and Changes in Fund Net Position -
Proprietary Fund
For the Year Ended June 30, 2022

	Enterprise Loan Fund
Operating Revenues	
Interest income	\$ 10
Total operating revenues	10
Operating income	10
Net position, beginning of year	259,298
Net position, end of year	\$ 259,308

The accompanying notes are an integral part of these financial statements.

**Northwest New Mexico
Council of Governments
Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2022**

	Enterprise Loan Fund
Cash flows from operating activities	
Interest income received	\$ 10
Net cash provided by operating activities	10
Net increase in cash and cash equivalents	10
Cash and cash equivalents, beginning of year	259,298
Cash and cash equivalents, end of year	\$ 259,308
 Reconciliation of operating income to net cash provided by operating activities	
Operating income	\$ 10
Adjustments to reconcile operating income to net cash provided by operating activities	-
Total adjustments	-
Net cash provided by operating activities	\$ 10

The accompanying notes are an integral part of these financial statements.

**Northwest New Mexico
Council of Governments**
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual – General Fund
For the Year Ended June 30, 2022

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Grants and contracts	\$ 3,087,079	\$ 2,694,579	\$ 1,203,866	\$ (1,490,713)
Membership dues	224,500	224,500	210,345	(14,155)
Project management and fiscal agent fees	-	-	207,070	207,070
Miscellaneous income	42,000	42,000	68,309	26,309
Total revenues	<u>3,353,579</u>	<u>2,961,079</u>	<u>1,689,590</u>	<u>(1,271,489)</u>
Expenditures				
Current				
Regional community development	3,087,703	2,712,380	1,584,645	1,127,735
Capital outlay	161,000	161,000	49,939	111,061
Total expenditures	<u>3,248,703</u>	<u>2,873,380</u>	<u>1,634,584</u>	<u>1,238,796</u>
Net change in fund balance	104,876	87,699	55,006	32,693
Fund balance, beginning of year	<u>526,873</u>	<u>526,873</u>	<u>526,873</u>	
Fund balance, end of year	<u>\$ 631,749</u>	<u>\$ 614,572</u>	<u>\$ 581,879</u>	

The accompanying notes are an integral part of these financial statements.

**Northwest New Mexico
Council of Governments**
Notes to the Financial Statements
June 30, 2022

1) Summary of Significant Accounting Policies

Reporting Entity

The Northwest New Mexico Council of Governments (the “Council”) was established in 1968 pursuant to New Mexico State Law and Executive Order to serve as State Planning District I, initially serving local governments in McKinley County and subsequently adding local governments in Cibola and San Juan Counties. For the fiscal year ended June 30, 2021, the Council was composed of ten units of local government, including:

- Cibola, McKinley and San Juan Counties,
- The incorporated communities of Gallup, Grants, Farmington, Milan, Aztec and Bloomfield, and
- Northwest New Mexico Regional Solid Waste Authority.

Funding comes from each member government, as well as many public and private funding sources.

The basic activities are as follows:

- Obtain grants, contracts and other sources of funds for local governments and various agencies and entities;
- Disseminate information regarding federal programs and the establishment of new programs;
- Provide technical assistance to members in the developing, financing and implementing of local programs and projects;
- Serve as a liaison and facilitator of communications between and among local members and other public and private agencies;
- Sponsor workshops, seminars and forums on local and regional issues, as well as on public and private programs available for members;
- Develop regional plans and initiatives for addressing local and regional needs, such as in the areas of water, community development, housing transportation, energy and economic development; and
- Serve as a Federally designated economic development district.

The Council is the primary government and is not a component unit of any other entity. It is the financial reporting entity, and it did not have any component units during the fiscal year ended June 30, 2022.

**Northwest New Mexico
Council of Governments
Notes to the Financial Statements
June 30, 2022**

1) Summary of Significant Accounting Policies – continued

Accounting Standards

The financial statements of the Council conform with generally accepted accounting principles (GAAP) applicable to state and local governments. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting. GASB statements and interpretations constitute GAAP for governments and their enterprises.

Basis of Presentation – Fund Accounting

The accounting system is organized and operated on a fund basis. A “fund” is defined as a fiscal and accounting entity with a self-balancing set of accounts, which are segregated for the purpose of carrying out specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

Basis of Accounting

Council-wide Financial Statements

The Council-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) are prepared using the economic resources measurement focus and the accrual basis of accounting. This is the same approach used in preparation of proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Therefore, governmental fund financial statements include reconciliations with brief explanations to better identify the relationship between the Council-wide statements and the governmental fund statements. The Council-wide focus is more on the sustainability of the Council as an entity and the change in aggregate financial position resulting from the activities of the period. Neither fiduciary funds nor component units that are fiduciary in nature are included in the Council-wide financial statements.

Net Position

Components of net position include the following:

- Net investment in capital assets — represents the cost of capital assets netted with accumulated depreciation and the outstanding balance of any debt, excluding unspent proceeds, that is directly attributable to the acquisition, construction or improvement of these capital assets
- Restricted net position — when constraints placed on the use of net position is either externally imposed by law through constitutional provisions or enabling legislation. Legal enforceability means that a government can be compelled by an external party – such as citizens, public interest groups, or the judiciary – to use resources created by enabling legislation only for the purposes specified by the legislation.

**Northwest New Mexico
Council of Governments
Notes to the Financial Statements
June 30, 2022**

1) Summary of Significant Accounting Policies – continued

- Unrestricted net position — represents all other net position that does not meet the definition of “restricted” or “net investment in capital assets.”

Fund Financial Statements

The fund financial statements provide information about the Council’s funds. Separate statements for each fund category – governmental and proprietary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, with each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. The Council’s sole governmental fund is its general fund.

The Council’s only enterprise fund is as follows:

- *Enterprise Loan Fund* – makes loans to new and growing businesses through “gap” or “bridge” financing. It is the intent of this fund to fill the gap in financing, by partnering with a bank or other lending agency.

The Council-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded when liabilities are incurred, regardless of when the related cash flow takes place.

Proprietary fund *operating* revenues result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. *Operating* expenses of proprietary funds include the cost of services and administrative expenses. All revenues and expenses not meeting these definitions are reported as *nonoperating* revenues and expenses.

The governmental fund statements are presented on the current financial resources measurement focus and the modified accrual basis of accounting. Under this basis, revenues are recognized in the accounting period in which they become measurable and available. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable. This presentation is deemed appropriate to (a) demonstrate legal compliance, (b) demonstrate the source and use of liquid resources, and (c) demonstrate how the Council’s actual experience conforms to the budget plan.

Unearned Grant Revenue

Unearned grant revenue balances represent an excess of cash received (advances) over expenditures. These balances are caused by differences in the timing of cash advances and expenditures and will reverse in the remaining grant period.

**Northwest New Mexico
Council of Governments
Notes to the Financial Statements
June 30, 2022**

1) Summary of Significant Accounting Policies – continued

Revenue Recognition

In applying the “susceptible to accrual concept” under the modified accrual basis, revenue is recognized when it is deemed both measurable and available (i.e., collectible within the current year or within 60 days of year-end, and available to pay obligations of the current period). Reimbursements from state and federally funded projects are accrued as revenue at the time the expenditures are made. If funds are received in advance, the revenue is deferred until expenditures are made.

Program Revenues

Program revenues are made up of fees received from members of the Council and grants and contracts that have been used to meet the operational or capital requirements of a particular program.

Expenditure Recognition

The measurement focus of governmental fund accounting is based on decreases in net financial resources (expenditures) rather than expenses. Most expenditures are measurable and are recorded when the related fund liability is incurred. However, principal and interest on general long-term debt, as well as other long-term liabilities (e.g. accrued leave) are recognized when paid. Expenditures charged to federal programs are recorded utilizing the cost principles prescribed by the various funding sources.

Fund Balance Classifications

In February 2009, the GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54). This statement enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied. GASB 54 also clarifies governmental fund type definitions.

GASB 54 fund balance classifications include:

- *Nonspendable* — amounts cannot be spent because they are either (1) not in spendable form or (2) are legally or contractually required to be maintained intact;
- *Restricted* — amounts constrained to specific purposes that are externally imposed or imposed by law through constitutional provisions or enabling legislation;
- *Committed* — amounts can only be used for specific purposes pursuant to constraints imposed by formal action of the highest level of decision-making authority (Board of Directors);
- *Assigned* — constrained by the Council’s intent to be used for a specific purpose(s);
- *Unassigned* — the residual classification for remaining amounts after all other classifications have been considered.

**Northwest New Mexico
Council of Governments
Notes to the Financial Statements
June 30, 2022**

1) Summary of Significant Accounting Policies – continued

Capital Assets and Depreciation

The Council capitalizes expenditures over \$5,000 according to 12-6-10 NMSA 1978. Capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their estimated fair market value on the date they are donated, and when construction is financed, interest during construction is capitalized.

Although depreciation is not funded, it must be considered in order to properly reflect the results of operations and the replacement of the equipment and furniture. Depreciation of capital assets is computed and recorded by the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows:

<u>Assets</u>	<u>Years</u>
Building	30
Leasehold improvements	Life of the lease
Furniture and fixtures	5-10
Software	3-5
Vehicles	5

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Public Employees Retirement Association (PERA) and additions to/deductions from PERA's fiduciary net position have been determined on the same basis as they are reported by PERA. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Budgets

An annual operating budget is prepared by Council staff for the general and proprietary fund after the New Mexico Department of Finance and Administration (DFA) notifies the Council's Board of Directors of the amount of state grants-in-aid available to be allocated. The Council must obtain non-federal matching funds or services, or both, from local governments and private sources at least equal to the amount of the state grant-in-aid. The governing board of the Council certifies that the budget adopted is consistent with the expenditure of state and local funds under the Planning District Act.

**Northwest New Mexico
Council of Governments
Notes to the Financial Statements
June 30, 2022**

1) Summary of Significant Accounting Policies – continued

The adopted budget is then presented to and certified by DFA with respect to the budget and work program under the State Grant in Aid funding. The Council’s Board of Directors exercises budgetary control at the fund level for capital outlay and all other operations. Subsequent budget adjustments must be approved by the governing board of the Council but are not subject to approval by the Department of Finance and Administration. The president or treasurer of the Council’s Board of Directors certifies from time to time that the matching funds from local or private sources are on deposit in the Council’s own account before quarterly payment of state grant-in-aid is made.

Any state funds unexpended on June 30th each year revert to the state’s General Fund and, if any state funds have been used for any purpose not within the purposes of the Planning District Act, the amount shall be reimbursed to the state. The Council has received no funds from the state’s General Fund.

The Council records and maintains the general fund budget on the modified accrual basis, and therefore, a reconciliation of the budget financial statements to the fund financial statements is not necessary.

Spending Policy

When an expenditure/expense is incurred for purposes for which both restricted and unrestricted resources are available, it is the Council’s policy to use restricted resources first. When expenditures/expenses are incurred for purposes for which unrestricted (committed, assigned, and unassigned) resources are available, and amounts in any of these unrestricted classifications could be used, it is the Council’s policy to spend committed resources first.

Indirect Cost

The Council does not have a negotiated Indirect Cost Rate with federal grantors. Expenditures not directly attributable to specific programs are allocated monthly among all funds based upon the budgeted expenditures for each fund as a percentage of total budgeted expenditures.

Interfund Receivable and Payables – Due To/Due From

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds, and those related to goods and services type transactions are classified as “due to and from other funds.” Short-term interfund loans are reported as “interfund receivables and payables,” and these amounts are presented at the net amounts for each fund. Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Position.

**Northwest New Mexico
Council of Governments
Notes to the Financial Statements
June 30, 2022**

1) Summary of Significant Accounting Policies – continued

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Deferred Outflows/Inflows of Resources

In addition to assets, the Council will sometimes report deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to future period(s) and so will not be recognized as an outflow of resources (expense/expenditures) until then. Also, in addition to liabilities, the Council will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. At June 30, 2021, the Council reported deferred outflows of resources of \$98,006 and deferred inflows of resources of \$168,019, both related to the Council’s participation in PERA.

Cash and Cash Equivalents

Cash and cash equivalents consist of short-term highly liquid investments, which are readily convertible to cash within ninety (90) days of purchase.

2) **Key Programs of the Council**

The General Fund is the general operating fund of the Council and is used to account for all financial resources except those required to be accounted for in another fund. The General Fund is always considered a major fund.

The key programs of the Council are organized by “funds” (also referred to administratively as “programs” or “projects”, or alternatively as “departments” by the Council’s accounting system), each of which is considered a separate accounting entity for internal record-keeping purposes. The operations of each fund (program) are accounted for with a unique set of self-balancing accounts that comprise its assets, liabilities, fund balances, revenues and expenditures.

Special revenue funds are used to account for the proceeds from specific revenue sources that are legally restricted to expenditures for specified purposes. The Board of Directors authorizes the establishment of special revenue funds. The Council did not have any special revenue funds during fiscal year 2022.

**Northwest New Mexico
Council of Governments
Notes to the Financial Statements
June 30, 2022**

2) Key Programs of the Council – continued

The following are the grant and contract programs included in the General Fund during fiscal year 2022:

Federal Grants and Contracts

EDA/Planning and Technical Assistance — A multi-year grant from the Economic Development Administration (EDA) of the U.S. Department of Commerce to establish and maintain a Comprehensive Economic Development Strategy (CEDS) process, including: economic demographics work; coordinating economic development planning with other economic development entities; notifying the EDA Austin Regional Office of any plant closures or significant downsizing disaster designations, base realignments or closures, or any other sudden and severe economic dislocation within the district; providing staff support to develop and monitor projects that will increase economic opportunities within the district; and providing technical assistance as appropriate to member agencies.

State Grants and Contracts

NMLGD/State Grant-in-Aid — The Council utilizes State-appropriated Grant-in-Aid funds, administered by the Local Government Division of the New Mexico Department of Finance and Administration, in combination with other funds, to support planning and technical assistance activities in program management, project development and technical assistance in Grantsmanship, Community Development Block Grants (CDBG) for local members, local Infrastructure Capital Improvement Plans (ICIP), legislative relations, infrastructure capital outlay, rural community development, water planning, and general regional planning.

NMDOT/Regional Transportation Planning Organization (RTPO) — A multi-year grant from the New Mexico Department of Transportation (NMDOT), renewed annually and funded in part by Federal appropriations to New Mexico by the Federal Highway Administration, to provide staffing services in support of regional transportation planning under the auspices of the Northwest Regional Transportation Planning Organization (NWRTPO), including coordination and staffing of the NWRTPO Committee comprised of representation from the region's local and tribal governments, networking with transportation partners within the region and the state, preparation of general and special regional plans in collaboration with the State (such as in freight and long-range planning), and annual submission to NMDOT of regional recommendations for project inclusion in the State Transportation Improvement Program (STIP).

**Northwest New Mexico
Council of Governments
Notes to the Financial Statements
June 30, 2022**

2) Key Programs of the Council – continued

Local and Private Grants and Contracts

McKinley: Tourism Project – The Council operated a grant from McKinley County to develop several deliverables to advance the brand and marketing of the County including the outdoor recreation economy and tourism.

Aztec: Tourism Project – The Council operated a grant from City of Aztec to oversee the planning and development of an Outdoor Recreation facility in the City.

Cibola: Comprehensive Plan – The Council operated a grant from Cibola County to update several plans including their Comprehensive Plan.

McK/Milan: ACC Match – The Council operated a combined program under three contracts received by McKinley County and the Village of Milan, respectively, that provides match for our EDA ACC grant program as follows:

- *McK: PIP* – The Council operated a grant from McKinley County to produce a plan and design the Prewitt Industrial Park including a spec-building.
- *Milan: MIP* – The Council operated a grant from the Village of Milan to produce a plan and design the Milan Industrial Park including a spec-building.
- *McK: Workforce* – The Council operated a grant from McKinley County to produce a pilot workforce program.

McK: ZMTP QA-QC & Design– The Council operated a combined program under three contracts received by McKinley County to conduct fieldwork, prepare maps and trail designs, and assist with oversight and quality control on field construction work on trails under the Zuni Mountains Trails Project.

Cib: ZMTP QA-QC & Design– The Council operated a combined program with an additional contract received by Cibola County to conduct fieldwork, prepare maps and trail designs, and assist with oversight and quality control on field construction work on trails under the Zuni Mountains Trails Project.

McK: Energy Service Performance Contract (ESPC) – The Council continues a multi-year contract with McKinley County for assistance with its guaranteed energy program.

RCAP: Research Project – The Council received some funding from the Rural Community Assistance Partnership (RCAP) for participation in a special research project on rural innovation.

TOTA: Byway Marketing – The Council received some funding from the Trail of the Ancients byway association (TOTA) based on the sale of byway maps that offset costs of maintaining a website that the Council has acquired.

**Northwest New Mexico
Council of Governments
Notes to the Financial Statements
June 30, 2022**

2) Key Programs of the Council – continued

Tri-State: Community Assistance – The Council received community assistance funding from the Tri-State Generation & Transmission that it continues to make investments and provide project matches from.

Enterprise Loan Fund

The Council administers the Enterprise Loan Fund (the “ELF”), funded in part by the US Economic Development Administration under its Revolving Loan Fund program, which makes loans to new and growing businesses through “gap” or “bridge” financing including a new capitalization through an EDA-CARES grant.

3) **Cash Balances**

In accordance with Section 6-10-17, NMSA 1978, the Council is required to obtain pledged collateral from each bank that is a depository of public funds, in an aggregate amount equal to one-half of the amount of public money in each account. Securities, which are obligations of the United States, State of New Mexico, its agencies, institutions, counties, municipalities or other subdivisions are accepted as security at market value. No security is required for the deposit of public money that is insured by the Federal Deposit Insurance Corporation (FDIC), or the National Credit Union Administration. Deposits (cash or cash equivalents) are carried at cost, which approximates market value. For the period beginning January 1, 2013, the standard maximum deposit insurance amount is \$250,000 per depositor at each separately chartered insured depository institution. For more information, visit www.fdic.gov.

Custodial Credit Risk is the risk that in the event of a bank failure, the Council’s deposits may not be returned to it. The Council’s deposit policy is to collateralize one-half of the uninsured public money amount in each account.

A summary of the Council’s deposits, as well as pledged collateral in place over deposits, is as follows:

Pinnacle Bank	Type	Balance Per Bank 6/30/2022	Balance Per Books 6/30/2022
General fund	Checking - non-interest bearing	\$ 356,793	\$ 314,149
Enterprise loan fund - revolving loan fund	Checking - non-interest bearing	101,458	101,458
Enterprise loan fund - forest service loan fund	Checking - non-interest bearing	62,316	62,316
Enterprise loan fund - sequestered	Checking - interest bearing	<u>95,534</u>	<u>95,534</u>
Total cash in banks		<u>\$ 616,101</u>	<u>\$ 573,457</u>
As reported in the financial statements:			
Cash			\$ 314,149
Cash restricted for loan programs			<u>259,308</u>
			<u>\$ 573,457</u>

**Northwest New Mexico
Council of Governments
Notes to the Financial Statements
June 30, 2022**

3) Cash Balances – continued

Pledged Collateral at Banks	Pinnacle Bank
Deposits	\$ 616,101
Less FDIC coverage	(250,000)
Total uninsured public funds	366,101
50% collateral requirement	183,051
Collateral Pledged	
Gallup McKinley: CUSIP 364010SA7 maturing 8/1/2025; security interest rate of 3.00%	137,877
GNMA 12 111 AB: CUSIP 38378BH51 maturing 9/16/2052; security interest rate of 2.25%	36,892
FNMA 13 19 DC: CUSIP 3136ACPG0 maturing 9/25/2041; security interest rate of 2.00%	222,958
Over (under) collateralized	\$ 214,676

4) **Grants Receivable**

Grant receivable balances at June 30, 2022, are composed of the following:

U.S. Department of Commerce	\$ 410,598
City of Aztec	5,308
New Mexico Department of Transportation	44,523
Total	\$ 460,429

5) **Loans Receivable**

Loans receivable in the Enterprise Loan Fund as of June 30, 2022, consist of five loans made through the Revolving Loan Fund loan program for business and job creation in the tri-county region of Cibola County, San Juan County, and McKinley County.

Loans receivable	\$ 173,438
Less allowance	(173,438)
Loans receivable, net	\$ -

**Northwest New Mexico
Council of Governments
Notes to the Financial Statements
June 30, 2022**

6) Capital Assets

A summary of changes in capital assets for governmental activities during the year ended June 30, 2022, are as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
<i>Governmental activities</i>				
Capital assets not being depreciated				
Land	\$ 73,244	\$ -	\$ -	\$ 73,244
Total capital assets not being depreciated	<u>73,244</u>	<u>-</u>	<u>-</u>	<u>73,244</u>
Capital assets being depreciated				
Buildings	235,756	-	-	235,756
Building improvements	277,610	-	-	277,610
Furniture, fixtures and equipment	48,308	5,939	-	54,247
Software	42,496	44,000	-	86,496
Vehicles	<u>29,282</u>	<u>-</u>	<u>-</u>	<u>29,282</u>
Total capital assets being depreciated, at cost	<u>633,452</u>	<u>49,939</u>	<u>-</u>	<u>683,391</u>
Less accumulated depreciation for				
Buildings	37,985	7,859	-	45,844
Building improvements	18,268	13,605	-	31,873
Furniture, fixtures and equipment	38,248	2,384	-	40,632
Software	42,496	733	-	43,229
Vehicles	<u>23,015</u>	<u>2,580</u>	<u>-</u>	<u>25,595</u>
Total accumulated depreciation	<u>160,012</u>	<u>27,161</u>	<u>-</u>	<u>187,173</u>
Total capital assets being depreciated, net	<u>473,440</u>	<u>22,778</u>	<u>-</u>	<u>496,218</u>
Capital assets, net	<u>\$ 546,684</u>	<u>\$ 22,778</u>	<u>\$ -</u>	<u>\$ 569,462</u>

Depreciation expense of \$27,161 was allocated to the regional community development function in the Council-wide statement of activities, which is the Council's only governmental activity function.

Business-type activities capital assets is made up of a software program with an acquisition cost of \$4,178 that became fully depreciated in a prior fiscal year. There was no business-type capital asset activity during the year ended June 30, 2022.

**Northwest New Mexico
Council of Governments**
Notes to the Financial Statements
June 30, 2022

7) Accounts Payable and Accrued Payroll Liabilities

A summary of accounts payable and accrued payroll liabilities at June 30, 2022, is as follows:

	Vendors	Salaries and Benefits	Total
<i>Governmental activities</i>			
General fund	\$ 141,882	\$ 17,153	\$ 159,035
Total government activities	<u>\$ 141,882</u>	<u>\$ 17,153</u>	<u>\$ 159,035</u>

8) Long-Term Debt

Compensated Absences

Employees are paid for annual leave and absences due to sickness by a prescribed formula based on length of service. Annual leave benefits anticipated to be liquidated with expendable available resources are accrued and reported as liabilities in the Council-wide financial statements. These liabilities are allocated to the general fund and the enterprise loan fund based on indirect cost formulas. No more than 240 hours of annual leave may be carried over from a previous fiscal year. Upon termination for whatever reason, the employee shall be paid for any unused annual leave at the employee's then-current rate of pay. Sick leave benefits are not accrued but rather expensed in the applicable fund(s) as they are paid.

Regular employees may carry over a maximum of 480 hours of sick leave from a previous fiscal year. Upon retirement or termination, all unused accrued sick leave shall be forfeited, except that, employees participating and vested in the PERA retirement program and with not less than five years of employment with the Council, shall be entitled to compensation for unused sick leave hours up to but not exceeding 480 hours, at a rate equal to thirty-three percent of their hourly rate of pay.

A summary of changes in long-term debt for the year ended June 30, 2022 is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amount Due Within One Year
<i>Governmental activities</i>					
Compensated absences	\$ 31,451	\$ 22,839	\$ (27,694)	\$ 26,596	\$ 6,915
Total long-term debt	<u>\$ 31,451</u>	<u>\$ 22,839</u>	<u>\$ (27,694)</u>	<u>\$ 26,596</u>	<u>\$ 6,915</u>

**Northwest New Mexico
Council of Governments
Notes to the Financial Statements
June 30, 2022**

9) Unearned Revenue

Amounts recorded as unearned revenue represents an excess of grant funds received over expenditures. Unearned revenue at June 30, 2022, represents unexpended grant funds for the Prewitt and Milan Industrial Parks projects and total \$33,664 at June 30, 2022. Management anticipates fully expending these funds on the projects during fiscal year 2022.

10) Restricted Net Position – Enterprise Loan Fund

The Enterprise Loan Fund’s restricted net position of \$259,308 at June 30, 2022 is restricted for economic development activity (i.e. loan programs) as a result of agreements with the granting organizations.

11) Membership Dues

Membership dues consist of annual assessments to member organizations. Membership dues are established by the Council based on a schedule of dues and service levels aligned with apportionment of Board seats and negotiated annually with the respective members.

12) Lease Commitments

Equipment Leases

In June 2020, the Council entered into a new copier lease agreement for office equipment. The lease is accounted for as an operating lease and has a term of 60 months.

In August 2021, the Council entered into a postage machine lease agreement. The lease is accounted for as an operating lease and has a term of 63 months.

Future minimum payments for operating leases are as follows:

<u>Year ending June 30,</u>		
2023	\$	4,313
2024		4,313
2025		4,032
2026		948
2027		237
		13,843
		\$ 13,843

**Northwest New Mexico
Council of Governments
Notes to the Financial Statements
June 30, 2022**

12) Lease Commitments – continued

Total lease expense for the year ended June 30, 2022, was approximately \$4,300. All leases may be terminated at any time with sixty days' notice if the New Mexico Legislature does not grant sufficient appropriation for the lease or if the Council decides that termination is necessary to protect the best interests of the State of New Mexico.

13) **Public Employees Retirement Association (PERA) Pension Plan**

General Information about the Pension Plan

Plan description. *Public Employees Retirement Fund* is a cost-sharing, multiple employer defined benefit pension plan. This fund has six divisions of members, including State General, State Police/Adult Correction Officers, Municipal General, Municipal Police/Detention Officers, Municipal Fire, and State Legislative Divisions, and offers 24 different types of coverage within the PERA plan. All assets accumulated may be used to pay benefits, including refunds of member contributions, to any of the plan members or beneficiaries, as defined by the terms of this plan. Certain coverage plans are only applicable to a specific division. Eligibility for membership in the Public Employees Retirement Fund is set forth in the Public Employees Retirement Act (Chapter 10, Article 11, NMSA 1978).

Except as provided for in the Volunteer Firefighters Retirement Act (10-11A-1 to 10-11A-7, NMSA 1978), the Judicial Retirement Act (10-12B-1 to 10-12B-19, NMSA 1978), the Magistrate Retirement Act (10-12C-1 to 10-12C-18, NMSA 1978), and the Educational Retirement Act (Chapter 22, Article 11, NMSA 1978), each employee and elected official of every affiliated public employer is required to be a member in the Public Employees Retirement Fund, unless specifically excluded.

Benefits Provided. Benefits are generally available at age 65 with five or more years of service or after 25 years of service regardless of age for TIER I members. Provisions also exist for retirement between ages 60 and 65, with varying amounts of service required. Certain police and fire members may retire at any age with 20 or more years of service for TIER I members. Generally, the amount of retirement pension is based on final average salary, which is defined under TIER I as the average of salary for the 36 consecutive months of credited service producing the largest average; credited service; and the pension factor of the applicable coverage plan. Monthly benefits vary depending upon the plan under which the member qualifies, ranging from 2% to 3.5% of the member's final average salary per year of service. The maximum benefit that can be paid to a retiree may not exceed a range of 60% to 90% of the final average salary, depending on the division. Benefits for duty and non-duty death and disability and for post-retirement survivors' annuities are also available.

**Northwest New Mexico
Council of Governments
Notes to the Financial Statements
June 30, 2022**

13) PERA Pension Plan – continued

TIER II. The retirement age and service credit requirements for normal retirement for PERA state and municipal general members increased effective July 1, 2013 with the passage of Senate Bill 27 in the 2013 Legislative Session. Under the new requirements (TIER II), general members are eligible to retire at any age if the member has at least eight years of service credit and the sum of the member's age and service credit equals at least 85 or at age 67 with 8 or more years of service credit. General members hired on or before June 30, 2013 (TIER I) remain eligible to retire at any age with 25 or more years of service credit. Under TIER II, police and firefighters in Plans 3, 4 and 5 are eligible to retire at any age with 25 or more years of service credit. State police and adult correctional officers, peace officers and municipal juvenile detention officers will remain in 25-year retirement plans, however, service credit will no longer be enhanced by 20%. All public safety members in TIER II may retire at age 60 with 6 or more years of service credit. Generally, under TIER II, pension factors were reduced by 0.5%, employee contributions increased 1.5% and effective July 1, 2014 employer contributions were raised 0.05%. The computation of final average salary increased as the average of salary for 60 consecutive months.

Contributions. See PERA's publicly available comprehensive annual financial report obtained at <http://www.nmpera.org/financialoverview>, for the employer and employee contribution rates in effect for fiscal year 2021.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2022, the Council reported a liability of \$404,372 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020. The total pension liability was rolled-forward from the valuation date to the plan year ending June 30, 2021, using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date of June 30, 2021. There were no significant events or changes in benefit provisions that required an adjustment to the roll-forward liabilities as of June 30, 2021. The Council's proportion of the net pension liability was based on a projection of the Council's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2021, the Council's proportion was 0.0359%, which was an increase of 0.0031% from its proportion measured as of June 30, 2020.

**Northwest New Mexico
Council of Governments
Notes to the Financial Statements
June 30, 2022**

13) PERA Pension Plan – continued

For the year ended June 30, 2022, the Council recognized pension expense of \$18,760. At June 30, 2022, the Council reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 10,066	\$ 1,384
Changes of assumptions	133	-
Net difference between projected and actual investment earnings on pension plan investments	-	166,174
Changes in proportion and differences between the Council's contributions and proportionate share of contributions	52,307	461
The Council's contributions subsequent to the measurement date	<u>35,500</u>	<u>-</u>
Total	<u>\$ 98,006</u>	<u>\$ 168,019</u>

\$35,500 reported as deferred outflows of resources related to pensions resulting from the Council's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2022	\$ 3,182
2023	(13,979)
2024	(26,291)
2025	<u>(68,425)</u>
Total	<u>\$ (105,513)</u>

**Northwest New Mexico
Council of Governments
Notes to the Financial Statements
June 30, 2022**

13) PERA Pension Plan – continued

Actuarial assumptions. The total pension liability in the June 30, 2021 actuarial valuation was determined using the following significant actuarial assumptions, applied to all periods included in the measurement:

Actuarial valuation date	June 30, 2020
Actuarial cost method	Entry age normal
Amortization period	Level Percentage of Pay
Asset valuation method	Solved for based on statutory rates
Actuarial assumptions:	
- Investment rate of return	7.25% annual rate, net of investment expense
- Projected benefit payment	100 years
- Payroll growth	3.00%
- Projected salary increases	3.25% to 13.50% annual rate
- Includes inflation at	2.50% and 2.75% for all other years
- Mortality assumption	The mortality assumptions are based on the RPH-2014 Blue Collar mortality table with female ages set forward one year. Future improvement in mortality rates is assumed using 60% of the MP-2017 projection scale generationally. For non-public safety groups, 25% of in-service deaths are assumed to be duty related and 35% are assumed to be duty-related for public safety groups.
- Experience study dates	July 1, 2008 to June 30, 2017 (demographic) and July 1, 2013 through June 20, 2017 (economic)

**Northwest New Mexico
Council of Governments
Notes to the Financial Statements
June 30, 2022**

13) PERA Pension Plan – continued

The total pension liability, net pension liability, and certain sensitivity information are based on an actuarial valuation performed as of June 30, 2020. The total pension liability was rolled-forward from the valuation date to the plan year ended June 30, 2021. These assumptions were adopted by the Board and used in the June 30, 2020 actuarial valuation.

The long-term expected rate of return on pension plan investments was determined using statistical analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

All Funds - Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Global equity	35.50%	5.90%
Risk reduction and mitigation	19.50%	1.00%
Credit oriented fixed income	15.00%	4.20%
Real assets to include real estate equity	20.00%	6.00%
Multi-risk allocation	<u>10.00%</u>	6.40%
Total	<u>100.0%</u>	

Discount rate. A single discount rate of 7.25% was used to measure the total pension liability as of June 30, 2021. This single discount rate was based on a long-term expected rate of return on pension plan investments of 7.25%, compounded annually, net of expense. Based on the stated assumptions and the projection of cash flows, the plan’s fiduciary net position and future contributions were projected to be available to finance all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The projections of cash flows used to determine this single discount rate assumed that plan member and employer contributions will be made at the current statutory levels.

**Northwest New Mexico
Council of Governments
Notes to the Financial Statements
June 30, 2022**

13) PERA Pension Plan – continued

Sensitivity of the Council's proportionate share of the net pension liability to changes in the discount rate. The following presents the Council's proportionate share of the net pension liability calculated using the discount rate of 7.25%, as well as what the Council's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25%) or 1-percentage-point higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
PERA Fund Division: Municipal General			
The Council's proportionate share of the net pension liability	\$ 725,355	\$ 404,372	138,108

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued PERA financial report.

Payables to the pension plan. At June 30, 2022, the Council did not have any payables to PERA for fiscal year 2022 contributions.

14) **Post-Employment Benefits**

The Council has chosen not to participate in the retiree health care service that it is eligible for under the Retiree Health Care Act (Chapter 10, Article 7C NMSA 1978).

15) **Risk Management**

The Council is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, errors and omissions and natural disasters for which the Council carries commercial insurance. Settled claims have not exceeded this commercial coverage in the past year. Liabilities are reported when it is probable that a loss has occurred, and the amount of the loss can be reasonably estimated. As of June 30, 2021, the Council did not have any probable risks of loss.

**Northwest New Mexico
Council of Governments
Notes to the Financial Statements
June 30, 2022**

16) Related Party Transactions

The by-laws of the Council require the composition of the Board of Directors to represent member governments. As a result, many members of the Board of Directors are employed by, or serve in an elected capacity for, member governments. Due to the nature of the Council, Board members have a significant interest in the Council's transactions related to the furnishing of services to their respective governments. Total membership dues paid by the member governments to the Council for the fiscal year ended June 30, 2022, was \$210,345.

17) Recently Issued Accounting Pronouncements

GASB has issued several statements which have not yet been implemented by the Council. The Council believes that none of these statements will have a significant impact on the Council.

18) Tax Abatements

None of the Council's revenue sources are impacted by tax abatements. Therefore, there is nothing to disclose under GASBS No. 77 – *Tax Abatement Disclosures*.

Required Supplementary Information

**Northwest New Mexico
Council of Governments
Schedules of Required Supplementary Information
June 30, 2022**

**Schedule of the Council's Proportionate Share of the
Net Pension Liability of PERA Fund Division: Municipal General
Public Employees Retirement Association (PERA) Plan
Last 10 Fiscal Years* (in thousands)**

Fiscal year	2022	2021	2020	2019	June 30, 2018	2017	2016	2015
Measurement date	2021	2020	2019	2018	2017	2016	2015	2014
The Council's proportion of the net pension liability (asset)	0.0359%	0.0328%	0.0318%	0.0287%	0.0438%	0.0339%	0.0304%	0.0369%
The Council's proportionate share of the net pension liability (asset)	404	663	550	\$ 458	\$ 602	\$ 542	\$ 310	\$ 288
The Council's covered-employee payroll	358	338	310	\$ 290	\$ 295	\$ 373	\$ 290	\$ 243
The Council's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	112.85%	196.15%	177.42%	157.93%	204.07%	145.31%	106.90%	118.52%
Plan fiduciary net position as a percentage of the total pension liability	77.25%	66.36%	70.52%	71.13%	73.74%	69.18%	81.29%	81.29%

**Northwest New Mexico
Council of Governments**
Schedules of Required Supplementary Information
June 30, 2022

**Schedule of the Council's Contributions to
Public Employees Retirement Association (PERA) Plan
PERA Fund Division: Municipal General
Last 10 Fiscal Years (in thousands) ***

	June 30,					
Fiscal year	2020	2019	2018	2017	2016	2015
Measurement date	2019	2018	2017	2016	2015	2014
Statutory required contribution	\$ 30	\$ 28	\$ 28	\$ 36	\$ 31	\$ 27
Contributions in relation to the statutorily required contributions	<u>30</u>	<u>28</u>	<u>28</u>	<u>36</u>	<u>31</u>	<u>27</u>
Annual contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**Governmental Accounting Standards Board Statement 68* requires ten years of historical information be presented; however, until a full 10-year trend is compiled, the statement only requires presentation of information for those years that information is available. Complete information for the Council is not available prior to fiscal year 2015, the year the statement's requirements became effective.

**Northwest New Mexico
Council of Governments**
Notes to the Required Supplementary Information
June 30, 2022

Changes of benefit terms. The PERA, COLA and retirement eligibility benefits changes in recent years are described in Note 1 of PERA's CAFR (<https://www.saonm.org>).

Assumptions. The Public Employ Retirement Association of New Mexico Annual Actuarial Valuations as of June 2021 report is available at <http://www.nmpera.org/>.

Compliance Section

Schedule of Expenditures of Federal Awards

**Northwest New Mexico
Council of Governments**
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2022

Federal Grantor / Pass-Through Grantor/ Program Title	Assistance Listing Number	Pass-through Grantor or Other Identifying Number	Federal Expenditures
U.S. Department of Transportation			
<i>Passed through the State of New Mexico, Department of Transportation</i>			
Highway Planning and Construction	20.205	D16010	\$ 99,392
Highway Planning and Construction	20.205	D18495	<u>86,929</u>
Total U.S. Department of Transportation			<u>186,321</u>
U.S. Department of Commerce			
<i>Direct Awards</i>			
Economic Development Support for Planning Organizations	11.302	ED19AUS3020021	45,820
Economic Adjustment Assistance	11.307	08-69-05337	314,377
COVID-19 Economic Adjustment Assistance	11.307	ED20AUS3070034	286,351
Economic Adjustment Assistance	11.307	08-79-05407	478,399
COVID-19 Economic Adjustment Assistance	11.307	08-79-05550	<u>8,014</u>
			<u>1,087,141</u>
Total U.S. Department of Commerce			<u>1,132,961</u>
Total expenditures of federal awards			<u>\$ 1,319,282</u>

**Northwest New Mexico
Council of Governments**
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2022

1) Reporting Entity

The accompanying schedule of expenditures of federal awards (the “Schedule”) presents the federal award activity of the Northwest New Mexico Council of Governments (the “Council”) for the year ended June 30, 2022. The Council’s reporting entity is defined in Note 1 to the Council’s basic financial statements. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Council, it is not intended to and does not present the financial position, changes in net position, or cash flows, where applicable, of the Council.

2) Basis of Accounting

Expenditures reported in the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

3) Federal Award Identification Number

The federal granting agency is responsible for providing the Council with the Assistance Listing Number for each grant or contract. In cases where the federal granting agency did not provide the Assistance Listing Number to the Council, other identifying numbers are presented on the Schedule.

In addition, for pass-through awards, the pass-through granting agencies are responsible for providing the Council with pass-through grantor numbers. In cases where the pass-through granting agency did not provide this number to the Council, it is blank on the Schedule.

4) Indirect Cost Rate

The Council has elected not to use the 10% *de minimus* indirect cost rate allowed under the Uniform Guidance.

**Northwest New Mexico
Council of Governments**
Notes to the Schedule of Expenditures of Federal Awards – continued
For the Year Ended June 30, 2022

5) Reconciliation to the Financial Statements

The following is a reconciliation of the expenditures reported on the Schedule to the expenditures reported in the financial statements for the general fund:

Expenditures from the schedule of expenditures of federal awards	\$ 1,132,961
Expenditures funded by state and nonfederal funding sources	<u>501,623</u>
Total expenditures reported in the General Fund	<u><u>\$ 1,634,584</u></u>

Independent Auditor's Report on Internal Control Over
Financial Reporting and on Compliance
And Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards*

Board of Directors
Evan Williams, Executive Director
Northwest New Mexico Council of Governments
and
Honorable Brian S. Colón, Esq., New Mexico State Auditor
Office of the State Auditor

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the budgetary comparison of the general fund of the Northwest New Mexico Council of Governments (the "Council") as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Council's basic financial statements and have issued our report thereon dated November 29, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Council's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control. Accordingly, we do not express an opinion on the effectiveness of the Council's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

OFFICE LOCATIONS

TEXAS | Waco | Temple | Hillsboro | Houston
NEW MEXICO | Albuquerque

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Council's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statement. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Pattillo, Brown & Hill, LLP

Albuquerque, New Mexico
November 29, 2022

Independent Auditor’s Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance

Board of Directors
Evan Williams, Executive Director
Northwest New Mexico Council of Governments
and
Honorable Brian S. Colón, Esq., New Mexico State Auditor
Office of the State Auditor

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Northwest New Mexico Council of Government’s (the “Council”) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on the Council’s major federal program for the year ended June 30, 2022. The Council’s major federal program is identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Council complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on the Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Council and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of the Council’s compliance with the compliance requirements referred to above.

OFFICE LOCATIONS

TEXAS | Waco | Temple | Hillsboro | Houston
NEW MEXICO | Albuquerque

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Council's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Council's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Council's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Council's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Council's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis.

A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Pattillo, Brown & Hill, LLP

Albuquerque, New Mexico
November 29, 2022

**Northwest New Mexico
Council of Governments**
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2022

Section I — Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued on whether the financial statements audited were prepared in accordance with GAAP:	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	No
Significant deficiencies identified?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Type of auditor’s report issued on compliance for major programs:	Unmodified
Internal control over major federal programs:	
Material weaknesses identified?	No
Significant deficiencies identified?	None reported
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No

**Northwest New Mexico
Council of Governments**
Schedule of Findings and Questioned Costs – continued
For the Year Ended June 30, 2022

Section I — Summary of Auditor’s Results — continued

Identification of major programs:

<u>Federal Assistance Listing Number</u>	<u>Name of Federal Program or Cluster</u>
11.307	Economic Adjustment Assistance

Dollar threshold used to distinguish
between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? No

Section II — Financial Statement Findings

None.

Section III — Federal Award Findings and Questioned Costs

None.

**Northwest New Mexico
Council of Governments
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2022**

Financial Statement Findings

None.

Federal Award Findings

None.

**Northwest New Mexico
Council of Governments
Exit Conference
June 30, 2022**

The financial statements presented in this report were prepared by the staff of the Northwest New Mexico Council of Governments with the assistance of its contract accountants from SJT Group, LLC.

The content of this report was discussed at an exit conference held on November 29, 2021 with the following in attendance:

Northwest New Mexico Council of Governments

Evan Williams, Executive Director

Louie Bonaguidi, Treasurer

Billy Moore, Past Chairman

Fran Palochak, 2nd Vice-Chair

Martina Whitmore, Administrative Assistant

Pattillo, Brown & Hill, L.L.P.

Chris Garner, CPA, Partner

SJT Group, LLC

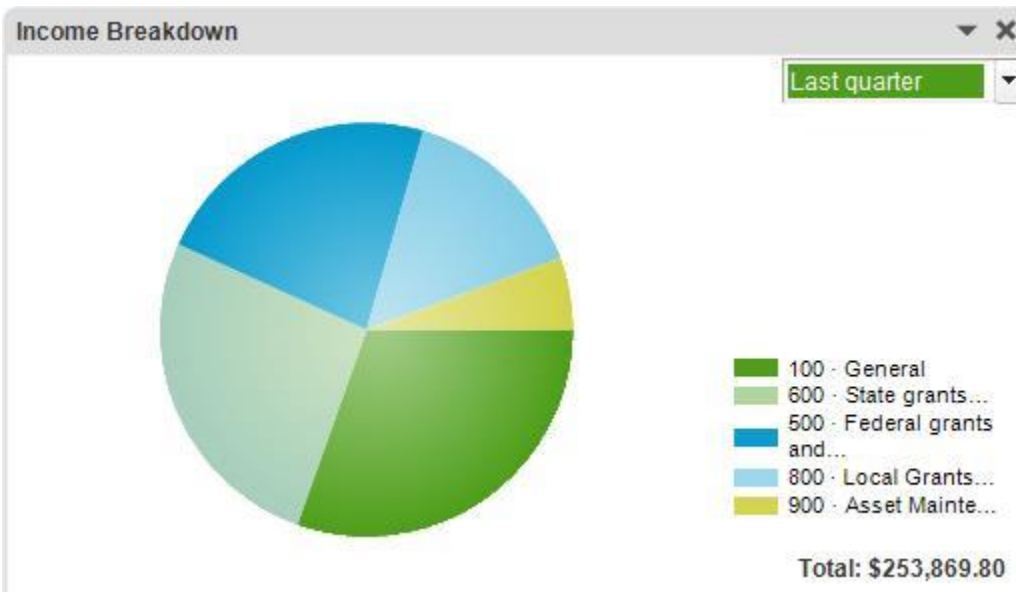
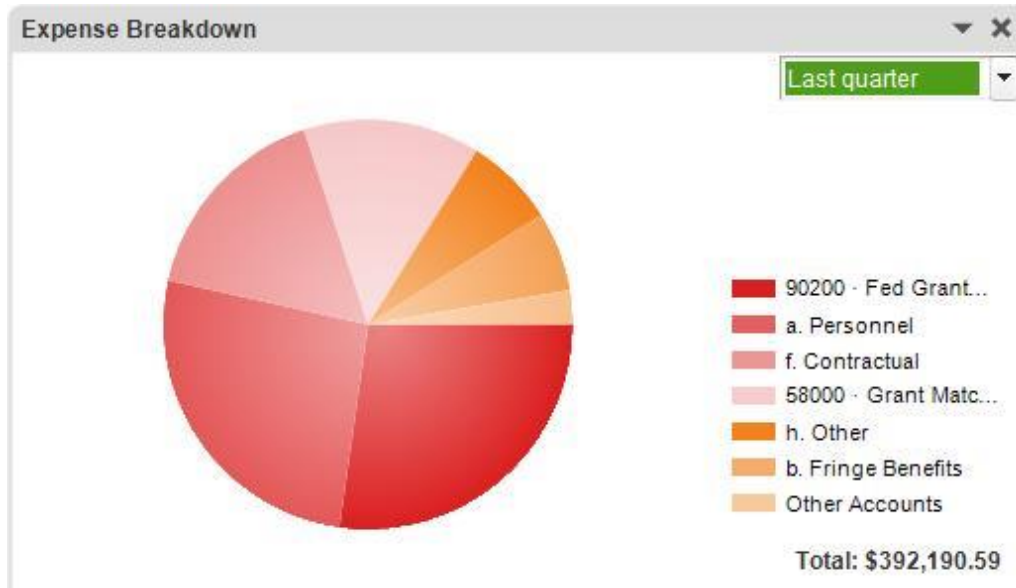
Armando Sanchez, CPA, CFE, Managing Principal





Financial Report – Quarter 3

FY2023



Balance Sheet

As of April 16, 2023

Apr 16, 23

ASSETS

Current Assets

Checking/Savings

10100 · Pinnacle Bank - Operating (Operating - Checking)

10100.1 · Operating Reserve

215,000.00

10100 · Pinnacle Bank - Operating (Operating - Checking) - Other

332,335.52

Total 10100 · Pinnacle Bank - Operating (Operating - Checking)

547,335.52

10102 · Pinnacle Bank - R.L.F.

90,131.76

10104 · Pinnacle Bank - F.S.L.F.

62,316.42

Total Checking/Savings

699,783.70

Accounts Receivable

10300 · Accounts Receivable (Unpaid or unapplied customer invoices and credits)

407,008.49

10350 · AR Allowance

-2,540.00

10602 · Loans Receivable - L.F.

173,438.02

10604 · Loan Allowance

-173,438.02

Total Accounts Receivable

404,468.49

Other Current Assets

10500 · Prepaid Expenses

15,294.59

Total Other Current Assets

15,294.59

Total Current Assets

1,119,546.78

Other Assets

10400 · Due From

147,760.82

20400 · Due To

-147,760.82

Total Other Assets

0.00

TOTAL ASSETS

1,119,546.78

LIABILITIES & EQUITY

Liabilities

Current Liabilities

Accounts Payable

20100 · Accounts Payable (Unpaid or unapplied vendor bills or credits)

17,608.69

Total Accounts Payable

17,608.69

Other Current Liabilities

20200 · Deferred Revenue

74,895.41

20300 · Accrued Wages

9,133.23

203000 · Accrued Payroll Liabilities (Unpaid payroll liabilities. Amounts withheld or accrued, but not ye...

8,246.34

20301 · Accrued Wages and Salaries

-2,639.18

20302 · Accrued Payroll Taxes

1,118.31

20304 · Accrued Employee FB

-1,657.17

20305 · Accrued Interest

80.50

20500 · Employee Fund

470.00

Total Other Current Liabilities

89,647.44

Total Current Liabilities

107,256.13

Total Liabilities

107,256.13

Equity

30000 · Opening Balance Equity (Opening balances during setup post to this account. The balance of this a...

61,301.76

30002 · Opening Balance Equity - L.F.

259,298.00

32000 · Retained Earnings (Undistributed earnings of the corporation)

554,132.30

Net Income

137,558.59

Total Equity

1,012,290.65

TOTAL LIABILITIES & EQUITY

1,119,546.78

Profit & Loss

January through March 2023

	<u>Jan - Mar 23</u>
Ordinary Income/Expense	
Income	
100 · General	77,311.98
500 · Federal grants and contracts	57,528.15
600 · State grants and Contracts	66,828.43
800 · Local Grants & Contracts	37,895.75
900 · Asset Maintenance Fund	14,305.49
Total Income	<u>253,869.80</u>
Gross Profit	253,869.80
Expense	
a. Personnel	102,797.05
b. Fringe Benefits	24,671.90
c. Travel	6,580.32
e. Supplies	3,989.65
f. Contractual	64,577.46
h. Other	27,927.82
58000 · Grant Match Expense	54,759.87
66900 · Reconciliation Discrepancies	0.01
90200 · Fed Grant Refunds	106,886.51
Total Expense	<u>392,190.59</u>
Net Ordinary Income	<u>-138,320.79</u>
Net Income	<u><u>-138,320.79</u></u>

Profit & Loss

January through March 2023

	<u>Jan - Mar 23</u>
Ordinary Income/Expense	
Income	
100 · General	
40400 · Local Revenue	
40401 · Member Dues	22,000.00
Total 40400 · Local Revenue	22,000.00
40501 · Interest Income	552.11
48000 · Matching Revenue	54,759.87
Total 100 · General	77,311.98
500 · Federal grants and contracts	
40100 · Federal Grant Revenue	57,528.15
Total 500 · Federal grants and contracts	57,528.15
600 · State grants and Contracts	
40200 · State Grant Revenue	66,828.43
Total 600 · State grants and Contracts	66,828.43
800 · Local Grants & Contracts	
40402 · Special Project Revenue	37,895.75
Total 800 · Local Grants & Contracts	37,895.75
900 · Asset Maintenance Fund	
40502 · Rent Income	13,500.00
40503 · Vehicle Mileage Reimbursements	805.49
Total 900 · Asset Maintenance Fund	14,305.49
Total Income	253,869.80
Gross Profit	253,869.80
Expense	
a. Personnel	
50000 · Payroll Expenses	1,261.26
50001 · Wages & Salaries	101,535.79
Total a. Personnel	102,797.05
b. Fringe Benefits	
50002 · Employee FB	10,759.18
50004 · Payroll Taxes	9,177.49
50100 · Insurance	4,735.23
Total b. Fringe Benefits	24,671.90
c. Travel	
60108 · Registration	1,935.00
60200 · Travel & Per Diem	4,386.22
60201 · Mileage Costs	259.10
Total c. Travel	6,580.32
e. Supplies	
60100 · Office Supplies	1,884.20
60500 · Computer Software & Equipment	2,105.45
Total e. Supplies	3,989.65
f. Contractual	
60405 · Professional Services-Restrict	47,164.96
60406 · Professional Services-General	6,637.50
60504 · Audit	10,775.00
Total f. Contractual	64,577.46

Profit & Loss

January through March 2023

	Jan - Mar 23
h. Other	
Facility Expenses	
60404 · Rent Expense	6,750.00
60601 · Facility Insurance	3,992.85
60700 · Facility Maintenance	1,596.00
60701 · Utility	3,980.14
Total Facility Expenses	16,318.99
Vehicle Expenses	
60703 · Vehicle Maintenance	336.35
60704 · Fuels Expense	730.74
Total Vehicle Expenses	1,067.09
60102 · Postage and Delivery	147.48
60103 · Telephone & Telecom	3,495.81
60104 · Subscription & Dues	4,534.99
60105 · Meeting	1,151.96
60107 · Advertising	790.17
60112 · Service Charge(s)	92.33
60603 · Other Insurance	329.00
Total h. Other	27,927.82
58000 · Grant Match Expense	54,759.87
66900 · Reconciliation Discrepancies	0.01
90200 · Fed Grant Refunds	106,886.51
Total Expense	392,190.59
Net Ordinary Income	-138,320.79
Net Income	-138,320.79

Northwest New Mexico Council of Governments
Statement of Cash Flows
 January through March 2023

	Jan - Mar 23
OPERATING ACTIVITIES	
Net Income	-138,320.79
Adjustments to reconcile Net Income to net cash provided by operations:	
10300 · Accounts Receivable	128,128.55
20100 · Accounts Payable	-1,953.28
20200 · Deferred Revenue	24,895.41
20300 · Accrued Wages	-4,809.52
203000 · Accrued Payroll Liabilities:203001 · PERA Liability	1,538.42
203000 · Accrued Payroll Liabilities:203002 · EE Insurance Liability	3,030.34
203000 · Accrued Payroll Liabilities:203003 · NM Workers Compensation	14.00
203000 · Accrued Payroll Liabilities:203005 · Federal Unemployment Liability	209.99
203000 · Accrued Payroll Liabilities:203006 · Employee Fund Liability	537.22
	13,270.34
Net cash provided by Operating Activities	13,270.34
Net cash increase for period	13,270.34
Cash at beginning of period	712,353.72
Cash at end of period	725,624.06



NWNMCOG FY2023 Budget
 Board Review Draft Approved 4/20/22; Final Approved 9/9/22; Amendment #1: 10/19/22; Amendment #2: 4/19/23

Fund Class: Fund/Program:	TOTAL ANNUAL BUDGET	General Fund 100 General & Member Svcs	FEDERAL GRANTS & CONTRACTS					STATE GRANTS & CONTRACTS							PRIVATE CONTRACTS		LOCAL GRANTS & CONTRACTS									
			501 USDOC/ EDA-PPG	513 EDA: ACC #1	515 EDA: ACC #2	516 EDA-CARES RLF	517 CDBG Planning Grant	601 New Mexico LGD-SGIA	602 New Mexico DOT- RTPO	629 NMDOT: PMTTP	630 LGD: Capital Outlay #3	631 NMDOT: McTMT	632 New Mexico LGD-HB2JR	633 LGD: Capital Outlay #4	634 NMDOT: GMTMP	718 Tri-State	719 TOTAL	830 EO Fiscal Agent: Gallup	831 EO Fiscal Agent: Milan	840 EO Fiscal Agent: Bloomfield	843-4 McK: ZMTP QA/QC	821 McKinley: ESFC	852 McK/Milan: ACC	856 Aztec OutRec	857 McKinley Tourism	858 McK: TMP

REVENUES

Budget Line Item:	100 GENERAL FUND	501	513	515	516	517	601	602	629	630	631	632	633	634	718	719	830	831	840	843-4	821	852	856	857	858	859	860	862	
100 GENERAL FUND	\$ 247,276	\$ 17,500					\$ 99,000	\$ 22,500																					
MEMBERSHIP DUES	\$ 247,276																												
110 Cibola County	\$ 20,500																												
120 McKinley County	\$ 66,625																												
130 San Juan County	\$ 10,000																												
210 Aztec	\$ 6,000																												
220 Bloomfield	\$ 6,000																												
230 Farmington	\$ 10,000																												
240 Gallup	\$ 66,625																												
250 Grants	\$ 40,000																												
260 Milan	\$ 13,838																												
310 NWNM RSW Authority	\$ 7,688																												
MATCHING FUND TRANSFERS	\$ -	\$ (139,000)																											
500 FEDERAL GRANTS & CONTRACTS	\$ 1,325,000	\$ 70,000	\$ 140,000	\$ 120,000	\$ 990,000	\$ 6,000																							
600 STATE GRANTS & CONTRACTS	\$ 539,500																												
700 PRIVATE GRANTS & CONTRACTS	\$ 6,000																												
800 LOCAL GRANTS & CONTRACTS	\$ 567,976																												
Local Grants & Contracts	\$ 511,976																												
INTERFUND TRANSFERS	\$ (7,000)																												
900 OTHER REVENUES/Asset Mgt	\$ 42,000																												
Rent Revenue	\$ 27,000																												
Fleet Mileage Revenue	\$ 15,000																												
TOTAL NET REVENUES	\$ 2,721,752	\$ 108,276	\$ 87,500	\$ 140,000	\$ 120,000	\$ 990,000	\$ 5,000	\$ 198,000	\$ 112,500	\$ 30,000	\$ 148,500	\$ 8,000	\$ 75,000	\$ 75,000	\$ 8,000	\$ 5,000	\$ 1,000												
Percentage of Total Revenues	100.00%	3.98%	3.21%	5.14%	137.14%	#DIV/0!	0.18%	7.27%	4.13%	1.10%	#DIV/0!	#DIV/0!	#DIV/0!	2.76%	9.14%	#DIV/0!	0.04%	0.00%	0.00%	#DIV/0!	0.51%	0.00%	2.31%	#DIV/0!	#DIV/0!	1.35%	25.00%	2.67%	0.04%

EXPENSES

Fund Class: Fund/Program:	TOTAL ANNUAL BUDGET	General Fund 100 General Admin	FEDERAL GRANTS & CONTRACTS					STATE GRANTS & CONTRACTS							PRIVATE CONTRACTS		LOCAL GRANTS & CONTRACTS												
			501 EDA PPG	513 EDA: ACC	515 EDA: ACC #2	516 EDA-CARES RLF	517 CDBG Planning Grant	601 NM LGD-SGIA	602 NM DOT-RTPO	629 NMDOT: PMTTP	630 LGD: Capital Outlay #3	631 NMDOT: McTMT	632 New Mexico LGD-HB2JR	633 LGD: Capital Outlay #4	634 NMDOT: GMTMP	718 Tri-State	719 TOTAL	830 EO Fiscal Agent: Gallup	831 EO Fiscal Agent: Milan	840 EO Fiscal Agent: Bloomfield	843-4 McK: ZMTP QA/QC	821 McKinley: ESFC	852 McK/Milan: ACC	856 Aztec OutRec	857 McKinley Tourism	858 McK: TMP	859 Grants: TMP	860 Milan: TMP	862 McK CDBG Admin
a. PERSONNEL (Wages/Salaries)	\$ 492,791	\$ 60,126	\$ 31,413	\$ 24,000	\$ 2,000			\$ 90,311	\$ 58,758		\$ 900	\$ 56,904		\$ 900	\$ 500						\$ 10,000		\$ 49,416	\$ 12,000	\$ 1,000	\$ 320	\$ 320	\$ 320	\$ 660
b. FRINGE BENEFITS	\$ 122,349	\$ 16,481	\$ 7,769	\$ 6,928	\$ 494			\$ 22,307	\$ 16,160		\$ 222	\$ 14,055		\$ 222	\$ 124							\$ 12,208	\$ 5,928	\$ 494	\$ 79	\$ 79	\$ 79	\$ 326	
Employee Fringe Benefits (9.67%)	\$ 48,294	\$ 5,892	\$ 3,078	\$ 2,352	\$ 196			\$ 8,850	\$ 5,758		\$ 88	\$ 5,577		\$ 88	\$ 49							\$ 870	\$ 2,352	\$ 196	\$ 31	\$ 31	\$ 31	\$ 129	
Payroll Taxes (8.60%)	\$ 42,811	\$ 5,321	\$ 2,733	\$ 2,088	\$ 174			\$ 7,857	\$ 5,116		\$ 78	\$ 4,951		\$ 78	\$ 44							\$ 4,299	\$ 2,088	\$ 174	\$ 28	\$ 28	\$ 28	\$ 115	
Insurance (5.4%)	\$ 30,553	\$ 3,728	\$ 1,948	\$ 1,488	\$ 124			\$ 5,598	\$ 4,281		\$ 56	\$ 3,528		\$ 56	\$ 31							\$ 3,064	\$ 1,488	\$ 124	\$ 20	\$ 20	\$ 20	\$ 82	
Life and Disability Insurance	\$ 600	\$ 600																											
Worker's Compensation	\$ 30	\$ 30																											
c. TRAVEL	\$ 29,890	\$ 4,018	\$ 4,623		\$ 900	\$ 2,500		\$ 3,918	\$ 5,023													\$ 3,000		\$ 2,600	\$ 3,500				
Registration (Training)	\$ 8,927	\$ 515	\$ 1,273		\$ 200	\$ 500		\$ 1,916	\$ 3,023													\$ 500		\$ 400					
Travel & Per Diem	\$ 9,350	\$ 1,900	\$ 1,750		\$ 200	\$ 1,000		\$ 1,000	\$ 1,000													\$ 500		\$ 1,000					
Mileage Costs	\$ 11,603	\$ 1,603	\$ 1,800		\$ 500	\$ 1,000		\$ 1,000	\$ 1,000													\$ 2,000		\$ 1,500					
d. EQUIPMENT	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Equipment Purchase	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
e. SUPPLIES	\$ 27,532	\$ 2,000	\$ 4,374		\$ -	\$ 10,000		\$ 5,967	\$ 4,591													\$ -	\$ 300	\$ 300					
Office Supplies	\$ 13,732	\$ -	\$ 2,574		\$ -	\$ 10,000		\$ 5,967	\$ 4,591													\$ 300	\$ 300						
Office Furniture & Equipment Lease	\$ 800	\$ -	\$ 800		\$ -	\$ -		\$ -	\$ -													\$ -	\$ -						
Computer Software & Equipment	\$ 13,000	\$ 2,000	\$ 1,000		\$ -	\$ 10,000		\$ -	\$ -													\$ -	\$ -						
f. CONTRACTUAL	\$ 927,801	\$ 25,122	\$ 110,000	\$ 116,000	\$ 76,500	\$ 5,000		\$ 28,102	\$ 14,878	\$ 30,000	\$ 6,400			\$ 6,400	\$ 4,380	\$ 1,000					\$ -	\$ -	\$ 400,000	\$ 40,000	\$ 1,280	\$ 1,280	\$ 1,280	\$ 1,280	
Professional Services/Residuals	\$ 862,455	\$ 13,000	\$ 110,000	\$ 116,000	\$ 67,500	\$ 5,000		\$ -	\$ -	\$ 30,000	\$ 6,400			\$ 6,400	\$ 4,380	\$ 1,000					\$ -	\$ -	\$ 400,000	\$ 40,000	\$ 1,280	\$ 1,280	\$ 1,280	\$ 1,280	
Professional Services/General	\$ 80,000	\$ 8,800	\$ -	\$ -	\$ 9,000			\$ 20,400	\$ 10,800	\$ -	\$ -			\$ -	\$ -	\$ -					\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Audit(s)	\$ 15,102	\$ 3,322	\$ -	\$ -	\$ -			\$ 7,702	\$ 4,078	\$ -	\$ -			\$ -	\$ -	\$ -					\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
g. CONSTRUCTION	\$ 174,501	\$ -	\$ -	\$ -	\$ -	\$ -		\$ 88,501	\$ -	\$ -	\$ 75,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Property Improvements	\$ 174,501	\$ -	\$ -	\$ -	\$ -	\$ -		\$ 88,501	\$ -	\$ -	\$ 75,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
h. OTHER	\$ 120,534	\$ 4,000	\$ 14,310		\$ 950	\$ -	</																						



V. OTHER BUSINESS





Northwest New Mexico Council of Governments

Board Meeting Calendar | Fiscal Year 2023

QUARTERLY BOARD MEETINGS

DATE	TIME	LOCATION
July 20, 2022	Board Meeting: 10AM – 12PM Luncheon: 12 – 2PM	McKinley Area – McKinley County Downtown Training Center
October 19, 2022	10AM – 1PM	San Juan Area (TBD)
January 11, 2023	10AM – 1PM	Cibola Area (TBD)
April 19, 2023	10AM – 1PM	McKinley Area (TBD)
August 2, 2023	Board Meeting: 10AM – 12PM Luncheon: 12 – 2PM	San Juan Area (TBD)

NOTES:

- (1) The Board of Directors of the Northwest New Mexico Council of Governments generally meets on the third Wednesday one month after the quarter ends (July, October, January, and April) at 10AM.
- (2) Executive Committee meets an hour prior to the Board Meeting.
- (3) Meeting Business is typically scheduled for two hours with lunch after.
- (4) COG will continue to offer a hybrid meeting with the ability to participate in-person or virtual.

<p>ANNUAL LUNCHEONS: 2023 (51st): San Juan Area 2024 (52nd): Cibola Area; 2025 (53rd): McKinley Area</p>
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OTHER ANNUAL EVENTS, TRAININGS, & CONFERENCES



DATE	EVENT	LOCATION
March 12-15, 2023	NADO Washington Policy Conference	Washington, DC
May 3-5, 2023	SWREDA Annual Conference	New Orleans, LA
November 7-10, 2023	NADO Annual Conference	Cleveland, OH

NOTES:

- (1) The COG does encourage and welcome Board members to travel and participate to these conferences to understand what regional development organizations (RDO's) are doing throughout the country.
- (2) Typically, travel is worked out through and reimbursed via your local governments and COG handles registration.

<p>NM Legislative Session 2023: January 17 – March 18</p>
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New Mexico Association of Counties: [Calendar of Events 2023](#)

2023

NMC Meetings & Conferences

January '23							February '23							March '23						
Su	M	Tu	W	Th	F	Sa	Su	M	Tu	W	Th	F	Sa	Su	M	Tu	W	Th	F	Sa
1	2	3	4	5	6	7	5	6	7	8	9	10	11	5	6	7	8	9	10	11
8	9	10	11	12	13	14	12	13	14	15	16	17	18	12	13	14	15	16	17	18
15	16	17	18	19	20	21	19	20	21	22	23	24	25	19	20	21	22	23	24	25
22	23	24	25	26	27	28	26	27	28	29	30	31	26	27	28	29	30	31		
29	30	31																		

April '23							May '23							June '23						
Su	M	Tu	W	Th	F	Sa	Su	M	Tu	W	Th	F	Sa	Su	M	Tu	W	Th	F	Sa
1	2	3	4	5	6	7	1	2	3	4	5	6	1	2	3	4	5	6		
8	9	10	11	12	13	14	7	8	9	10	11	12	13	4	5	6	7	8	9	10
15	16	17	18	19	20	21	14	15	16	17	18	19	20	11	12	13	14	15	16	17
22	23	24	25	26	27	28	21	22	23	24	25	26	27	18	19	20	21	22	23	24
29	30	31					28	29	30	31				25	26	27	28	29	30	31

July '23							August '23							September '23						
Su	M	Tu	W	Th	F	Sa	Su	M	Tu	W	Th	F	Sa	Su	M	Tu	W	Th	F	Sa
1	2	3	4	5	6	7	6	7	8	9	10	11	12	3	4	5	6	7	8	9
8	9	10	11	12	13	14	13	14	15	16	17	18	19	10	11	12	13	14	15	16
15	16	17	18	19	20	21	20	21	22	23	24	25	26	17	18	19	20	21	22	23
22	23	24	25	26	27	28	27	28	29	30	31			24	25	26	27	28	29	30
29	30	31											31							

October '23							November '23							December '23						
Su	M	Tu	W	Th	F	Sa	Su	M	Tu	W	Th	F	Sa	Su	M	Tu	W	Th	F	Sa
1	2	3	4	5	6	7	1	2	3	4	5	6	3	4	5	6	7	8	9	
8	9	10	11	12	13	14	8	9	10	11	12	13	14	10	11	12	13	14	15	16
15	16	17	18	19	20	21	15	16	17	18	19	20	21	17	18	19	20	21	22	23
22	23	24	25	26	27	28	22	23	24	25	26	27	28	24	25	26	27	28	29	30
29	30	31					29	30	31					31						

1/16-1/19 - NMC Legislative Conference (Santa Fe County)
1/16-1/18 - NM EDGE Classes (Santa Fe County)
1/17 - Legislative Session Begins 12PM
1/17 - NMCIA Membership Meeting 9AM (Santa Fe County)
1/17 - Board of Directors Meeting 2PM (Santa Fe County)
1/26 - NMC Executive Committee 11AM (Virtual via Zoom)
2/2 - NMC Executive Committee 11AM (Virtual via Zoom)
2/9 - NMC Executive Committee 11AM (Virtual via Zoom)
2/11-1/14 - NACo Legislative Conference (Washington, DC)
2/16 - Bill Introduction Deadline
2/18 - Board of Directors Meeting 8:30AM (Santa Fe County)
2/23 - NMC Executive Committee 11AM (Virtual via Zoom)
3/2 - NMC Executive Committee 11AM (Virtual via Zoom)
3/7, 9, 14, 16, 21, 23, 29 - NM EDGE Classes (Live Online)
3/9 - NMC Executive Committee 11AM (Virtual via Zoom)
3/15 - NMCIA Board Meeting 8:30AM (Santa Fe County)
3/18 - Legislative Session Ends 12PM
4/7 - NMC Executive Committee Budget Meeting 10AM (Santa Fe County - NMC Office)
4/12 - Legislative Meeting 10AM (Bernalillo County), 4/13 - Legislative Meeting 10AM (Chaves County)
4/19 - Legislative Meeting 10AM (San Miguel County), 4/20 - Legislative Meeting 10AM (Doña Ana County)
4/26 - Advisory Council Meeting 11AM (San Juan County)
5/5 - Board of Directors Meeting 8:30AM (Colfax County)
5/10 - NMCIA Board Meeting 8:30AM (Santa Fe County)
5/17-5/19 - WIR Annual Conference (Washington County, St. George, UT)
6/12-6/16 - NMC 86th Annual Conference (San Juan County)
6/12-6/14 - NM EDGE Classes (San Juan County)
6/6, 20, 22, 27 - NM EDGE Classes (Live Online)
6/15 - Board of Directors Meeting 4:30PM (San Juan County)
7/12 - Legislative Initiatives Review w/Legislative Committee 11AM (Santa Fe County - NMC Office)
7/21-7/24 - NACo Annual Conference (Travis County, Austin, TX)
8/3 - Board of Directors Orientation 10AM Code of Conduct & Legislative Initiatives Review Meeting 12PM (Eddy County)
8/4 - Board of Directors Meeting 8:30AM (Eddy County)
8/9 - NMCIA Board Meeting 8:30AM (Santa Fe County)
8/30-9/1 - NMML Annual Conference (Farmington, San Juan County)
9/6, 7, 12, 14, 19, 21, 26, 28 - NM EDGE Classes (Live Online)
9/14 - Gathering of Counties (NM State Fair, Bernalillo County, Albuquerque)
10/6 - Board of Directors Meeting 8:30AM (Socorro County)
TBD - New Mexico Wildland Urban Fire Summit (TBD)
October - Infrastructure Finance Conference (TBD)
10/17-10/19 - NMCIA Board Retreat (TBD)
11/2 - NMC Executive Committee Meeting 2PM (Santa Fe County - NMC Office)
11/3 - NMC/NMML Joint Legislative Meeting 9AM (Santa Fe County)
12/6 - Advisory Council Meeting 11AM (Santa Fe County - NMC Office)
12/13 - NMCIA Board Meeting 8:30AM (Santa Fe County)

 Holidays	 Board & Executive Committee	 NM EDGE
 NACo & WIR	 NMC Conferences	 Advisory Council
 NMCIA Pool	 Legislative Meetings	 Special Events

Approved by NMC Board of Directors On: 9/30/2022
Updated On: 9/30/2022

New Mexico Municipal League: [Calendar of Events 2022](#)

July 1	Report of Declared NMML Board Candidates sent to all members
July 14 – 15	NLC MIC Board Meeting – Essex, VT
July 19	If necessary, the Nominating Committee meets to recommend Candidate(s) for any NMML Board undeclared office or at-large directorship
July 24	If necessary, Nominating Committee Report mailed to member municipalities
July 28	NMFA Board Meeting
July 30	Resolutions Committee Meeting – Albuquerque, Marriott on Louisiana
August 3 – 5	NM Government Finance Officers Assn. Conference – Sheraton Albuquerque Uptown
August 10	Municipal Airport Managers Association Meeting – Ruidoso Convention Center
April 10 – 12	NM State Aviation Conference – Ruidoso Convention Center
August 25	NMFA Board Meeting
Aug 31 – Sept. 2	NMML Annual Conference – Albuquerque Convention Center
September 1	Election of officers and at-large directors at NMML Annual Conference. Nominations from the floor may be made then.
Sept 14 – 16	NMLZO Annual Meeting – Sagebrush Inn & Suites, Taos
Sept 18 – 21	ICMA Annual Conference – Columbus, OH
September 22	NMFA Board Meeting
Sept 22 – 25	NM Fire Service Conference – Ruidoso Convention Center
September (TBD)	MOLI
October 15 – 18	IACP – Dallas, Texas
October 19 – 23	IMLA Annual Conference – Portland, Oregon
October 23 – 28	Clerks Certification Institute – Embassy Suites, Albuquerque
October 26 – 28	Master Municipal Clerks Academy – Embassy Suites, Albuquerque
October 26 – 28	NM Infrastructure Finance Conference – Embassy Suites, Albuquerque
October 27	NMFA Board Meeting
November (TBD)	NMML/NMAC Joint Executive Committee Meeting.
November 4	NM Airport Managers Association – Regional Transportation Mgt. Center, Albuquerque
Nov. 16-18 (TBD)	MOLI
Nov 16 – 19	NLC City Summit – Kansas City, MI
November 17	DFA/Local Government Division Budget Workshop (Virtual)
November 17	NMFA Board Meeting
Nov 30 – Dec 2	NM City Management Association - Albuquerque, Marriott on Louisiana
Nov 30 – Dec 2	Municipal Attorneys Association Conference - Albuquerque, Marriott on Louisiana
December 7 – 9	NM Law Enforcement Conference – Albuquerque, Embassy Suites
December 8 – 9	NLC-MIC Board of Directors Meeting – Newport Beach, CA
December 22	NMFA Board Meeting



Northwest New Mexico Council of Governments

Board Meeting Calendar | Fiscal Year 2024

QUARTERLY BOARD MEETINGS

DATE	TIME	LOCATION
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October 19, 2023	10AM – 1PM	Cibola Area (TBD)
January 12, 2024	10AM – 1PM	McKinley Area – McKinley County Downtown Training Center
April 17, 2024	10AM – 1PM	San Juan Area (TBD)
August 7, 2024	Board Meeting: 10AM – 12PM Luncheon: 12 – 2PM	Cibola Area (TBD)

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 2023 (51st): San Juan Area
 2024 (52nd): Cibola Area;
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OTHER ANNUAL EVENTS, TRAININGS, & CONFERENCES



DATE	EVENT	LOCATION
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NM Legislative Session 2024: January 16 – February 15