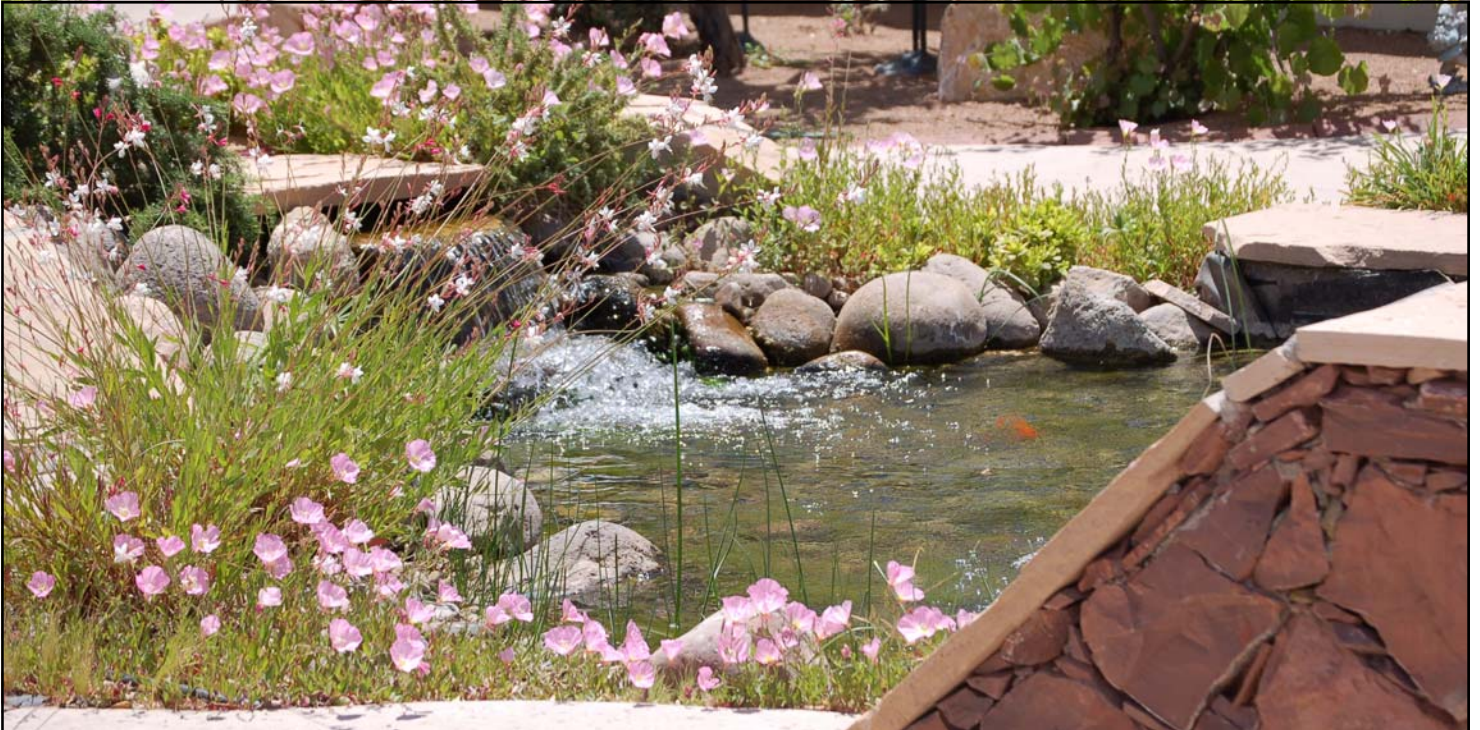




# NEW MEXICO FINANCE **AUTHORITY**

## 2014 Annual Report



*Financing Your Future, Believing in New Mexico*

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# I. Introduction

Fiscal Year 2014 Annual Report





NEW MEXICO  
**FINANCE AUTHORITY**

### Message from Chairman John McDermott

As Chairman of the New Mexico Finance Authority (NMFA) I am proud to help lead an organization with a clear mission to contribute to the economic growth and vitality of New Mexico.

The core mission of the NMFA is to help New Mexico's communities by providing access to capital through mission-based funding in three primary areas:

- The first of these areas is infrastructure and capital equipment which is funded via the Public Project Revolving Fund, the Local Government Planning Fund and the Colonias Infrastructure Project Fund.
- Water represents the second area in which NMFA provides funding through the Drinking Water State Revolving Loan Fund, the Water Project Fund and the Acequia Project Fund.
- NMFA's third area of funding is community facilities and economic development which is supported by our Primary Care Capital Fund, Behavioral Health Capital Fund, the New Markets Tax Credit Program, Smart Money Loan Participation Program and Collateral Support Participation Program.

NMFA is proud of its AAA credit rating, which allows New Mexico communities to borrow at some of the lowest costs in the nation. Our clients depend on this low cost financing to use their income sources to accomplish the maximum amount of community improvement for their citizens.

Citizens, community leaders and elected officials at the local and state levels trust the NMFA to set the standard for solution-driven financing. We are committed to maintaining that trust by the strength of NMFA policies, the quality of our programs, and the integrity and energy of the NMFA's professionals and staff.

John McDermott  
Chairman  
New Mexico Finance Authority



# NEW MEXICO FINANCE AUTHORITY

## Message from the CEO

Twenty years ago, in October 1994, the Finance Authority issued \$646,000 of Certificates of Participation for 11 separate equipment acquisitions for communities across the State: from Hidalgo County to Harding County and from Lovington to Santa Fe. These 11 loans represented months of work as the Finance Authority found its footing. Since these humble beginnings, the Finance Authority has grown into a broad based financing agency for local governments, businesses and non-profits. In the past 20 years, the Finance Authority has stream-lined its application process and provided more value to its clients. However, the basic mission of the Finance Authority remains: coordination of planning and access to low-cost capital.

In 2014, the Finance Authority met its mission through the increased use of newly established programs such as the Colonias Infrastructure Program and expanded programs such as the Local Government Planning Fund and the Drinking Water State Revolving Loan Fund. With these tools in hand, the Finance Authority continued to serve New Mexico's communities with low-cost funding for its capital equipment and infrastructure projects and expects to continue its growth into fiscal year 2015.

When I joined this organization in January, I discovered the amount of potential that exists at the Finance Authority, both from an organizational perspective as well as a mission perspective. The timing of this potential could not have been better timed from a municipal market perspective. As with many things, what used to be relatively simple, has grown in complexity.

Fiscal year 2014 also marked a continuing increase in regulatory oversight. As a result of this increase in oversight, communities across New Mexico could be impacted by requirements they did not know existed. New standards for records retention by the Internal Revenue Service could mar an otherwise exemplary issuance record by small and large communities alike. The Finance Authority is poised to help New Mexico's communities meet these new demands. Our well-developed processes and experienced personnel can make the complex simple again, providing value that was not foreseen 20 years ago.

I look forward to visiting your communities and finding out how we can help you.

Robert P. Coalter  
Chief Executive Officer



## II. General Information

Fiscal Year 2014 Annual Report







# NEW MEXICO FINANCE AUTHORITY

## BOARD MEMBERS

**John E. McDermott, *Chair***

Chief Executive Officer  
McDermott Advisory Services, LLC

**William Fulginiti, *Vice-Chair***

Executive Director  
New Mexico Municipal League

**David Martin, *Secretary***

Cabinet Secretary  
New Mexico Energy, Minerals & Natural Resources Department

**Katherine Ulibarri, *Treasurer***

Vice President for Finance & Operations  
Central New Mexico Community College

**Jon Barela, *Member***

Cabinet Secretary Designate  
New Mexico Economic Development Department

**Thomas Clifford, *Member***

Cabinet Secretary  
New Mexico Department of Finance & Administration

**Blake Curtis, *Member***

Chief Executive Officer  
Curtis & Curtis Seed & Supply

**Ryan Flynn, *Member***

Cabinet Secretary  
New Mexico Environment Department

**Jerry L. Jones, *Member***

Chief Executive Officer  
Stolar Research Corporation

**Steve Kopelman, *Member***

Executive Director  
New Mexico Association of Counties

**Terry White, *Member***

Chief Executive Officer  
Sunwest Trust Inc.



# NEW MEXICO FINANCE AUTHORITY

## NMFA STAFF

Chief Executive Officer  
Robert P. Coalter

Chief Administrative Officer  
Dora Mae Cde Baca

Executive Assistant/Records  
Mgr.  
Connie Marquez-Valencia

Director of Business  
Development  
Rick Martinez

Director of IT  
Floyd Trujillo

Information Security Analyst  
Mona Killian

Administrative Support  
Specialist II  
Mark Dalton

Administrative Support  
Specialist I  
Helen Poston

General Counsel  
Dan Opperman

Assistant General Counsel  
Bryan Otero

Assistant General Counsel  
Mark Chaiken

Interim Chief Financial Officer  
Robert Brannon

Director of Loan Operations  
Leslie Medina

Senior Accountant II  
Robert Spradley

Senior Accountant II  
Lorraine Valdez

Senior Accountant I  
Richard Garcia

Senior Accountant I  
Joanne Johnson

Accountant II  
Bambi Russom

Accountant II  
Claudette Romero

Chief of Programs  
Marquita D. Russel

Director of Commercial  
Lending  
John Brooks

Commercial Credit Analyst  
Jolene Meadows

Sr. Program Admin.  
LGPF/Colonias  
Jim Perry

Sr. Administrative Assistant  
Theresa Garcia

Special Projects Coordinator  
Jana Amacher

Sr. Program Administrator/  
WTB  
Angela Quintana

Sr. Program  
Administrator/DW  
Todd Johansen

Sr. Administrative Assistant  
Yolanda Valenzuela

Chief Lending Officer  
Zach Dillenback

Sr. Lending Officer  
Adam Johnson

Sr. Lending Officer  
David Mahooty

Lending Officer  
Donna Maestas

Lending Officer  
Carmela Manzari

Sr. Administrative Assistant  
Gloria Castillo

Chief Financial Strategist  
Michael Zavelle

Investment Manager  
Mark Lovato





# III. NMFA Overview

Fiscal Year 2014 Annual Report



## Overview

The New Mexico State Legislature created the New Mexico Finance Authority in 1992 as a mechanism for accessing low-cost capital for the state's cities, counties and certain departments of state government. The enabling statute created the Public Project Revolving Fund ("PPRF"), the Finance Authority's flagship program, as the primary vehicle to accomplish this financing objective.

Over the years, the Legislature broadened the scope of the Finance Authority to include financing programs for vital water and wastewater projects as well as transportation, community facilities and economic development projects. The Finance Authority has become an economic engine for New Mexico and has proven to be a resourceful and effective manager of state and federal programs.

As authorized by statute, the Finance Authority issues PPRF bonds to replenish the funds it loans to New Mexico governmental entities. The statute provided that a portion of the Governmental Gross Receipts Tax would be dedicated to the PPRF and would serve as additional credit enhancement for PPRF bondholders.

After a challenging previous year the Finance Authority increased year over year loan closing volume by 70% in the PPRF program for over \$103 million in new projects. The Finance Authority also took advantage of available loan payoff funds to call and defease over \$115 million in outstanding debt and reduce future interest costs significantly. These savings helped the Finance Authority provide New Mexico's most critical need communities with the highest level of PPRF disadvantaged funding provided within the last five years. This focus on helping the highest needs areas of our state can also be recognized by the unprecedented activity in several of the Finance Authority's other programs, including the federally funded Drinking Water State Revolving Loan Fund, the Local Government Planning Fund and especially the Colonias Infrastructure Project Fund. The Finance Authority nearly doubled the amount of project activity in our state's Colonias and we continue to strive to provide infrastructure solutions for those in underserved communities.

The result was that the Finance Authority closed 25% more projects in FY 2014 bringing our total number of projects financed to 2,109 and our total financings to \$3,119,697,330.



<b>FY Year Created in Law</b>	<b>Program Name</b>	<b>Total Project Funding Provided (6/30/2014)</b>	<b>Total Projects Funded (6/30/2014)</b>	<b>Enabling Act</b>	<b>Statute</b>
1992	Public Project Revolving Fund	\$ 2,407,079,006	1,239	New Mexico Finance Authority Act	6-21-6.0
1994	Primary Care Capital Fund	\$ 12,124,659	19	Primary Care Capital Funding Act	24-1C-4
1997	Drinking Water State Revolving Loan Fund	\$ 138,740,622	66	Drinking Water State Revolving Loan Fund Act	6-21A-4
1999	Water and Wastewater Grant Fund	\$ 60,072,102	159	New Mexico Finance Authority Act	6-21-6.3
2001	Water Project Fund	\$ 280,556,042	266	Water Project Finance Act	72-4A-9
2002	Local Government Planning Fund	\$ 3,366,538	108	New Mexico Finance Authority Act	6-21-6.4
2003	Economic Development Revolving Fund (Smart Money)	\$ 5,669,162	5	Statewide Economic Development Finance Act	6-25-1
2003	Child Care Revolving Loan Fund	\$ 50,000	1	Child Care Facility Loan Act	24-24-4.0
2004	Acequia Project Fund	\$ 175,000	10	Water Project Finance Act	72-4A-9.1
2004	Behavioral Health Capital Fund	\$ 1,200,000	3	Behavioral Health Capital Funding Act	6-26-4
2005	Energy Efficiency & Renewable Energy Bonding Act	\$ 1,152,354	3	New Mexico Finance Authority Act	6-21D-5
2005	Local Transportation Infrastructure Fund	\$ 4,700,000	21	New Mexico Finance Authority Act	6-21-6.8
2006	New Markets Tax Credit	\$ 154,286,000	13	Statewide Economic Development Finance Act	6-25-6.1
2007	Local Government Transportation Fund	\$ 2,835,538	96	New Mexico Finance Authority Act	6-21-6.12
2009	DWRLF (American Recovery & Reinvestment Act)	\$ 13,620,322	16	Drinking Water State Revolving Loan Fund Act	6-21A-4
2010	Colonias Infrastructure Project Fund	\$ 27,740,589	72	Colonias Infrastructure Finance Act	6-30-1.0
2011	Collateral Support Participation Program	<u>\$ 6,329,396</u>	<u>12</u>	Statewide Economic Development Finance Act	6-25-13
<b>Total Projects Funded</b>		<b>\$ 3,119,697,330</b>	<b>2,109</b>		





## IV. NMFA Programs and Activity

Fiscal Year 2014 Annual Report



## **Infrastructure and Capital Equipment Programs**

The Finance Authority has become synonymous with low-cost funding for planning and financing critical infrastructure projects. In addition to the Public Project Revolving Fund, the Finance Authority currently offers the Local Government Planning Fund and the Colonias Infrastructure Project Fund.

### ***Public Project Revolving Fund***

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The Public Project Revolving Fund (“PPRF”) is the New Mexico Finance Authority’s flagship program and was created in 1992 to assist a wide range of public entities in accessing the capital markets. The advantage is being able to offer all borrowers ‘AAA’ rates regardless of a borrower’s underlying credit. The Finance Authority’s main purpose is to coordinate the planning and financing of state and local public projects, provide long-term planning based on state and local capital needs and to improve cooperation among the executive and legislative branches of state and local governments. These goals are achieved primarily through the PPRF.

The PPRF is funded primarily through the Finance Authority’s share of Government Gross Receipts Tax (GGRT), which is the tax levied on goods and services provided by local governments. In fiscal year 2014, the PPRF’s share of the GGRT approximated \$27.3 million per year. The Finance Authority’s uses available funds to make loans to borrowers and then replenishes the PPRF by issuing tax-exempt bonds secured by the PPRF loans made to qualified entities and the annual GGRT receipts.

Since its inception, the Finance Authority has served a diversity of borrowers and project types. This diversity, coupled with the annual receipt of GGRT, has helped the PPRF attain higher bond ratings, lower costs of issuance to all borrowers, and subsidize interest rates on loans to disadvantaged entities. In 2011, Standard and Poor’s assigned its prestigious ‘AAA’ rating to the PPRF. The impact of the PPRF’s high bond rating means that Finance Authority is able to float its bonds at lower interest rates and pass along the savings to New Mexico’s communities, who are able to stretch further their limited public dollars for public projects due to lower interest rates.

In fiscal year 2014, the Finance Authority closed 63 loans totaling \$103,795,298, including \$4,563,351 in subsidized interest rate loans to borrowers with Median Household Incomes of less than 90% of the State’s Median Household Income. This “disadvantaged entity funding” represents a 25% increase over fiscal year 2013.

***Pubic Project Revolving Fund Eligibility:***

***Applicants:*** Local governments, including tribal bodies and charter schools

***Projects:*** Infrastructure, building and capital equipment projects

***Terms:*** Loans of up to 30 years, based upon the useful life of the project, offered at low, fixed interest rates

***Other:*** Entities with median household incomes equaling 90% or less of the State's median household income are eligible to receive 0% or 3% interest rates for up to \$200,000 per entity per fiscal year.

***Local Government Planning Fund***

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The Local Government Planning Fund funds critical planning documents for a variety of public infrastructure projects. Eligible plans include Preliminary Engineering Reports, Feasibility Studies, Environmental Information Documents, Comprehensive Plans, Asset Management Plans, Water Conservation Plans, Master Plans, Local Economic Development Act Plans and Metropolitan Redevelopment Act Plans. Applications are accepted monthly and grants are made on a reimbursement basis. In fiscal year 2014, the Finance Authority closed 12 grant agreements totaling \$531,000.

***Local Government Planning Fund Eligibility:***

***Applicants:*** Local governments, including tribal entities and mutual domestic water consumers associations

***Projects:*** Preliminary engineering reports, environmental information documents, water conservation plans, long-term water plans, energy efficiency audits and economic development plans

***Terms:*** Grant eligibility is determined by project type and the applicant's ability to pay for all or a portion of the planning document.

***Other:*** Prioritization of funding is determined by Board policy.

***Colonias Infrastructure Project Fund***

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In 2010, the Legislature adopted the Colonias Infrastructure Act to help certain communities in Southern New Mexico that lack basic infrastructure for water and wastewater, solid waste disposal, flood and drainage control, roads and housing. The purpose of the Act is to ensure adequate financial resources for infrastructure development for Colonia-recognized communities, provide for the planning and development of infrastructure in an efficient and cost-effective manner, and develop infrastructure projects to improve quality of life and encourage



economic development. In fiscal year 2014, the Finance Authority closed 42 projects totaling \$18,303,406.

## Water Programs

The Finance Authority is a key part of the State's efforts to improve the quality and quantity of drinking water through its Drinking Water State Revolving Loan Fund and the programs managed by the Water Trust Board. Water programs represent the NMFA's second largest area of program activity.

### ***CIP Eligibility:***

***Applicants:*** Local governments, including counties, cities and mutual domestic water consumers associations. Qualified entities must be able to demonstrate adequate capacity to construct and operate the project over the long-term

***Projects:*** Preliminary engineering reports, plans and specifications, and construction

***Terms:*** Funds are delivered as 90% grant, 10% loan, with provisions for loan waivers. The loans are structured with terms of up to 20 years at 0% interest.

***Other:*** Projects are selected by the Colonias Infrastructure Board and recommended to the Finance Authority for funding.

### ***Drinking Water State Revolving Loan Fund***

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The Drinking Water State Revolving Loan Fund ("DWSRLF") is operated in partnership with the New Mexico Environment Department ("NMED") to provide low-cost financing for the construction of and improvements to drinking water facilities throughout New Mexico in order to protect drinking water quality and the public health.

This federal program, managed by the Finance Authority on behalf of the State of New Mexico, is funded through a federal capitalization grant of approximately \$8 million annually. The State is required to match the federal grant by 20 percent. The primary use of the funding is to provide below-market rate loans that fund vital water quality projects. As provided under the federal guidelines, NMED uses 27 percent of the capitalization grant to fund its duties under the federal Safe Drinking Water Act. Similarly, the Finance Authority uses 4 percent for its management of the program. To date, the Finance Authority has received \$172.5 million in federal Environmental Protection Agency ("EPA") capitalization grants, which has been matched by the Finance Authority with \$31.5 million.

In 2011, the federal government began requiring that a portion of the capitalization grants be delivered to communities with additional subsidy. The Finance Authority provides its additional subsidy through low-cost loans with principal forgiveness determined on a sliding scale. The additional subsidy drove demand for the program with FY 2013 experiencing an unprecedented 16 loan closings totaling more than \$25.5 million and FY 2014 experiencing nine loans closings totaling \$8,070,789. As a result, FY 2014 experienced unprecedented levels of construction

activity for this federal program with 20 projects under construction spending \$13.1 million, with nearly 60% this construction occurring in the spring of 2014. This strong level of construction activity is expected to continue through fiscal year 2015 as the NMFA expects to more than double the level of expenditure achieved in FY 2014. NMFA projects that it will fully expend two capitalization grants in FY 2015 bringing the program in-line with federal targets for expenditures.

***DWSRLF Eligibility:***

***Applicants:*** Municipal and community water systems

***Projects:*** Water infrastructure and equipment

***Terms:*** Loans of up to 30 years are offered at below market, fixed interest rates

- Disadvantaged public entities: 0% for the first \$600,000
- Community water systems: 2%
- Non-profit water systems: 3%

***Other:*** In addition to below-market interest rates, water systems operated by public entities may be eligible to receive additional subsidies such as principal forgiveness subject to funding availability.

## ***Water Trust Board***

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Pursuant to the Water Project Finance Act, the Finance Authority provides administrative support to the 16-member Water Trust Board and manages two programs on its behalf: the Water Project Fund and the Acequia Project Fund. The Finance Authority makes loans and grants for projects recommended by the Water Trust Board and authorized by the Legislature. Eligible projects reflect the State's comprehensive effort to promote funding for projects that improve water quantity up and down the value chain—from the water source to its use. With a reliable revenue stream to fund applications annually and a transparent set of policies that guide applicants, the Water Trust Board has become an increasingly sought-after source of funding for a variety of water projects statewide.

## ***Water Project Fund***

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In fiscal year 2014, the Water Trust Board amended its rules to provide applicants with more time to complete the application and provide more coordination amongst the Water Trust Board's seven-agency technical team that evaluates applications and recommends projects to the Water Trust Board. In fiscal year 2014, the Finance Authority closed 27 funding awards totaling \$27,882,698. These awards were a combination of grants and loans, based upon the financial capacity of the applicants.



### ***Water Project Fund Eligibility:***

**Applicants:** State and local governments, including tribal entities and mutual domestic water consumers associations

**Projects:** Planning and construction funding for five types of water projects:

- Water treatment, conservation or reuse
- Flood prevention
- Endangered Species Act collaborative efforts
- Water storage, conveyance and delivery infrastructure improvements
- Watershed restoration and management initiatives

**Terms:** Loan/Grant combinations with the loan component dependent on the repayment ability of the applicant; loans are offered at 0% interest for terms of up to 20 years.

**Other:** Applicants are required to demonstrate at the time of award the ability to fully expend the funds within 12-18 months.

### ***Acequia Project Fund***

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In fiscal year 2014, the Finance Authority closed 9 grants totaling \$160,000 to Acequias recommended by the Water Trust Board and authorized by the Legislature. The grants were used to fund planning and design for projects prioritized by the Interstate Stream Commission.

### ***Acequia Project Fund Eligibility:***

**Applicants:** Acequias

**Projects:** Planning and design

**Terms:** 100% grants with \$20,000 maximum grant per project.

## Community Facilities & Economic Development Programs

The Finance Authority has been active in the financing of private facilities since 1994 with the establishment of the Primary Care Capital Fund. With the creation of the Statewide Economic Development Finance Act in 2003, the Legislature made the Finance Authority a key partner in economic development. Currently, the Finance Authority actively offers five funding programs in this area.

### ***Primary Care Capital Fund***

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The Primary Care Capital Fund (“PCCF”) was created by the 1994 Legislature with an initial appropriation of \$5 million to be used as a revolving fund. To date, the Finance Authority and its partners at the Department of Health (“DOH”) have funded 19 loans totaling more than \$12 million. The Finance Authority did not make any new loans in FY 2014.

#### ***PCCF Eligibility:***

***Applicants:*** 501(c) (3) non-profit primary care health providers

***Projects:*** Building and capital equipment acquisitions

***Terms:*** Loans of up to 15 years are offered at a 3% interest rate, fixed

***Other:*** Borrowers who provide care to indigent patients at free or reduced prices are eligible to receive up to 20% of their annual principal and interest payments reduced through a contract-for-services negotiated with DOH.

### ***Behavioral Health Capital Fund***

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Tailored after the successful Primary Care Capital Fund, this program provides low cost capital to behavioral health clinics in rural and underserved areas of the state. Capitalized by the Finance Authority with \$2.5 million, this small loan program provides below-market interest rate loans to non-profit behavioral health care providers. With its partners at the Department of Human Services (“HSD”), the Finance Authority made a \$620,000 loan to *Tri County Community Services* in Taos.

### ***BHCF Eligibility:***

***Applicants:*** 501(c) (3) non-profit behavioral care health providers

***Projects:*** Building and capital equipment acquisitions

***Terms:*** Loans of up to 15 years are offered at a fixed interest rate of 3%.

***Other:*** Borrowers who provide care to indigent patients at free or reduced prices may be eligible to receive up to 20% of their annual principal and interest payments reduced through a contract-for-services negotiated with HSD.

## ***Statewide Economic Development Finance Act***

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The Statewide Economic Development Finance Act (“SWEDFA”) was enacted into law in 2003 and authorizes the Finance Authority to issue bonds, make loans and provide loan and bond guarantees on behalf of private entities, including businesses and non-profit corporations, from the Economic Development Revolving Fund. SWEDFA partners the Finance Authority with the New Mexico Economic Development Department (“NMEDD”) in creating and operating finance programs that help stimulate the economy through job creation and business growth, particularly in rural and underserved areas of New Mexico. To date the Finance Authority has implemented several programs that help stimulate the economy and create jobs.

## ***Loan Participation Programs***

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The first program implemented under SWEDFA was Smart Money, a loan participation program funded by a net appropriation of \$5.1 million in State dollars. In January 2012, the Finance Authority and NMEDD received from the US Department of Treasury approximately \$13.2 million in federal State Small Business Credit Initiative (“SSBCI”) funding made available through the federal Small Business Jobs Act. The Finance Authority and NMEDD have used these funds to create the Collateral Support Participation program, which works through banks to support new small business lending and help entrepreneurs expand their businesses, thereby creating and retaining jobs for New Mexicans. Through the Collateral Support Participation program, the Finance Authority will leverage at least \$132 million in private investment through December 2016. In anticipation of this federal funding and the limited timing to deliver the funds, the Legislature passed and Governor Martinez signed legislation which temporarily allows the Finance Authority to fund projects from the Economic Development Revolving Fund without prior legislative authorization. With the passage of this bill, the Finance Authority has the ability to provide business-friendly loans to expanding New Mexico’s businesses.

## ***Smart Money Loan Participation Program***

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The Smart Money Loan Participation Program was the first program implemented under SWEDFA. Smart Money creates greater access to capital throughout rural and underserved areas of New Mexico by allowing the Finance Authority to purchase up to 49% of loans originated, underwritten and serviced by local banks at low, fixed interest rates. In FY 2014, the Finance Authority funded a \$576,000 participation with Western Commerce Bank, representing a 15% interest in a \$3.840 million loan made to Landmark at Desert Gardens. The loan proceeds were used to purchase and renovate an assisted living facility that will house 84 residents in Hobbs.

### ***Smart Money Eligibility:***

***Applicants:*** Businesses and non-profit corporations

***Projects:*** Working capital, equipment and building projects

***Terms:*** Loans of up to 25 years are offered at low, fixed interest rates.

***Other:*** The Finance Authority can purchase up to 49% of a bank's loan dependent on the maturity of the loan, job creation derived from the project and lien position of the participation.

## ***Collateral Support Participation Program***

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This program uses federal funding provided through the SSBCI and is designed to spur private investment by mitigating bank risk. Through the Collateral Support Participation program, New Mexico banks can increase their collateral value while lowering the businesses' debt service. This program differs from Smart Money because it focuses on buying shorter term, smaller loan participations that may be subordinated to bank financing. In fiscal year 2014, the Finance Authority and NMEDD funded six projects totaling \$3,275,078 through five different banks across the state.

### ***Collateral Support Participation Program Eligibility:***

***Applicants:*** Businesses and non-profit corporations

***Projects:*** Working capital, equipment and building projects

***Terms:*** Loans of up to 25 years are offered at low, fixed interest rates.

***Other:*** The Finance Authority can purchase up to 40% of a bank's loan dependent on the term of the loan, location of the project and lien position offered to the Finance Authority.

## ***New Markets Tax Credits Program***

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In 2007, with the explicit authorization of the Legislature, the Finance Authority formed a for-profit subsidiary called Finance New Mexico, LLC, to pursue an allocation of federal tax credits available under the New Markets Tax Credit (NMTC) program. The US Department of Treasury has awarded Finance New Mexico a total of \$156 million in NMTC allocations -- \$110 million in 2008 and \$46 million in 2011. Under this program, subsidiaries of Finance New Mexico lend to private for-profit and not-for-profit organizations to spur job creation and development activities in low-income areas of the state.

The purpose of the NMTC is perfectly aligned with the goals of the SWEDFA, which is to provide private businesses in rural or low-income communities across the State with greater access to capital. Under this program, Finance New Mexico leverages private capital with funds derived from the sale of tax credit to investors. The incentive to investors is a 39 percent federal income tax credit earned over seven years for every dollar invested in a qualified low income community enterprise. The benefit to New Mexico businesses is very low-cost capital, with flexible lending criteria and the potential to convert portions of NMTC loans to equity.

### ***New Markets Tax Credit Eligibility***

**Applicants:** For-profit and not-for-profit entities located in federally designated low-income census tracts.

**Projects:** Building, equipment and working capital

**Terms:** Terms of up to 40 years are offered at below market interest rates, with interest only due for the first seven years.

**Other:** Successful applicants must secure a primary lender that is willing to leverage its loans through the NMTC program. Funding is offered through quarterly competitive application cycles and is subject to available funding.

## ***Conduit Economic Development Bonds***

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Through this program, the Finance Authority can help for-profit and not-for-profit businesses, particularly in rural and underserved areas of New Mexico, access the national bond market and take advantage of federal programs that can lower their interest rates through the issuance of tax-exempt bonds. To date, the Finance Authority has not exercised its authority to issue these bonds.



***Conduit Economic Development Bond Eligibility:***

***Applicants:*** Small manufacturers and 501(c) (3) non-profit corporations

***Projects:*** Building and equipment projects

***Terms:*** Terms of up to 30 years offered at either fixed or variable interest rates.

***Other:*** The Finance Authority is able to issue bonds for projects when requested by the local government where the project is located.

## **Other Programs**

### ***Department Of Transportation Bonds***

---

In 2003, the State Legislature authorized the issuance of \$1.585 billion in bonds to fund approximately 40 statewide transportation expansion and improvement projects. The enabling legislation named the Authority as the agent for the New Mexico Department of Transportation (NMDOT) and authorized the Authority to issue \$1.585 billion in bonds to finance the projects.

### ***Local Government Transportation Fund***

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The Finance Authority administers the Local Government Transportation Fund which was created by the Legislature during the 2007 Special Session to provide funding for 116 local government transportation projects totaling more than \$180 million as well as engineering and design services incurred by NMDOT for the projects funded from the Fund. The funding for this program is made up of a \$25 million appropriation from the General Fund and up to \$150 million in proceeds realized from the issuance of Severance Tax Bonds. Through June 30, 2014, the Fund has received a total \$110.4 million in funding which has resulted in 88 projects being certified by NMDOT to proceed. It is expected that all the certified projects will be completed by June 2014.

### ***Other Programs “Stand-Alone” Bonds***

---

Earlier in its history, the Authority, pursuant to legislation, issued bonds for a number of projects for other state agencies or departments. These bonds were issued outside the PPRF, and were called “Stand-Alone” bonds. The proceeds of these bonds were used, generally, to fund the construction of buildings. For various reasons, these projects were not considered at the time to meet the criteria necessary to qualify for a PPRF loan. Over time, the requirements to qualify as a PPRF project have become less restrictive, and similar projects today are funded as PPRF loans, not as non-PPRF Stand-Alone bonds. For each of the Stand-Alone bonds, the source of repayment of the debt is a revenue pledge authorized through a legislative appropriation.



## V. Total Operating budget

Fiscal Year 2014 Annual Report



**NEW MEXICO FINANCE AUTHORITY**  
**REVENUE AND EXPENSE BUDGETS**  
**FISCAL YEARS ENDED JUNE 30, 2014 AND 2015**

	FY 2012 Actuals	FY 2013 Actuals	FY 2014 Budget	FY 2014 Projected	Percentage Change FY 2015 Budget over FY 2014 Budget	FY 2015 Budget	Percentage Change FY 2015 Budget over FY 2014 Projected
<b><u>REVENUES</u></b>							
Appropriation revenue	\$ 43,146,845	\$ 34,033,130	\$ 39,011,924	\$ 43,086,861		\$ 42,000,000	
Interest income from loans	54,459,612	52,942,880	54,580,750	50,497,139		56,143,000	
Interest income from investments	436,387	139,403	418,000	488,045		550,000	
Administration fee revenue	7,352,753	3,395,491	4,782,051	3,363,585		4,657,000	
Grant revenue	41,883,216	48,692,048	55,117,000	55,402,227		52,350,000	
<b>Total Revenues</b>	<b>\$ 147,278,813</b>	<b>\$ 139,202,952</b>	<b>\$ 153,909,725</b>	<b>\$ 152,837,857</b>	<b>1.2%</b>	<b>\$ 155,700,000</b>	<b>1.9%</b>
<b><u>EXPENDITURES</u></b>							
<b>Operating Expenses</b>							
Personnel services	\$ 3,976,586	\$ 3,926,740	\$ 4,750,000	\$ 4,277,611		\$ 4,650,000	
Professional services	2,520,763	2,651,079	2,489,475	2,553,744		2,700,000	
Operating costs	1,551,350	1,665,905	1,328,970	1,021,261		1,300,000	
<b>Total - Operating Expenses</b>	<b>\$ 8,048,699</b>	<b>\$ 8,243,724</b>	<b>\$ 8,568,445</b>	<b>\$ 7,852,616</b>	<b>1.0%</b>	<b>\$ 8,650,000</b>	<b>10.2%</b>
<b>Non-Operating Expenses</b>							
Bond/Loan interest Expense	\$ 53,964,438	\$ 55,997,227	\$ 53,867,650	\$ 54,617,605		\$ 51,731,650	
Bond Issuance Expense	1,272,046	752,792	1,500,000	1,169,823		1,500,000	
Grant Expense	42,063,551	48,828,884	40,787,000	50,056,822		44,950,000	
<b>Total non-operating expenses</b>	<b>\$ 97,300,035</b>	<b>\$ 105,578,903</b>	<b>\$ 96,154,650</b>	<b>\$ 105,844,250</b>	<b>2.1%</b>	<b>\$ 98,181,650</b>	<b>-7.2%</b>
<b>Total fiscal year expenses</b>	<b>\$ 105,348,734</b>	<b>\$ 113,822,627</b>	<b>\$ 104,723,095</b>	<b>\$ 113,696,866</b>	<b>2.0%</b>	<b>\$ 106,831,650</b>	<b>-6.0%</b>
<b>Excess (deficit) revenues over expenses</b>	<b>\$ 41,930,079</b>	<b>\$ 25,380,325</b>	<b>\$ 49,186,630</b>	<b>\$ 39,140,991</b>		<b>\$ 48,868,350</b>	
<b>Transfer to other agencies</b>	<b>8,725,047</b>	<b>2,953,157</b>	<b>9,535,000</b>	<b>3,080,451</b>		<b>5,400,000</b>	
<b>Excess (deficit) revenues over expenses</b>	<b>\$ 33,205,032</b>	<b>\$ 22,427,168</b>	<b>\$ 39,651,630</b>	<b>\$ 36,060,540</b>		<b>\$ 43,468,350</b>	

*The Budget and certain other portions of this report contain forward-looking statements that are based on management expectations, estimates, projections, and assumptions. These statements are not guarantees of future performance and involve risks and uncertainties that are difficult to predict. Actual future results, therefore, may differ materially from the forecasts contained in the forward-looking statements.*

**NEW MEXICO FINANCE AUTHORITY**  
**REVENUE AND EXPENSE BUDGET BY PROGRAM**  
**FISCAL YEAR ENDED JUNE 30, 2015**

	Grand Total	PPRF	GRIP (Inc GRIP II and Local Road Fund)	Drinking Water Revolving Loan Fund	Water Trust Board	Colonias Infrastructure Fund	Local Government Planning Fund	New Markets Tax Credits	State Small Business Credit Initiative	Economic Development	Behavioral Health Capital Fund	Primary Care Capital Fund	Child Care Revolving Loan Fund	Intergovernmental Receivables
<b>REVENUES</b>														
Appropriation revenues	42,000,000	\$ 29,633,761	\$ -	\$ -	\$ 4,000,000	\$ -	-	\$ -	4,477,239	\$ -	\$ 1,089,000	\$ -	\$ -	\$ 2,800,000
Interest income on loans	56,143,000	54,291,356	-	1,050,000	-	-	-	-	135,000	30,000	30,000	126,000	750	479,894
Interest income on investments	550,000	357,000	25,000	100,000	51,000	-	-	-	10,000	2,000	-	-	-	5,000
Administration fee revenue	4,657,000	3,572,747	319,253	175,000	70,000	-	-	520,000	-	-	-	-	-	-
Grant revenue	52,350,000	-	-	12,497,071	36,352,929	3,500,000	-	-	-	-	-	-	-	-
<b>Total Revenues</b>	<b>\$ 155,700,000</b>	<b>\$ 87,854,864</b>	<b>\$ 344,253</b>	<b>\$ 13,822,071</b>	<b>\$ 40,473,929</b>	<b>\$ 3,500,000</b>	<b>\$ -</b>	<b>\$ 520,000</b>	<b>\$ 4,622,239</b>	<b>\$ 32,000</b>	<b>\$ 1,119,000</b>	<b>\$ 126,000</b>	<b>\$ 750</b>	<b>\$ 3,284,894</b>
<b>EXPENDITURES</b>														
<b>Operating Expenses</b>														
Personal services and benefits	4,650,000	2,295,957	130,511	584,648	438,846	219,196	220,512	366,920	267,772	80,806	12,355	24,668	7,809	
Contractual costs	2,700,000	1,394,197	145,596	156,987	519,307	109,694	112,594	167,485	77,141	8,500	7,750	650	100	
Other Costs	1,300,000	673,010	43,146	118,433	132,143	52,008	46,740	140,783	83,707	9,070	404	531	24	
<b>Total - Operating Expenses</b>	<b>\$ 8,650,000</b>	<b>\$ 4,363,164</b>	<b>\$ 319,253</b>	<b>\$ 860,068</b>	<b>\$ 1,090,296</b>	<b>\$ 380,898</b>	<b>\$ 379,846</b>	<b>\$ 675,188</b>	<b>\$ 428,620</b>	<b>\$ 98,376</b>	<b>\$ 20,509</b>	<b>\$ 25,849</b>	<b>\$ 7,933</b>	<b>\$ -</b>
<b>Non-Operating Expenses</b>														
Bond interest expense	51,731,650	\$ 51,169,106	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 82,650	\$ -	\$ -	\$ 479,894
Bond issuance expense	1,500,000	1,500,000	-	-	-	-	-	-	-	-	-	-	-	-
Grant expense	44,805,000	-	-	5,380,000	34,850,000	2,975,000	1,600,000	-	-	-	-	-	-	-
Contract for service expense	145,000	-	-	-	-	-	-	-	-	-	10,000	135,000	-	-
<b>Total Non-Operating Expenses</b>	<b>\$ 98,181,650</b>	<b>\$ 52,669,106</b>	<b>\$ -</b>	<b>\$ 5,380,000</b>	<b>\$ 34,850,000</b>	<b>\$ 2,975,000</b>	<b>\$ 1,600,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 92,650</b>	<b>\$ 135,000</b>	<b>\$ -</b>	<b>\$ 479,894</b>
<b>Total Expenses</b>	<b>\$ 106,831,650</b>	<b>\$ 57,032,270</b>	<b>\$ 319,253</b>	<b>\$ 6,240,068</b>	<b>\$ 35,940,296</b>	<b>\$ 3,355,898</b>	<b>\$ 1,979,846</b>	<b>\$ 675,188</b>	<b>\$ 428,620</b>	<b>\$ 98,376</b>	<b>\$ 113,159</b>	<b>\$ 160,849</b>	<b>\$ 7,933</b>	<b>\$ 479,894</b>
Excess (Deficit) revenues over expenses	\$ 48,868,350	\$ 30,822,594	\$ 25,000	\$ 7,582,003	\$ 4,533,633	\$ 144,102	\$ (1,979,846)	\$ (155,188)	\$ 4,193,619	\$ (66,376)	\$ 1,005,841	\$ (34,849)	\$ (7,183)	\$ 2,805,000
Transfer to other agencies	5,400,000	500,000	-	2,095,000	-	-	-	-	-	-	-	-	-	2,805,000
Excess (Deficit) revenues over expenses	\$ 43,468,350	\$ 30,322,594	\$ 25,000	\$ 5,487,003	\$ 4,533,633	\$ 144,102	\$ (1,979,846)	\$ (155,188)	\$ 4,193,619	\$ (66,376)	\$ 1,005,841	\$ (34,849)	\$ (7,183)	\$ -
<b>Activity - Historical Financings</b>														
Number of Projects	1,940	1242	117	82	266	72	108	13	12	5	3	19	1	
\$ amount of financings	3,059,450,228	2,408,231,360	7,535,538	152,360,944	280,556,042	27,740,589	3,366,538	154,286,000	6,329,396	5,669,162	1,200,000	12,124,659	50,000	
<b>Activity - Loans Outstanding</b>														
Number of Loans	915	653		58	147	19		13	7	4	4	9	1	
\$ amount of loans outstanding	1,344,598,170	1,087,184,239		67,239,036	21,222,996	661,350		154,286,000	3,312,527	4,681,764	1,168,302	4,822,146	19,810	



**New Mexico Finance Authority**  
**Cash Flow Budget by Program**  
**Fiscal Year Ending June 30, 2015**

	Total	PPRF	GRIP (Including GRIP II and LTIF)	Drinking Water SRLF	Water Projects Fund	Colonias Infrastructure Fund	Local Government Planning Fund	New Markets Tax Credit	State Small Business Credit Initiative	Economic Development	Behavioral Health Care Capital Fund	Primary Care Capital Fund	Childcare Revolving Loan Fund	Intergovern- mental Loans
<b>Cashflows from financing activities:</b>														
<b>Cash inflows from financing activities:</b>														
Proceeds from Bond Issuances	\$ 150,000,000	\$ 150,000,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investment Funds Received - NMTC	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Loan principal repayments	92,299,800	83,500,000	-	3,600,000	1,000,000	-	-	-	-	25,000	63,000	439,000	4,800	3,668,000
Loan Interest repayments pledged to bond payments	53,751,250	53,241,356	-	-	-	-	-	-	-	-	30,000	-	-	479,894
Grant revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Severance Tax Bonds	39,852,929	-	-	-	36,352,929	3,500,000	-	-	-	-	-	-	-	-
- Federal Funds	12,147,071	-	-	12,147,071	-	-	-	-	-	-	-	-	-	-
Appropriation Revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Water Trust Fund	4,000,000	-	-	-	4,000,000	-	-	-	-	-	-	-	-	-
- GGRT	27,383,761	27,383,761	-	-	-	-	-	-	-	-	-	-	-	-
- Cigarette Tax	3,889,000	-	-	-	-	-	-	-	-	-	1,089,000	-	-	2,800,000
- State Small Business Credit Initiative	4,477,239	-	-	-	-	-	-	-	4,477,239	-	-	-	-	-
- Other	1,870,154	250,000	-	-	-	-	1,620,154	-	-	-	-	-	-	-
<b>Total cash inflows from financing activities:</b>	<b>389,671,204</b>	<b>314,375,117</b>	<b>-</b>	<b>15,747,071</b>	<b>41,352,929</b>	<b>3,500,000</b>	<b>1,620,154</b>	<b>-</b>	<b>4,477,239</b>	<b>25,000</b>	<b>1,182,000</b>	<b>439,000</b>	<b>4,800</b>	<b>6,947,894</b>
<b>Outflows from financing activities:</b>														
Bond Principal Repayments	(73,695,000)	(70,645,000)	-	-	-	-	-	-	-	-	(125,000)	-	-	(2,925,000)
Bond Interest Repayments	(51,731,650)	(51,169,106)	-	-	-	-	-	-	-	-	(82,650)	-	-	(479,894)
Costs of Issuance Expenses	(1,500,000)	(1,500,000)	-	-	-	-	-	-	-	-	-	-	-	-
Appropriation from PPRF for other programs	(2,300,000)	(2,300,000)	-	-	-	-	-	-	-	-	-	-	-	-
Deposits to reserve funds	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Deposits to revolving fund	(565,000)	-	-	-	-	-	-	-	-	-	-	(565,000)	-	-
Projects funded as grants	(41,076,998)	-	-	(5,380,000)	(31,121,998)	(2,975,000)	(1,600,000)	-	-	-	-	-	-	-
Loans Funded	(206,487,000)	(180,000,000)	-	(13,000,000)	(3,808,000)	(525,000)	-	(4,654,000)	(4,500,000)	-	-	-	-	-
Payments to Other Agencies	(9,128,002)	(500,000)	-	(2,095,000)	(3,728,002)	-	-	-	-	-	-	-	-	(2,805,000)
<b>Total cash outflows from financing activities</b>	<b>(386,483,650)</b>	<b>(306,114,106)</b>	<b>-</b>	<b>(20,475,000)</b>	<b>(38,658,000)</b>	<b>(3,500,000)</b>	<b>(1,600,000)</b>	<b>(4,654,000)</b>	<b>(4,500,000)</b>	<b>-</b>	<b>(207,650)</b>	<b>(565,000)</b>	<b>-</b>	<b>(6,209,894)</b>
<b>Net cash inflows (outflows) from financing activities</b>	<b>3,187,554</b>	<b>8,261,011</b>	<b>-</b>	<b>(4,727,929)</b>	<b>2,694,929</b>	<b>-</b>	<b>20,154</b>	<b>(4,654,000)</b>	<b>(22,761)</b>	<b>25,000</b>	<b>974,350</b>	<b>(126,000)</b>	<b>4,800</b>	<b>738,000</b>
<b>Cashflows from operating activities:</b>														
<b>Cash inflows from operating activity:</b>														
Interest included in repayments of equity loans	2,391,750	1,050,000	-	1,050,000	-	-	-	-	135,000	30,000	-	126,000	750	-
Loan principal repayments	969,296	-	-	-	969,296	-	-	-	-	-	-	-	-	-
Interest on investments	550,000	357,000	25,000	100,000	51,000	-	-	-	10,000	2,000	-	-	-	5,000
Administrative processing fees	4,657,000	3,572,747	319,253	175,000	70,000	-	-	520,000	-	-	-	-	-	-
Appropriation revenue	379,846	-	-	-	-	-	379,846	-	-	-	-	-	-	-
Grant revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Federal funds	350,000	-	-	350,000	-	-	-	-	-	-	-	-	-	-
- State funds	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total cash inflows from operating activities</b>	<b>9,297,892</b>	<b>4,979,747</b>	<b>344,253</b>	<b>1,675,000</b>	<b>1,090,296</b>	<b>-</b>	<b>379,846</b>	<b>520,000</b>	<b>145,000</b>	<b>32,000</b>	<b>-</b>	<b>126,000</b>	<b>750</b>	<b>5,000</b>
<b>Cash outflows from operating activity:</b>														
Salary and benefits	(4,650,000)	(2,295,957)	(130,511)	(584,648)	(438,846)	(219,196)	(220,512)	(366,920)	(267,772)	(80,806)	(12,355)	(24,668)	(7,809)	-
Operating expenses	(4,000,000)	(2,067,207)	(188,742)	(275,420)	(651,450)	(161,702)	(159,334)	(308,268)	(160,848)	(17,570)	(8,154)	(1,181)	(124)	-
<b>Total cash outflows from operating activities</b>	<b>(8,650,000)</b>	<b>(4,363,164)</b>	<b>(319,253)</b>	<b>(860,068)</b>	<b>(1,090,296)</b>	<b>(380,898)</b>	<b>(379,846)</b>	<b>(675,188)</b>	<b>(428,620)</b>	<b>(98,376)</b>	<b>(20,509)</b>	<b>(25,849)</b>	<b>(7,933)</b>	<b>-</b>
<b>Net cash inflows(outflows) from operating activities</b>	<b>647,892</b>	<b>616,583</b>	<b>25,000</b>	<b>814,932</b>	<b>-</b>	<b>(380,898)</b>	<b>-</b>	<b>(155,188)</b>	<b>(283,620)</b>	<b>(66,376)</b>	<b>(20,509)</b>	<b>100,151</b>	<b>(7,183)</b>	<b>5,000</b>
<b>Net Inflow (Outflow) of Cash</b>	<b>3,835,446</b>	<b>8,877,594</b>	<b>25,000</b>	<b>(3,912,997)</b>	<b>2,694,929</b>	<b>(380,898)</b>	<b>20,154</b>	<b>(4,809,188)</b>	<b>(306,381)</b>	<b>(41,376)</b>	<b>953,841</b>	<b>(25,849)</b>	<b>(2,383)</b>	<b>743,000</b>
<b>Beginning Cash Restricted for Program Use</b>	<b>294,897,724</b>	<b>207,051,158</b>	<b>1,461,900</b>	<b>47,077,177</b>	<b>16,482,042</b>	<b>(1,132,624)</b>	<b>2,008,119</b>	<b>5,520,960</b>	<b>4,756,271</b>	<b>(604,618)</b>	<b>2,021,606</b>	<b>1,055,055</b>	<b>(82,245)</b>	<b>9,282,922</b>
<b>Ending Cash Restricted for Program Use</b>	<b>\$ 298,733,170</b>	<b>\$ 215,928,752</b>	<b>\$ 1,486,900</b>	<b>\$ 43,164,180</b>	<b>\$ 19,176,971</b>	<b>\$ (1,513,522)</b>	<b>\$ 2,028,273</b>	<b>\$ 711,772</b>	<b>\$ 4,449,890</b>	<b>\$ (645,994)</b>	<b>\$ 2,975,447</b>	<b>\$ 1,029,206</b>	<b>\$ (84,628)</b>	<b>\$ 10,025,922</b>

**ANNUAL BUDGETS**  
**FISCAL YEARS ENDED JUNE 30**

	<b>2015 Approved Budget</b>	<b>2016 Projected Budget</b>	<b>2017 Projected Budget</b>	<b>2018 Projected Budget</b>	<b>2019 Projected Budget</b>
<b><u>REVENUES</u></b>					
Appropriation revenues	\$ 42,000,000	\$ 39,520,000	\$ 40,705,600	\$ 41,925,700	\$ 43,185,000
Interest income on loans	56,143,000	56,759,000	58,500,000	60,743,000	63,112,000
Interest income on investments	550,000	600,000	700,000	800,000	1,000,000
Administration fee revenue	4,657,000	4,750,000	4,825,000	4,900,000	4,975,000
Grant revenue	52,350,000	54,000,000	56,500,000	57,500,000	59,000,000
<b>Total Revenues</b>	<b>155,700,000</b>	<b>155,629,000</b>	<b>161,230,600</b>	<b>165,868,700</b>	<b>171,272,000</b>
<b><u>EXPENSES</u></b>					
<b>Operating Expenses</b>					
Personnel services	\$ 4,650,000	\$ 4,750,000	\$ 4,875,000	\$ 5,000,000	\$ 5,125,000
Professional services	2,700,000	2,750,000	2,750,000	2,800,000	3,000,000
Operating costs	1,300,000	1,384,000	1,411,700	1,440,000	1,469,000
<b>Total Operating Expenses</b>	<b>8,650,000</b>	<b>8,884,000</b>	<b>9,036,700</b>	<b>9,240,000</b>	<b>9,594,000</b>
<b>Non-Operating Expenses</b>					
Bond interest expense	51,731,650	53,285,000	54,885,250	56,528,570	58,224,275
Bond issuance expense	1,500,000	1,500,000	1,650,000	1,700,000	1,850,000
Grant expense	44,950,000	45,900,000	48,025,000	48,875,000	50,150,000
<b>Total Non-Operating Expenses</b>	<b>98,181,650</b>	<b>100,685,000</b>	<b>104,560,250</b>	<b>107,103,570</b>	<b>110,224,275</b>
<b>Total Fiscal Year Expenses</b>	<b>106,831,650</b>	<b>109,569,000</b>	<b>113,596,950</b>	<b>116,343,570</b>	<b>119,818,275</b>
Excess revenues over expenditures	48,868,350	46,060,000	47,633,650	49,525,130	51,453,725
Transfer to other agencies	5,400,000	9,000,000	8,500,000	8,500,000	8,000,000
<b>Excess revenues over expenditures</b>	<b>\$ 43,468,350</b>	<b>\$ 37,060,000</b>	<b>\$ 39,133,650</b>	<b>\$ 41,025,130</b>	<b>\$ 43,453,725</b>
<b>Capital Investments</b>					
Furniture and fixtures	\$ -	\$ 25,000	\$ 25,000	\$ 125,000	\$ 25,000
Computer hardware & software	-	1,000,000	1,000,000	-	-
<b>Total capital investments</b>	<b>\$ -</b>	<b>\$ 1,025,000</b>	<b>\$ 1,025,000</b>	<b>\$ 125,000</b>	<b>\$ 25,000</b>

These Budgets and certain other portions of this report contain forward-looking statements that are based on management expectations, estimates, projections, and assumptions. These statements are not guarantees of future performance and involve risks and uncertainties that are difficult to predict. Actual future results, therefore, may differ may differ materially from the forecasts contained in the forward-looking statements.