



NEW MEXICO  
**FINANCE AUTHORITY**

## **2020 Annual Report**

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*Advancing New Mexico by financing impactful, well-planned projects.*



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# NMFA 2020 Annual Report

## I. Introduction







## **Governor Michelle Lujan Grisham and Members of the New Mexico Legislature:**

On behalf of the New Mexico Finance Authority Board of Directors and staff, we are pleased to present our Fiscal Year 2020 Annual Report.

Over the past year, the NMFA Board laid the groundwork for enhanced mission-driven operations. In November 2019, the NMFA Board selected long-time employee Marquita Russel to serve as the agency's sixth CEO. The first CEO to come from within the organization, Marquita joined the NMFA in 2000 and was well armed to usher in a new era at NMFA. As we welcome Marquita into her new role, we thank John Gasparich who capably served NMFA for a second time as NMFA's Interim CEO.

In January 2020, the NMFA Board formally adopted a Strategic Plan that identified operational excellence, collaborative financing, integrated project planning, and capacity building as its strategic framework. As part of that initiative, staff was realigned to better position NMFA to serve the growing needs of the State. Key to the realignment was the enhancement of our lending staff and establishment of a client services department that serves as the primary point of contact for our clients after the closing of a loan or grant.

These activities served the agency well in March when the agency moved into remote operations due to the Covid-19 pandemic. From our homes, we helped New Mexico communities and businesses navigate unprecedented health and economic crises:

- In April, NMFA tested its ready-access to the municipal bond market. Despite significant withdrawals of investor dollars and market upheavals, our PPRF Bonds, Series 2020A, outperformed prior PPRF bond issues as investors flocked to well-established bond programs with diversified credits and strong management.
- In April, NMFA initiated the Essential Services Working Capital program, an internally funded working capital loan program to help essential businesses and non-profits continue providing services such as child, behavioral health and medical care.
- In June, as part of the First Special Session of the 2020 Legislature, NMFA was named the administrator of the State-funded Small Business Recovery Loan Fund to assist businesses that experienced financial hardship due to the COVID-19 pandemic. NMFA quickly mobilized and, within 29 days of the legislation being signed into law, opened an on-line application capable of handling high volume securely with built-in fraud mitigation tools.

In FY 2020, NMFA funded 169 projects, pumping \$357.6 million into New Mexico's economy. We are proud of our accomplishments, are grateful for our many partners and clients across the state, and believe it's a privilege to do the work we do in New Mexico.

Katherine B. Miller  
Board Chair

Marquita D. Russel  
Chief Executive Officer



# NMFA 2020 Annual Report

## II. General Information



## **Board of Directors**

**Katherine Miller, *Chair***

County Manager  
Santa Fe County

**Steve Kopelman, *Vice-Chair***

Executive Director  
New Mexico Counties

**Leslie Nathanson Juris, *Secretary***

Public Member

**Andrew J. Burke**

Senior Vice President for Administration and Finance  
New Mexico State University

**A. J. Forte**

Executive Director  
New Mexico Municipal League

**James Kenney**

Cabinet Secretary  
New Mexico Environment Department

**Alicia Keyes**

Cabinet Secretary  
New Mexico Economic Development Department

**David A. Martinez**

Public Member

**Sarah Cottrell Propst**

Cabinet Secretary  
New Mexico Energy, Minerals & Natural Resources Department

**Debbie Romero**

Acting Cabinet Secretary  
New Mexico Department of Finance & Administration

**Martin Abran Suazo**

Public Member



## NMFA Staff

Chief Executive Officer  
Marquita D. Russel

Chief Administrative Officer  
Dora Mae Cde Baca

Executive Assistant/Records  
Manager  
Connie Marquez

Chief Legal Officer  
Dan Opperman

Legal and Compliance Counsel  
Bryan Otero

Paralegal/Compliance Assistant  
Charlotte Larragoite

Director of Information Technology  
Floyd Trujillo

Information Security Analyst  
Mona Killian

IT Systems Analyst  
Frank Ibarra

Database Analyst  
Anthony Silva

Administrative Support Specialist III  
Mark Dalton

Administrative Support Specialist I  
Helen Poston

Senior Administrative Assistant  
Joe Maldonado

Senior Administrative Assistant  
Lisa Barela

Chief Financial Strategist  
Michael Zavelle

Managing Director, Investments  
Mark Lovato

Chief Financial Officer  
Oscar Rodriguez

Controller  
Norman Vuylsteke

EnABLE Project Director  
Lucas Elliott

Senior Accountant  
Robert Spradley

Senior Accountant  
Glenn Gaylord

Senior Accountant  
Joanne Johnson

Accountant  
Michael MacDougall

Accountant  
Meca Broadway

Accountant  
Romana Speight

Regional Finance Manager  
Carmela Manzari

Regional Finance Manager  
Ron Cruz

Regional Finance Manager  
Joe Durr

Lynn Taulbee  
Communications and Outreach  
Manager

Chief of Program Operations  
Adam Johnson

Managing Director, Program  
Administration  
Michael Vonderheide

Senior Program Administrator  
Angela Quintana

Senior Program Administrator  
Todd Johansen

Senior Program Administrator  
Susan Rodriguez

Managing Director, Client Services  
Leslie Medina

Senior Program Administrator  
Maria Gallardo

Funding Coordinator, Client Services  
Mary Finney

Funding Coordinator, Client Services  
Alex Orozco

Funding Coordinator, Client Services  
Rio Trujillo

Credit Analyst  
Shawna Johnson

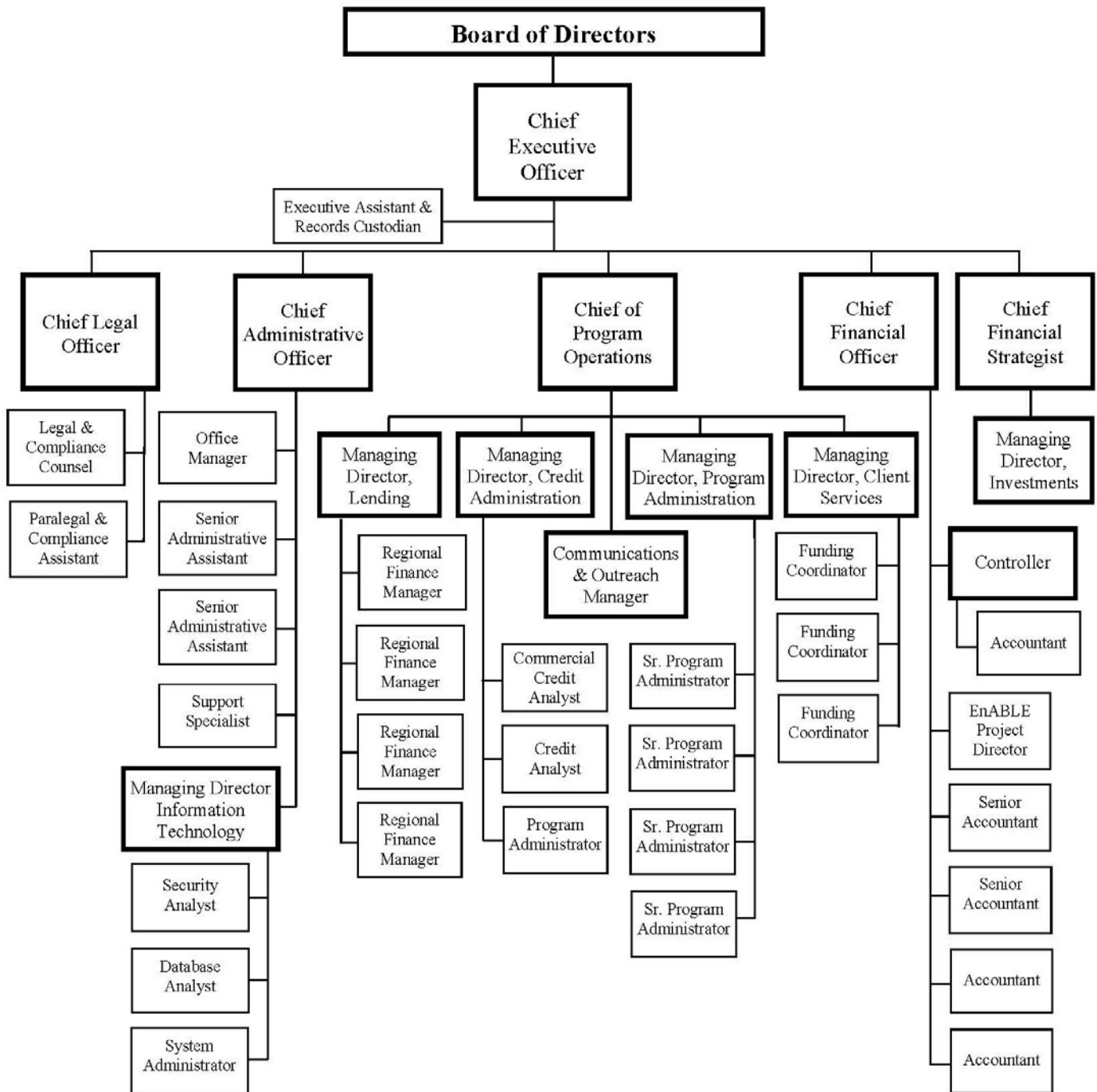
Managing Director, Commercial  
Lending  
John Brooks

Commercial Lender  
Ryan Olguin

Commercial Credit Analyst  
LaRain Valdez

Program Administrator  
Theresa Garcia

## Organizational Chart





# NMFA 2020 Annual Report

## III. Overview



## Overview

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

Through the years, NMFA has become a reliable source of financing for a broad range of projects. Building upon the success with the PPRF, the Legislature broadened NMFA's financing options to include targeted programs for vital water and wastewater projects as well as transportation, community facilities and economic development projects.

Active?	FY	Program Name	Enabling Act	Statute
✓	1992	Public Project Revolving Fund	New Mexico Finance Authority Act	6-21-6.0
✓	1994	Primary Care Capital Fund	Primary Care Capital Funding Act	24-1C-4
✓	1997	Drinking Water State Revolving Loan Fund	Drinking Water State Revolving Loan Fund Act	6-21A-4
	1999	Water and Wastewater Grant Fund	New Mexico Finance Authority Act	6-21-6.3
✓	2001	Water Project Fund	Water Project Finance Act	72-4A-9
✓	2002	Local Government Planning Fund	New Mexico Finance Authority Act	6-21-6.4
✓	2003	Economic Development Revolving Fund (Smart Money)	Statewide Economic Development Finance Act	6-25-6.1
	2003	Child Care Revolving Loan Fund	Child Care Facility Loan Act	24-24-4.0
	2004	Acequia Project Fund	Water Project Finance Act	72-4A-9.1
✓	2004	Behavioral Health Capital Fund	Behavioral Health Capital Funding Act	6-26-4
	2005	Energy Efficiency & Renewable Energy Bonding Act	New Mexico Finance Authority Act	6-21D-5
	2005	Local Transportation Infrastructure Fund	New Mexico Finance Authority Act	6-21-6.8
✓	2006	New Markets Tax Credit	Statewide Economic Development Finance Act	6-25-6.1
	2007	Local Government Transportation Fund	New Mexico Finance Authority Act	6-21-6.12
✓	2010	Colonias Infrastructure Project Fund	Colonias Infrastructure Finance Act	6-30-1.0
	2011	Collateral Support Participation Program	Statewide Economic Development Finance Act	6-25-13
✓	2021	Essential Services Working Capital Program	Statewide Economic Development Finance Act	6-25-13
✓	2021	New Markets Tax Credit Small Loan Pool	Statewide Economic Development Finance Act	6-21-6.12
✓	2021	Small Business Recovery Loan Fund	Small Business Recovery Act of 2020	6-32-1
	2021	Local Government Emergency Economic Relief Fund	Small Business Recovery Act of 2020	7-27-5.27



<b>NMFA Program Activity FY 2020 and FY 2019</b>				
<b>Public Lending Programs</b>		<b>FY 2020</b>		<b>FY 2019</b>
Public Project Revolving Fund	102	\$287,527,942	98	\$292,065,615
Local Government Planning Fund	7	\$779,483	39	\$1,787,967
Water Project Fund	24	\$28,330,255	14	\$17,305,000
Colonias Infrastructure Fund	25	\$14,671,481	17	\$9,519,823
Drinking Water State Revolving Loan Fund	7	\$14,121,180	12	\$19,308,157
<b>Total Public Lending</b>	<b>165</b>	<b>\$345,430,341</b>	<b>180</b>	<b>\$339,986,561</b>
<b>Private Lending Programs</b>		<b>FY 2020</b>		<b>FY 2019</b>
Primary Care Capital Fund				
Behavioral Health Capital Fund			1	\$1,600,000
New Markets Tax Credits	3	\$25,500,000	4	\$47,000,000
NMTC Small Loan Pool				
Economic Development Revolving Fund	1	\$751,431		
State Small Business Credit Initiative				
Essential Services Working Capital Fund				
<b>Total Private Lending</b>	<b>4</b>	<b>\$26,251,431</b>	<b>5</b>	<b>\$48,600,000</b>
<b>TOTAL NMFA LENDING:</b>	<b>169</b>	<b>\$371,681,772</b>	<b>185</b>	<b>\$388,586,561</b>





# NMFA 2020 Annual Report

## IV. Programs and Activity





## **Public Infrastructure and Capital Equipment Programs**

**Public Project Revolving Fund**

**Local Government Planning Fund**

**Colonias Infrastructure Fund**

**Drinking Water State Revolving Loan Fund**

**Water Project Fund**



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

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The Public Project Revolving Fund (PPRF) was created in 1992 to assist a wide range of public entities in accessing the capital markets at low or below-market interest rates. Through the PPRF, NMFA aims to coordinate the planning and financing of state and local public projects, provide long-term planning based on state and local capital needs, and improve cooperation among the executive and legislative branches of state and local governments.

NMFA's share of Governmental Gross Receipts Tax (GGRT) both enables the PPRF to maintain adequate lending capacity and to remain highly rated. GGRT is the tax levied on goods and services provided by local governments. In FY 2020, the PPRF's share of the GGRT approximated \$33.7 million. NMFA uses available funds in the PPRF to make loans to borrowers and then replenishes the PPRF by issuing tax-exempt bonds. These bonds are secured by the PPRF loans made to qualified entities and the annual GGRT receipts.

Since its inception, NMFA has served a wide variety of borrowers and project types. This diversity, coupled with the annual receipt of GGRT, helps the PPRF attain the highest bond ratings, which allows NMFA to provide low costs of issuance for borrowers and subsidized interest rates on loans to disadvantaged entities. One of the most significant advantages of the PPRF is the ability to offer all borrowers the PPRF's 'AAA' interest rates, regardless of the borrower's underlying credit. The impact of the PPRF's high bond rating means that NMFA is able to issue bonds at lower interest rates and pass along the savings to New Mexico's communities. With these lower interest rates, public entities realize significant savings over the life of the loan which allows them to maximize their limited public dollars to use on public projects that are important to their communities.

In FY 2020, NMFA closed 102 PPRF loans totaling \$287.5 million, representing a 4% increase in the number of loans and a slight (1.5%) decrease in the dollar amount of PPRF loans made as compared to FY 2019. Since the inception of the PPRF through June 30, 2020, NMFA has made 1,814 loans totaling \$4.1 billion.

### ***Public Project Revolving Fund (PPRF) Eligibility:***

***Applicants:*** Local governments, including tribal entities 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

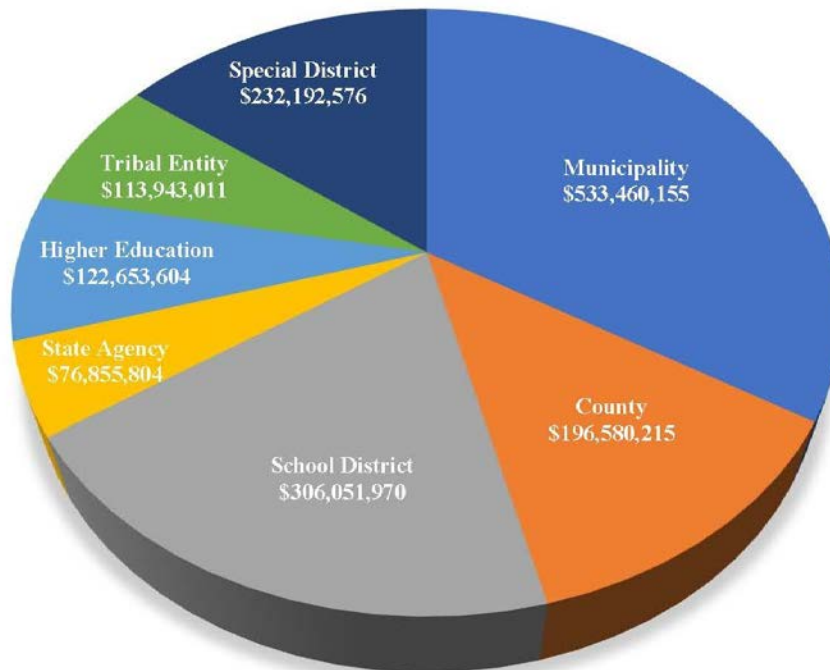
***Other:*** Entities in communities with median household incomes less than the state's median household income are eligible to receive 0% or 2% interest rates for up to \$500,000 per entity per fiscal year subject to availability of funds



## PPRF Project Volume

	FY 2020	FY 2019	Since Inception
Amount of projects funded	\$287.5 million	\$291.8 million	\$4.1 billion
Number of projects funded	102	98	1,814
Refunding loans (included above)	\$32.0 million	\$42.2 million	---
Average project size	\$2.8 million	\$3.0 million	\$2.3 million

## PPRF Outstanding Portfolio by Client Type



### ***Local Government Planning Fund***

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The Local Government Planning Fund provides financing for 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 FY 2020, NMFA closed seven grant agreements totaling \$779,483, representing an 82% decrease in the number of grants and a 56% decrease in the dollar amount of grants made as compared to FY 2019.

#### ***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:*** Grants are made on a sliding scale





## ***Colonias Infrastructure Project Fund***

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In 2010, the New Mexico Legislature adopted the Colonias Infrastructure Act (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 provide funding for infrastructure development to Colonia-recognized communities for projects that improve quality of life and encourage economic development. In FY 2020, NMFA closed 25 projects totaling \$14,671,481, representing a 47% increase in the number of loans and a 54% increase in the dollar amount of loans as compared to FY 2019.

### ***Colonias Infrastructure Project Fund 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:** Planning, design 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 NMFA 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). The DWSRLF provides 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.

The DWSRLF is a federal program, managed by NMFA on behalf of the State of New Mexico. The program is funded through a federal capitalization grant that has historically averaged \$8 million annually. The State is required to match 20 percent of the federal grant. The primary use of the DWSRLF is to provide below-market-rate loans for 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, NMFA uses 4 percent of the capitalization grant to fund the management of the program. To date, NMFA's DWSRLF program has received \$220 million in federal Environmental Protection Agency capitalization grants, matched by NMFA with \$43 million in state match and \$77 million in interest and loan repayments.

Since 2011, the terms of the federal capitalization grants required that NMFA deliver a portion of the funds with an additional subsidy to the borrower. NMFA provides the additional subsidy through low-cost loans with principal forgiveness determined on a sliding scale. In FY 2020, NMFA closed 7 awards totaling \$14,121,180, representing a decrease of 42% in the number of loans and a decrease of 27% in the dollar amount of loans made as compared to FY 2019.

#### ***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 \$1 Million
- Community water systems: 1%
- 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 in 2001, NMFA provides administrative support to the 16-member Water Trust Board and manages the Water Project Fund.

## ***Water Project Fund***

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NMFA makes loans and grants for projects recommended by the Water Trust Board and authorized by the Legislature. 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.

The Water Project Fund annually receives 9% of senior Severance Tax Bond (STB) proceeds as well as a \$4 million distribution from the Water Trust Fund. These monies are used to fund a variety of water projects recommended by the Water Trust Board and authorized by the Legislature. In FY 2020, NMFA closed 24 funding agreements totaling \$28,330,255, representing a 71% increase in the number of loans and a 64% increase in the dollar amount of loans made as compared to FY 2019. Water Trust Board awards are 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 of qualified projects recommended by the Water Trust Board and authorized by the Legislature. Qualified projects include:

- 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 from award

## **Community Facilities & Economic Development Programs**

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

### **Primary Care Capital Fund**

### **Behavioral Health Capital Fund**

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

### **New Markets Tax Credit Program**

### **New Markets Tax Credit: Small Loan Pool Program**

### **Essential Services Working Capital Program**

### **Small Business Recovery Loan Fund**





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

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The Primary Care Capital Fund (PCCF) was created by the Legislature in 1994 with an initial appropriation of \$5 million to be used as a revolving loan fund. In cooperation with the New Mexico Department of Health (NMDOH), NMFA initially made low-cost loans to nonprofit providers only. In FY 2019, Governor Lujan Grisham signed into law the Local Government Primary Care Clinic Funding bill which allows primary care clinics owned by counties and municipalities to apply for funds as well. To date, NMFA and NMDOH have funded 19 loans totaling approximately \$11.5 million; no new loans were made in FY 2020.

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

***Applicants:*** Primary care health clinics, either 501(c)(3) nonprofit organizations or clinics owned by counties or municipalities

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

***Terms:*** Loans of up to 20 years are offered at a 3% interest rate, fixed

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



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

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Tailored after the successful Primary Care Capital Fund, this program was created in 2004 to provide low-cost capital to nonprofit behavioral health clinics in rural and underserved areas of the state. This small loan program was capitalized by NMFA with \$2.5 million and initially provided below-market-rate loans to nonprofit behavioral healthcare providers only. In FY 2019, Governor Lujan Grisham signed into law the Local Government Behavioral Health Clinic Funding bill which increased access to the fund by eliminating the asset cap on nonprofit organizations and by allowing behavioral health clinics owned by counties and municipalities to apply for the funds as well as nonprofit organizations. No new loans were made in FY2020.

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

***Applicants:*** Behavioral health providers, either 501(c)(3) nonprofit organizations or clinics owned by counties or municipalities

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

***Terms:*** Loans of up to 20 years are offered at a fixed interest rate of 3%

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





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

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The Statewide Economic Development Finance Act (SWEDFA) was enacted into law in 2003 and authorizes NMFA to issue bonds, make loans and provide loan and bond guarantees on behalf of private entities, including businesses and nonprofit corporations, from the Economic Development Revolving Fund. SWEDFA partners NMFA with the New Mexico Economic Development Department (NMEDD) in creating and operating financing programs that help stimulate the economy through job creation and business growth, particularly in rural and underserved areas of New Mexico. To date, NMFA has implemented several programs that help stimulate the economy and create jobs, including the Collateral Support Program, Smart Money Loan Participation Program, and New Markets Tax Credit Program.

The first program implemented under SWEDFA was a loan participation program funded by a net appropriation of \$5.1 million in State funds. This program remains active and, due to a loan prepayment, funds are available for new investments.

From FY 2012 through FY 2017, under a Memorandum of Understanding with NMEDD, NMFA administered the Collateral Support Participation program with approximately \$8 million in federal State Small Business Credit Initiative (SSBCI) funds made available through the federal Small Business Jobs Act. Through this program, NMFA partnered with banks to support small business lending that helped entrepreneurs start or expand their businesses, thereby creating and retaining jobs for New Mexicans. Under the Collateral Support Participation program, NMFA invested approximately \$8.3 million through 16 loan participations. Although the Collateral Support Participation program is no longer making loans, the portfolio still has seven active loans that are being managed by NMFA.



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

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The Smart Money Loan Participation Program creates greater access to capital throughout rural and underserved areas of New Mexico by allowing NMFA to purchase up to 49% of loans originated, underwritten and serviced by local banks at low, fixed interest rates. To date, NMFA has purchased participations totaling \$6,420,705 in six loans across the State, with its latest participation made in September 2019. In FY 2020, NMFA approved one loan that was scheduled to close in FY 2021.

#### ***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:*** NMFA 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





## ***New Markets Tax Credit Program***

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In 2007, with the explicit authorization of the Legislature, NMFA 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. Since 2007, the U.S. Department of Treasury has awarded Finance New Mexico six NMTC allocation awards totaling \$321 million, \$35 million of which was awarded in FY 2020. Under the NMTC program, subsidiaries of Finance New Mexico, LLC lend to private for-profit and nonprofit organizations to spur job creation and development activities in low-income areas of New Mexico.

The purpose of the NMTC Program is perfectly aligned with the goals of 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 credits 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 access to low-cost capital, with flexible lending criteria and the potential to convert portions of NMTC loans to equity.

In FY 2020, Finance New Mexico closed on three NMTC transactions totaling \$25.5 million, representing a 46% decrease in total investments made in FY 2020 as compared to FY 2019.

### ***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 rates, with interest-only payments 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.

### ***NMTC Small Loan Pool Program***

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Created in FY 2020, the new Small Loan Pool program was strategically designed to respond to market needs. The initial New Markets Tax Credit program meets the market segment for loans above \$4 million but does not include smaller eligible projects under \$4 million. The Small Loan Pool program was created in response to these needs and is designed to take on more risks than the current participation programs.

The Small Loan Pool program provides small businesses and small-scale developers with access to affordable, flexible capital through non-traditional lenders. The goal of the NMTC Small Loan Pool program is to provide flexible financing at advantageous terms for eligible projects between \$500,000 and \$4 million to qualified businesses located in low-income communities that have historically lacked access to credit.

#### ***NMTC Small Loan Pool Eligibility:***

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

***Projects:*** Real Estate Development, Building and Infrastructure, Working Capital Financing, Equipment Financing

***Terms:*** Seven-year interest-only payments with a balloon payment at maturity. The interest rate is approximately 3.75%





### ***Essential Services Working Capital Program***

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The Essential Services Working Capital Program (ESWCP) is an emergency loan program created in 2020 that provides short-term working capital loans to healthcare entities and other critical service providers whose operating funds are insufficient to meet the demand resulting from the COVID-19 pandemic and related Public Health Emergency Orders. In FY 2020, five ESWCP loans were approved for a dollar amount of \$1,423,800, with anticipated closing dates in FY 2021.

#### ***Essential Services Working Capital Eligibility:***

**Applicants:** Healthcare providers, rural hospitals, medical supplies and equipment manufacturers and providers, home healthcare, residential healthcare, childcare, and research facilities

**Projects:** Operating expenses such as supplies, payroll, utilities and rent. Purchases of capital equipment or facility renovations are not eligible.

**Terms:** 1% interest rate; loans up to \$1 million based on need, borrowing capacity and financial viability; terms up to five years

**Other:** Lines of credit are also available; loans will be secured by collateral; grant funds are not available through this program

### ***Small Business Recovery Loan Fund***

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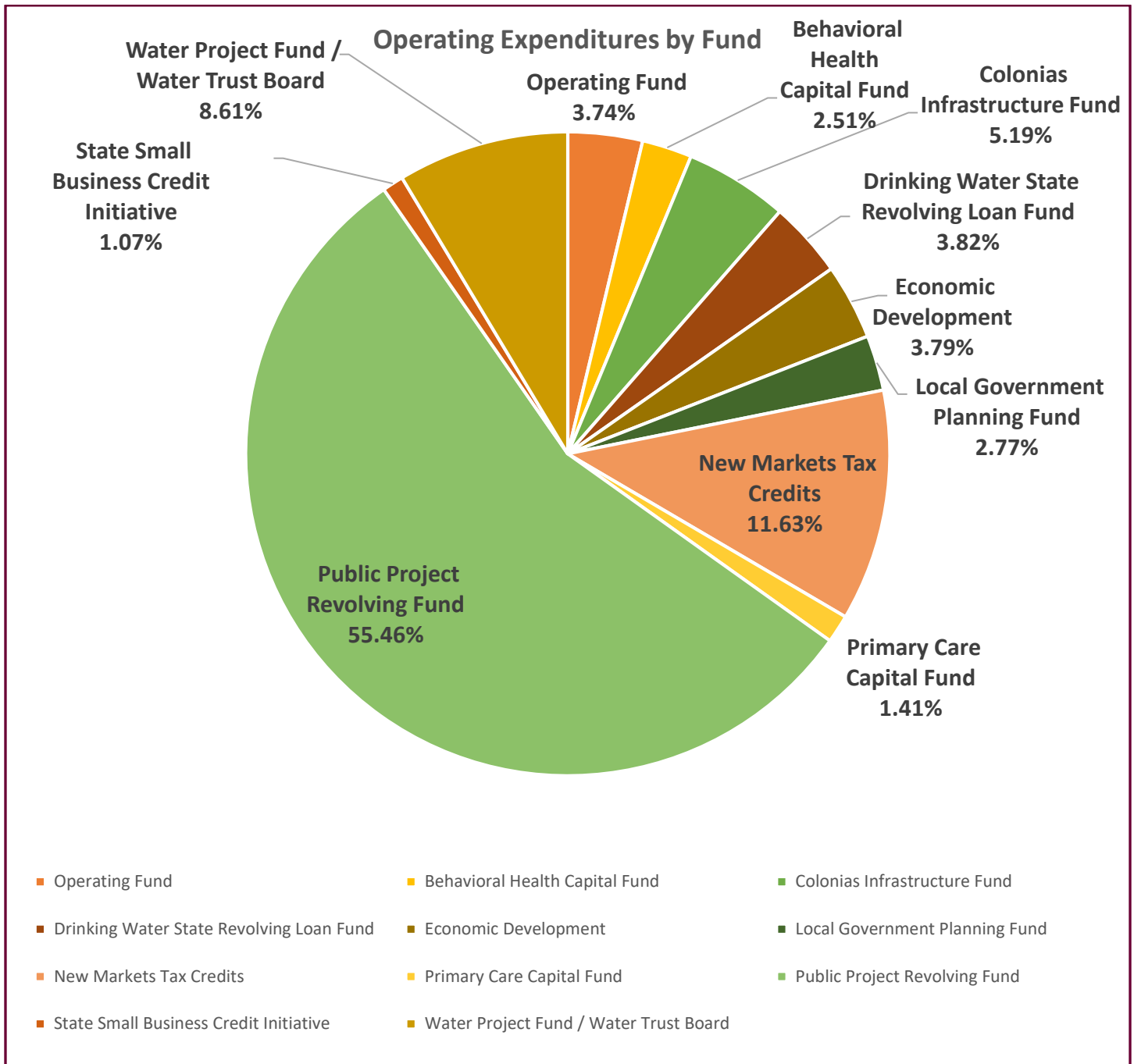
Enacted by the New Mexico Legislature during the June 2020 Special Session and signed into law by Governor Michelle Lujan Grisham on July 7, 2020, the Small Business Recovery Act allocates \$400 million in funds to provide loans to New Mexico businesses that experienced financial hardship due to the public health order resulting from the COVID-19 pandemic. NMFA is administering the Small Business Recovery Loan Fund, with loan activity starting in FY 2021.

# NMFA 2020 Annual Report

## V. Operating Budget

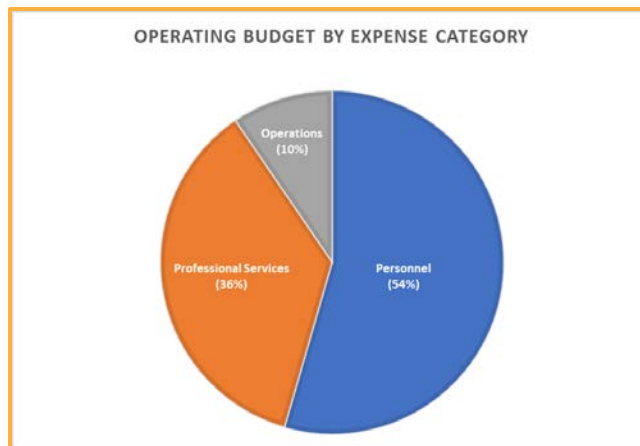


## Operating Fund Allocation by Program





New Mexico Finance Authority						
Budget for Fiscal Years 2019 - 2021						
	FY 2019	FY 2020		FY 2021		
	Actual	Approved	Actual	Approved	% Variance vs FY 2020	
Revenues					Actual	Approved
Interest income from loans	50,625,953	51,600,000	52,179,889	50,253,021	-3.7%	-2.6%
Appropriation revenue	42,953,352	38,900,000	50,326,048	35,000,000	-30.5%	-10.0%
Grant Revenue	31,452,200	44,600,000	31,382,357	50,088,899	59.6%	12.3%
Interest income from investments	7,919,934	2,850,000	5,983,503	4,620,057	-22.8%	62.1%
Administrative fees revenue	6,403,922	3,500,000	2,621,383	6,174,176	135.5%	76.4%
Reimbursement to/from Programs	112,646	-	7,691,220	166,483	-97.8%	
<b>Total Revenues</b>	<b>139,468,007</b>	<b>141,450,000</b>	<b>150,184,400</b>	<b>146,302,636</b>	<b>-2.6%</b>	<b>3.4%</b>
<b>Net Transfers</b>						
Transfers (to)/from Programs	-	-	-	400,000,000		
Transfers (to)/from Other Agencies	(6,398,190)	(11,320,000)	(313,372)	(7,320,000)	2235.9%	-35.3%
<b>Total Transfers</b>	<b>(6,398,190)</b>	<b>(11,320,000)</b>	<b>(313,372)</b>	<b>392,680,000</b>	<b>-125407.9%</b>	<b>-3568.9%</b>
<b>Operating Expenses</b>						
Salaries and benefits	4,647,382	5,338,536	5,190,702	6,402,962	23.4%	19.9%
Contractual services	2,800,189	3,556,750	3,266,079	4,230,760	29.5%	19.0%
Other operating costs	870,936	1,068,699	902,283	1,119,914	24.1%	4.8%
<b>Total Operating Expenses</b>	<b>8,318,507</b>	<b>9,963,985</b>	<b>9,359,064</b>	<b>11,753,636</b>	<b>25.6%</b>	<b>18.0%</b>
<b>Non-operating Expenses</b>						
Bond interest expense	57,138,658	47,000,000	57,953,540	59,301,541	2.3%	26.2%
Bond issuance costs	1,640,333	2,000,000	1,243,666	2,800,000	125.1%	40.0%
Loan financing pass-through	12,943,547	7,000,000	10,640,130	15,000,000	41.0%	114.3%
Grant Expense	34,104,721	37,910,000	31,480,701	38,789,300	23.2%	2.3%
Provision for loan losses	(840,297)	-	(294,021)	-	-100.0%	
Other Expense (Contract for service)	77,933	180,000	66,742	75,000	12.4%	-58.3%
Capital Expenditures	420,759	276,000	386,838	86,000	-77.8%	-68.8%
Interest expense	266,620	150,000	7,826	150,000	1816.7%	0.0%
<b>Total Non-operating Expenses</b>	<b>105,752,274</b>	<b>94,516,000</b>	<b>101,485,422</b>	<b>116,201,841</b>	<b>14.5%</b>	<b>22.9%</b>
<b>Total Expenses</b>	<b>114,070,781</b>	<b>104,479,985</b>	<b>110,844,486</b>	<b>127,955,477</b>	<b>15.4%</b>	<b>22.5%</b>
<b>Revenue Over Expenses</b>	<b>25,397,226</b>	<b>36,970,015</b>	<b>39,339,914</b>	<b>18,347,159</b>	<b>-53.4%</b>	<b>-50.4%</b>





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