



NEW MEXICO
FINANCEAUTHORITY

2024 Annual Report



New Mexico's partner in building economic prosperity and stronger communities



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

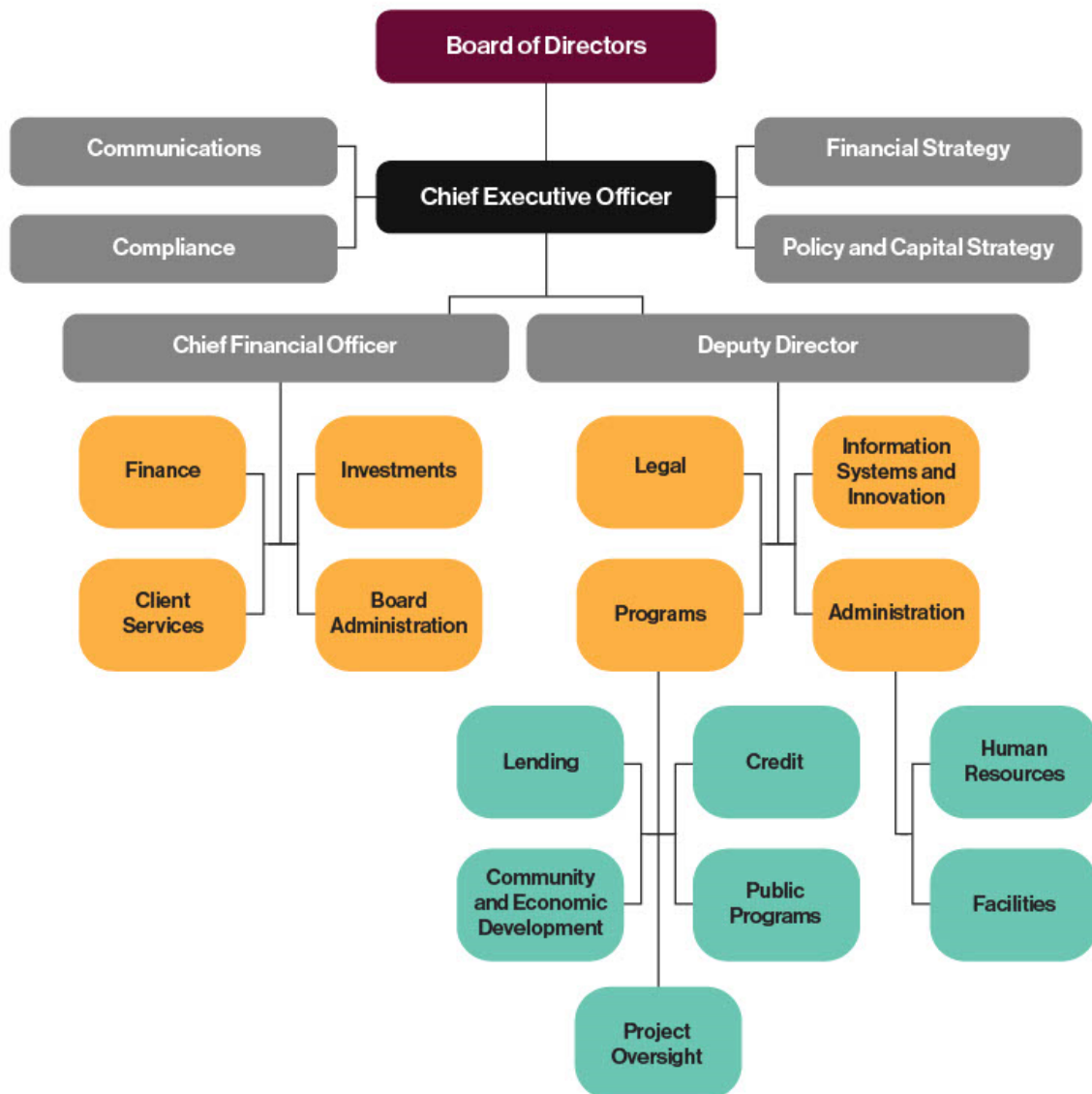
NMFA continued its growth trajectory in FY 2024 with the addition of staff, the development of new programs and expansion of existing programs, and the creation of a new strategic plan to guide the organization over the next three years.

NMFA welcomed new staff members in several departments, including Fernando Martinez, Jr. in the newly created position of Deputy Director. The Deputy Director position will provide high-level program management and add capacity at the leadership level. NMFA also added a Project Oversight Director position to oversee the construction progress made on projects financed by NMFA, and a Product Owner position to streamline the interface between internal NMFA clients and the NMFA operations innovations team.

New programs in FY 2024 include the addition of a housing component to the expanded Opportunity Enterprise and Housing Development Revolving Fund. Created with an initial allocation of \$125 million to provide low-interest financing for the development of workforce housing or infrastructure for affordable housing, this program is designed to help address the housing shortage in New Mexico. Other recent programs include the Venture Capital Program which was created to provide more flexible financing to start-up businesses in the state, and a partnership with the New Mexico Economic Development Department to administer their State Small Business Capital Initiative funds to help address the “missing middle” gap of businesses that need capital but fall outside the bounds of traditional lenders and CDFIs. Last, the Charter School Facilities Fund is expected to open in late 2024 and will provide capital to improve charter school facilities in the state.

NMFA’s existing public programs, including the flagship Public Project Revolving Fund (PPRF), Local Government Planning Fund, Colonias Infrastructure Fund, and Water Program Fund, continue to help New Mexico communities meet their infrastructure needs. The creation of a third lien in the Public Project Revolving Fund in FY 2024 provides a mechanism for NMFA to use the PPRF to offer low-cost financing to less traditional borrowers. NMFA now has a portfolio of 19 public and private lending and grant programs, which enable us to serve a market that includes 33 counties, 106 municipalities, 23 tribes and pueblos, 89 school districts, and more than 1,500 water districts and associations.

NMFA is very grateful for your advocacy and partnership and looks forward to working together in FY 2025 to build a strong and prosperous New Mexico. On behalf of the Board of Directors and staff, we are pleased to present the New Mexico Finance Authority FY 2024 Annual Report.





Board of Directors

Kathy Keith, *Chair*

Director of Community Partnerships
Los Alamos National Laboratory

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Member

Teresa Costantinidis
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Development Department

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Executive Director
New Mexico Municipal League

Ronald J. Lovato
Member

Andrew J. Burke
Member

Wayne Propst
Cabinet Secretary
Department of Finance &
Administration

NMFA Management

Marquita D. Russel
Chief Executive Officer

Fernando Martinez, Jr.
Deputy Director

John Brooks
Chief of Programs

Dora Mae Cde Baca
Chief Administrative Officer

Oscar S. Rodriguez
Chief Financial Officer

Adam Johnson
Chief of Operations
Innovations

Daniel C. Opperman
Chief Legal Officer

Bryan Otero
Chief Compliance
Officer/
Deputy Counsel

Paul Romero
Chief Technology Officer

Public Infrastructure and Capital Equipment Programs

Public Project Revolving Fund

Local Government Planning Fund

Colonias Infrastructure Project Fund

Drinking Water State Revolving Loan Fund

Water Project Fund



Public Project Revolving Fund

The Public Project Revolving Fund (PPRF) was created by the New Mexico Legislature in 1992 to assist a wide range of public entities throughout the state in accessing the capital markets at low or below-market interest rates. Since its inception 32 years ago, the PPRF has served a wide variety of borrowers and project types throughout New Mexico. The PPRF is used to finance and refinance public projects such as infrastructure improvements, road projects, water system upgrades, fire and law enforcement equipment, public buildings, hospitals and healthcare facilities, electric and broadband utilities, and quality of life projects, among others. This diversity of projects, coupled with the annual receipt of the Governmental Gross Receipts Tax, helps the PPRF attain the highest bond ratings, which allows NMFA to provide low costs of issuance to borrowers and subsidized interest rates on loans to disadvantaged entities. NMFA is able to pass along the low interest rates it receives to its borrowers, which is particularly important during times of rising interest rates. With low interest rates and no additional fees, public entities realize significant savings over the life of the loan, which allows them to maximize their limited public dollars to use on projects and services that are important to their communities.

In FY 2024, NMFA funded 79 PPRF projects totaling \$258.5 million. Since the inception of the PPRF through June 30, 2024, NMFA has made 2,239 loans totaling \$5.0 billion. The PPRF accounts for more than half of NMFA's assets and operations, and made up 24.9% of NMFA's total revenue, including appropriations from the State, in fiscal year 2024.

PPRF Third Lien

The PPRF was innovative in its creation 32 years ago. Since then, it has come to represent a reliable, enduring source of low-cost capital for New Mexico's public entities. The PPRF has also been attractive to investors. The fund has had no defaults in its history and continues to maintain a AAA bond rating and leverage the Governmental Gross Receipts Tax effectively. The strength of the PPRF has created capacity in the fund to serve additional borrowers. In FY 2024, the PPRF became innovative once again with the creation of a third lien that will be a new bond mechanism to serve authorized entities that are less traditional credits and would have been considered too risky in the PPRF's first iteration.

The legislation that created the PPRF authorized the use of the fund for less common entities, including Public Improvement Districts (PIDs), Land Grants, Charter Schools, and more. Prior to FY 2024, the use of the PPRF for these entities was limited because the loans were riskier than the traditional PPRF loan and thus could potentially affect the PPRF bond rating on the first and second liens. The 32-year history, strength, and capacity of the PPRF provides the opportunity to create an additional lien that operates outside the first and second liens and thus won't affect the bond rating of the liens that serve the majority of PPRF clients. The third lien will not affect the

loans of the traditional credits and the benefits of the PPRF will be expanded to include other New Mexico entities in need of low-cost financing.

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 Share of NMFA (FY 2024)

	<u>PPRF</u>	<u>Total NMFA</u>	% PPRF
Total Assets	\$2.5 billion	\$3.3 billion	75.3%
Net Position	\$362.1 million	\$1.035.9 million	35.0%
Operating Revenue	\$67.4 million	\$93.6 million	72.0%
Total Revenue	\$105.7 million	\$424.6 million	24.9%

Local Government Planning Fund

Created in 2002, 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. SB 216 expanded the uses in FY 2024 to include Affordable Housing Plans, Flood Inundation Maps, and Archeological Clearances. Applications are accepted monthly, and grants are made on a reimbursement basis. In FY 2024, NMFA closed 17 grant agreements totaling \$812,203.

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, asset management plans, energy efficiency audits, economic development plans, affordable housing plans, flood inundation maps, and archeological clearances

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

In 2010, the New Mexico 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 provide funding for infrastructure development to Colonia-recognized communities for projects that improve quality of life and encourage economic development. In FY 2024, NMFA awarded 31 projects totaling \$42,481,050 in grants and loans. Since 2012, designated Colonias have been approved for 357 awards totaling more than \$287.6 million. The Colonias Infrastructure Project Fund is overseen by the Colonias Infrastructure Board and administered by NMFA.

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

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 to protect drinking water quality and the public health. In addition to the Base and Supplemental DWSRF programs, NMFA administers two new specialty programs: the Lead Remediation and the Emerging Contaminants programs. All programs can be accessed on NMED's website.

The DWSRLF is a federal program, managed by NMFA on behalf of the State of New Mexico. The program has been funded through an annual federal capitalization grant. 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.

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. Since the program's inception, NMFA has made 190 loans totaling more than \$390 million.

Drinking Water State Revolving Loan Fund Eligibility:

Applicants: Municipal and community water systems

Projects: Water infrastructure and equipment, lead remediation and emerging contaminants

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

- Disadvantaged public entities: 0%
- Community water systems: 0.01%
- 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

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 on its behalf.

Water Project Fund

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 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. The Water Trust Board anticipates an increase in funding over the next few years, which will help finance more water projects in New Mexico, and recent changes to the Water Trust Board policies are designed to help more applicants qualify for funding.

In the 2024 cycle, the WTB awarded 64 projects totaling \$166,757,541. 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 and 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.

Primary Care Capital Fund

Behavioral Health Capital Fund

Smart Money Loan Participation Program

Cannabis Microbusiness Program

Essential Services Working Capital Program

New Markets Tax Credit Program

New Markets Tax Credit: Small Loan Pool Program

Opportunity Enterprise and Housing Development Programs

Venture Capital Program

Early Childhood Grants Partnership

Child Care Revolving Loan Fund

Primary Care Capital Fund (PCCF)

The Primary Care Capital Fund was created in 1994 with an initial appropriation of \$5 million to be used as a revolving loan fund to provide loans to nonprofit primary care providers in rural and underserved communities. In FY 2019, the program was expanded to allow primary care clinics owned by counties and municipalities to apply for funds. The program was modified again in 2023 to expand the use of loan funds to include working capital and to realign the responsibilities of NMFA and the New Mexico Department of Health in the administration of the program. To date, the PCCF has funded 20 loans totaling approximately \$12.4 million.

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, working capital

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

Other: Borrowers who provide care to indigent patients at free or reduced fees are eligible to receive up to 20% forgiveness through a contract-for-services negotiated with the NM Department of Health.



Behavioral Health Capital Fund (BHCF)

The Behavioral Health Capital Fund was created in 2004 to provide low-cost capital to nonprofit behavioral health clinics in rural and underserved areas of the state. This 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, the program was expanded to allow health clinics owned by counties and municipalities to apply for the funds as well as nonprofit organizations. The program was modified again in 2023 to expand the use of loan funds to include working capital and to realign the responsibilities of NMFA and the New Mexico Healthcare Authority in the administration of the program. To date, NMFA has funded eight loans totaling approximately \$4,498,000.

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 indigent patients at free or reduced fees are eligible to receive up to 20% forgiveness through a contract-for-services negotiated with the NM Healthcare Authority.



Statewide Economic Development Finance Act

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 for-profit and nonprofit businesses, 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. 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 funds are available for new investments. To date, NMFA has implemented several programs under SWEDFA, including the Collateral Support Program, Smart Money Program, and New Markets Tax Credit Program. In FY 2025, NMFA will open a program in partnership with NMEDD that includes a capital access program, a loan participation program, and more funds for venture capital to support New Mexico's small businesses.

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. In FY 2025, NMFA will administer two new SSBCI programs in partnership with NMEDD: a capital access program and a loan participation program.



Smart Money Loan Participation Program

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 \$7,620,593 in eight loans in six counties across New Mexico, with the most recent participation made in September 2024.

Cannabis Microbusiness Program

The Cannabis Microbusiness Program was created as a pilot program in FY 2022 to provide access to affordable capital for buildings, equipment, and working capital to help some of New Mexico's licensed cannabis businesses get a start in the state's new recreational cannabis industry. A total of \$5 million in funding was available, and the maximum loan size was \$250,000. In FY 2023, NMFA closed eight CMP loans a total of \$1,685,000. All loans were collateralized and/or guaranteed by the borrower. Because of a lack of demand among qualified borrowers, NMFA stopped accepting new applications in May 2023 and effectively closed the program to new applicants. Existing borrowers are expected to continue to make payments on their loans, as outlined in their loan agreements.

Essential Services Working Capital Program

The Essential Services Working Capital Program (ESWCP) was an emergency loan program created in 2020 that provided short-term working capital loans to healthcare entities and other critical service providers whose operating funds were insufficient to meet the demand resulting from the COVID-19 pandemic and related Public Health Emergency Orders. In FY 2022, one ESWCP loan was closed for a total dollar amount of \$150,000. This was the last loan of the ESWCP program. Nine projects are paid in full.

New Markets Tax Credit Program and NMTC Small Loan Pool Program

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 seven NMTC allocation awards totaling \$346 million. Under the NMTC program, subsidiaries of Finance New Mexico lend to private for-profit and nonprofit organizations to spur job creation and development activities in low-income areas of New Mexico.

The NMTC Program aligns with the goals of the Statewide Economic Development Finance Act (SWEDFA), which is to provide 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 businesses is access to low-cost capital, with flexible lending criteria and the potential to convert portions of NMTC loans to equity. Two NMTC loans were made in FY 2024.

Created in FY 2020, the Small Loan Pool program was designed to meet the needs of smaller businesses. The New Markets Tax Credit program provides loans above \$4 million but does not include smaller projects that need loans under \$4 million. The NMTC Small Loan Pool was created in response to these needs. The goal of the NMTC Small Loan Pool is to provide flexible financing at advantageous terms for eligible projects between \$500,000 and \$4 million to qualified businesses in low-income communities that have historically lacked access to credit.

New Markets Tax Credit and NMTC Small Loan Pool Eligibility:

Applicants: For-profit and nonprofit entities in federally designated low-income census tracts

Projects: Building, equipment and working capital

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

Terms for NMTC Small Loan Pool: Seven-year interest-only payments with a balloon payment at maturity. The interest rate is approximately 3.75%

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

Opportunity Enterprise and Housing Development Program

The Opportunity Enterprise Revolving Fund was created in 2022 with an initial allocation of \$70 million to provide low-interest loans to businesses to increase the inventory of commercial facilities in New Mexico. The first application round opened in June 2023 with \$17.5 million available. 33 applications were received; those that scored high enough were invited to complete a loan application, in order of priority. The Opportunity Enterprise Revolving Fund was expanded in early 2024 to become the Opportunity Enterprise and Housing Development Revolving Fund, which added a housing component that provides low-cost financing to developers building workforce housing or infrastructure for affordable housing to alleviate the housing shortage in the state. NMFA has held two competitive rounds for the OE – Commercial Development program and as of the end of FY 2024, seven commercial development projects were in the underwriting process. The new OE – Housing Development program was capitalized with a \$125 million allocation and applications opened in fall 2024. The Opportunity Enterprise and Housing Development Revolving Fund is overseen by the Opportunity Enterprise and Housing Development Board of Directors and project applications are prioritized and recommended by this entity. Loan applications are underwritten by NMFA and approved by the NMFA Board of Directors. The program is administered by NMFA, and additional application rounds will open in 2025.

Opportunity Enterprise – Commercial Development Eligibility:

Applicants: For-profit and not-for-profit businesses

Projects: Creation or renovation of commercial facilities in New Mexico

Terms: Maximum \$17.5 million; interest rate is fixed at 60% of the *Wall Street Journal* prime rate; term of 15-30 years; Collateral, owner's equity, and guarantees are required

Opportunity Enterprise – Housing Development Eligibility:

Applicants: For-profit and not-for-profit developers

Projects: Creation of workforce housing or infrastructure for affordable housing in New Mexico

Terms: Maximum \$15 million; interest rate is fixed at 60% of the *Wall Street Journal* prime rate; Collateral, owner's equity, and guarantees are required

Venture Capital Program

The Venture Capital Program was created in 2022 to attract and retain early-stage businesses in New Mexico while meeting job creation and other economic development goals for the state. The program was capitalized with an initial \$35 million appropriation in 2022 and an additional \$15 million appropriation in 2023. In FY 2023, NMFA commissioned a study to determine where the capital gaps exist for New Mexico businesses to help guide its strategy for the program. NMFA also retained an investment consultant to support NMFA's efforts. NMFA is actively evaluating potential investments in private equity funds, and these funds will provide the direct investments in New Mexico businesses. As of the end of FY 2024, NMFA had committed approximately \$50 million to eight different funds that will look to invest in a wide range of businesses, including rural, women-founded, biosciences, climate tech, and more. The venture capital firms are listed on NMFA's website with their contact information, and interested businesses are encouraged to contact the venture capital firms directly.

Early Childhood Grants Partnership with NMECED

In FY 2023, NMFA entered into a partnership with the NM Early Childhood Education and Care Department (ECECD) to administer two of their grant programs for childcare providers. NMFA's experience administering grants and loans during the pandemic meant the organization had the necessary technology and expertise to implement these grant programs quickly and effectively, helping to get the funds to the small childcare businesses that could benefit from them. The funds for these programs came from the American Rescue Plan Act. NMFA disbursed 49 grants totaling \$12,641,961 from the Child Care Supply Building Grant Program and 95 grants totaling \$3,279,912 from the Child Care Stabilization Grant.

Child Care Revolving Loan Fund

Created in 2003 by the Child Care Facility Loan Act, the Child Care Revolving Loan Fund provides low-interest, long-term loans to licensed providers to make health and safety improvements in their facilities. Childcare providers must be licensed by and in good standing with ECECD. The program received a legislative appropriation of \$1.75 million in 2024 and an additional \$1.1 million from NMFA, for a total capitalization of \$2.85 million. The program is a partnership between NMECED and NMFA.

Recovery Programs

Small Business Recovery Loan Fund

LEDA Business Recovery Grant Program

CARES Relief Grant Program

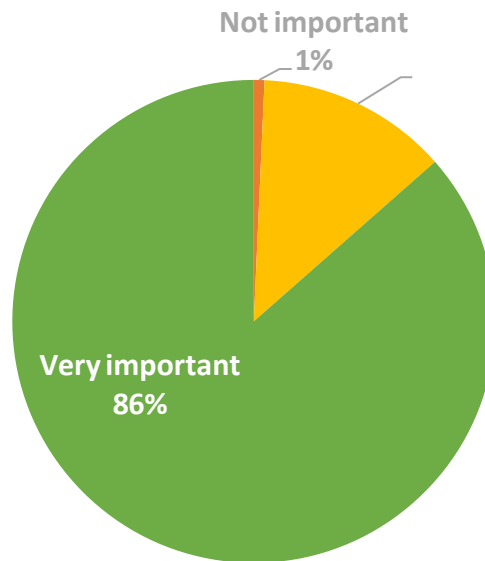


Recovery Programs

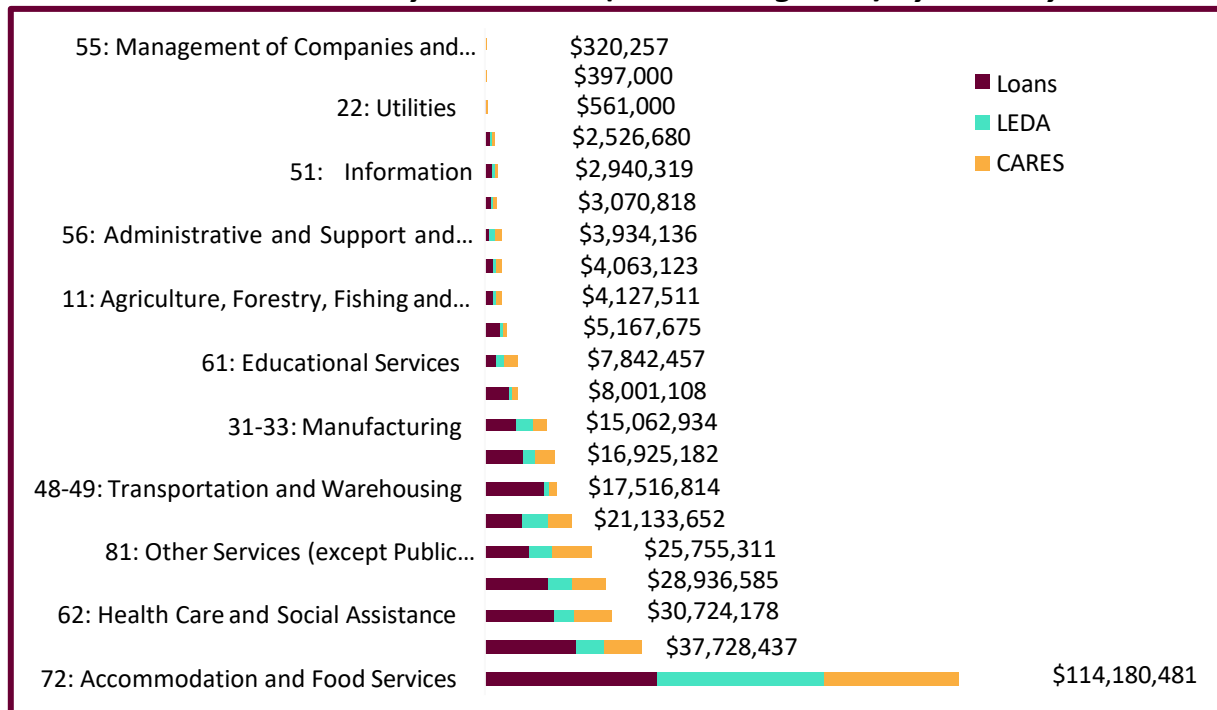
NMFA administered several business recovery programs created to help New Mexico businesses recover from the effects of the COVID-19 pandemic. In response to the COVID-19 health emergency, the State of New Mexico set aside \$800 million for economic recovery loan and grant programs. NMFA implemented the new programs, conducted awareness campaigns to ensure businesses across New Mexico knew about the programs and had access to them, and deployed much-needed funds to small businesses throughout the state.

- **2,552 businesses received Small Business Recovery Loans for \$178 million**
- **1,871 businesses received a LEDA Business Recovery Grant Award for \$86.9 million**
- **6,733 businesses received a Small Business CARES Relief Grant for \$96.9 million**

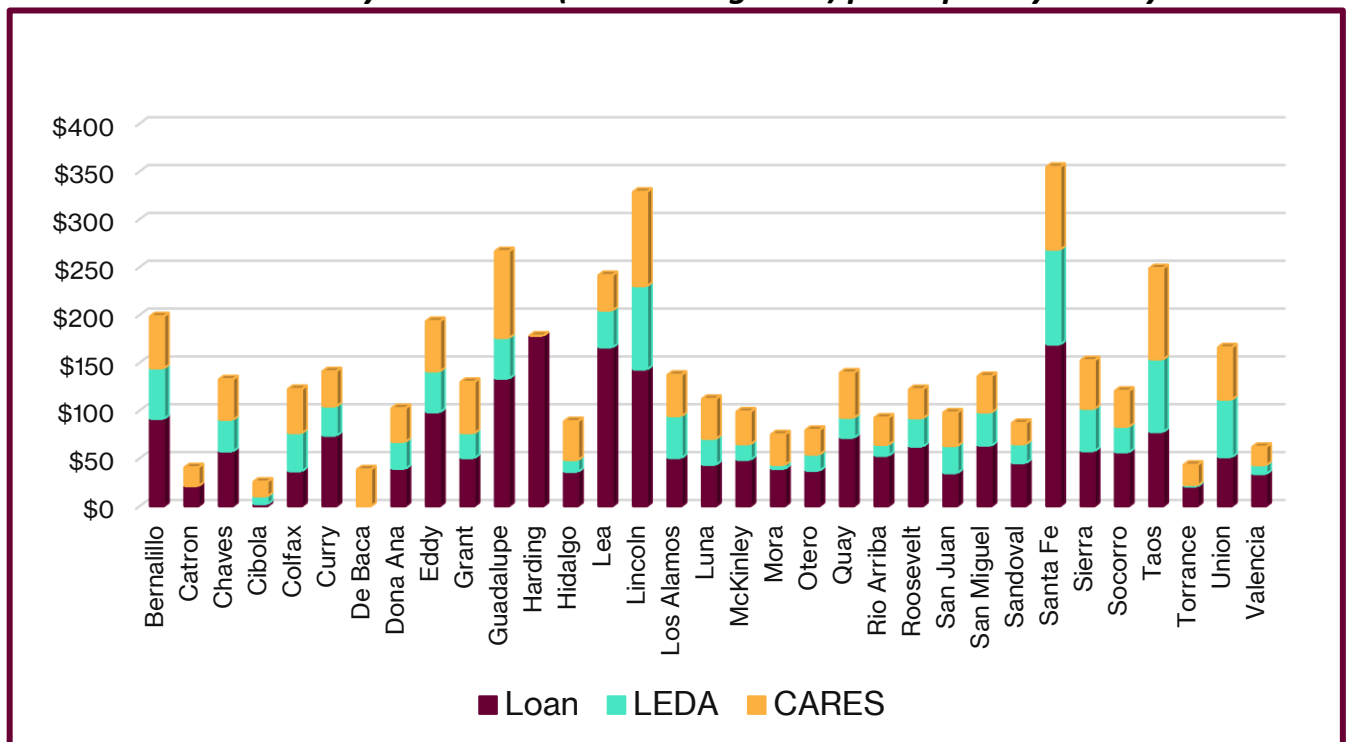
**Businesses receiving Recovery Loans or Grants were asked:
"How important was the financial support to keeping the business open?"**



Total Recovery Assistance (loans and grants) by Industry



Total Recovery Assistance (loans and grants) per capita by County



Small Business Recovery Loan Fund

Originally enacted during the 2020 first Special Session, and expanded in the 2021 Regular Session, the Small Business Recovery Loan Fund made available \$500 million to provide loans to businesses that experienced financial hardship due to the COVID-19 pandemic. Loan amounts were up to \$150,000 with flexible terms, providing businesses with extra assistance while they recovered from the pandemic. As of December 31, 2022, 2,552 small businesses in New Mexico received financial assistance from the Small Business Recovery Loan Fund for a total of \$178 million in loan funds. In FY 2025, NMFA will transition the servicing of the loans to an outside CDFI to provide support to businesses, monitor business closures and bankruptcies, and collect on past due loans.

LEDA Business Recovery Grant Program

Enacted by the New Mexico Legislature during the 2021 Regular Session and signed into law by Governor Michelle Lujan Grisham, the LEDA Recovery Grants legislation allocated \$200 million in funds to provide grants for reimbursement of rent, lease, or mortgage payments to New Mexico small businesses that experienced financial hardship due to the COVID-19 pandemic. Applicants needed to meet specific job creation requirements to qualify for reimbursements. NMFA administered the LEDA Business Recovery Grant Program, which opened in May 2021 and closed in December 2021 for most applicants, with a small set-aside round that closed June 30, 2022, for businesses that were not allowed to operate at the time the law was signed.

A total of 1,871 New Mexico businesses received a LEDA Business Recovery Grant for a total dollar amount of \$86.9 million.

CARES Relief Grant Program

The Small Business CARES Relief Grants were authorized by the State of New Mexico in the November 2020 Special Session and were funded by \$100 million in Federal CARES stimulus funds. Because the funds needed to be allocated before the end of 2020, the application period was open December 7, 2020 – December 18, 2020. NMFA received 14,136 grant applications from New Mexico businesses totaling \$156 million in funding requests. Grants were awarded to 6,733 businesses throughout New Mexico, with 60% of the funds provided to businesses in urban areas and 40% of the funds to businesses in rural areas of the state. The businesses receiving grants include restaurants, hotels, retail stores, nonprofit organizations, manufacturing companies, accountants, and many more in communities large and small throughout New Mexico. The smallest grant was \$2,000 and the largest grant was \$50,000. The average grant size was \$14,388.





On the Horizon

Charter School Facility Revolving Fund

The Charter School Facility Revolving Fund was created in 2022 for the purpose of providing loans for construction, expansion, renovation or to pay off lease-purchase agreements. This program was capitalized with \$10 million. NMFA has been collaborating with the Public Charter Schools of New Mexico organization to understand the needs of charter schools in the state and determine how this fund could best help. NMFA anticipates opening applications for the fund in late 2024.

State Small Business Credit Initiative 2.0

In partnership with the New Mexico Economic Development Department, NMFA will administer a pool of funds received by NMEDD from the State Small Business Credit Initiative (SSBCI), a federal program. The SSBCI funds are confirmed to be used for a capital access program, a loan participation program, and venture capital. The venture capital will be allocated to the existing NMFA Venture Capital Program. The capital access program and loan participation program are intended to help more small businesses in the state obtain capital by partnering with New Mexico lenders, including banks, credit unions, and CDFIs, to reduce the risk for lenders of borrowers that might not otherwise qualify for a loan. The program is targeted at socially and economically disadvantaged businesses and businesses who fall into the “missing middle” gap of being too large for traditional microlenders and too small for a large lender to take on the risk. NMFA anticipates opening these programs in late 2024.

Condensed Statements of Net Position – NMFA Combined

	2024	2023	Net Increase / (Decrease)	Percentage Increase / (Decrease)
Assets				
Cash and cash equivalents				
Unrestricted cash	\$ 13,565,406	\$ 9,702,573	\$ 3,862,833	39.8%
Restricted cash	444,959,082	443,017,120	1,941,962	0.4%
Loans receivable, net of allowance	2,013,326,318	1,959,968,481	53,357,837	2.7%
Investments - restricted and unrestricted	765,122,512	575,245,571	189,876,941	33.0%
Investments in limited partnerships	1,752,624	-	1,752,624	0.0%
Other receivables	17,154,282	12,198,095	4,956,187	40.6%
Capital assets, net of accumulated depreciation and amortization	8,344,148	6,158,593	2,185,555	35.5%
Total Assets	3,264,224,372	3,006,290,433	257,933,939	8.6%
Deferred Outflows of Resources				
Deferred loss on refunding, non-capital assets	493,576	543,598	(50,022)	-9.2%
Total Deferred Outflows of Resources	493,576	543,598	(50,022)	-9.2%
Liabilities				
Bonds payable	1,572,292,176	1,486,867,803	85,424,373	5.7%
Undisbursed loan proceeds	417,774,543	392,847,578	24,926,965	6.3%
Advanced loan payments	101,280,382	93,771,569	7,508,813	8.0%
Accounts payable, accrued payroll and compensated absences	2,180,930	1,564,605	616,325	39.4%
Other liabilities	133,842,716	240,316,220	(106,473,504)	-44.3%
Total Liabilities	2,227,370,747	2,215,367,775	12,002,972	0.5%
Deferred Inflows of Resources				
Deferred gain on refunding, non-capital assets	1,403,491	1,978,762	(575,271)	-29.1%
Deferred Inflows of Resources	1,403,491	1,978,762	(575,271)	-29.1%
Net Position				
Net investment in capital assets	7,799,646	5,142,965	2,656,681	51.7%
Restricted for program commitments	999,081,112	768,225,537	230,855,575	30.1%
Unrestricted	29,062,952	16,118,992	12,943,960	80.3%
Total Net Position	\$ 1,035,943,710	\$ 789,487,494	\$ 246,456,216	31.2%

Condensed Statement of Revenue, Expenses & Changes in Net Position – NMFA Combined

	2024	2023	Net Increase / (Decrease)	Percentage Increase / (Decrease)
Operating Revenue				
Interest on loans	\$ 57,597,888	\$ 50,401,598	\$ 7,196,290	14.3%
Administrative fees revenue	6,529,028	3,147,009	3,382,019	107.5%
Interest on investments	29,460,923	11,778,537	17,682,386	150.1%
Total Operating Revenues	93,587,839	65,327,144	28,260,695	43.3%
Operating Expenses				
Bond interest expense	48,402,902	41,695,594	6,707,308	16.1%
Personnel expense	10,326,372	8,569,515	1,756,857	20.5%
Loan financing pass-through	7,895,276	1,997,079	5,898,197	295.3%
Contractual services expense	5,293,947	3,808,914	1,485,033	39.0%
Provision for loan losses	2,731,142	249,039	2,482,103	996.7%
Operating expense	2,542,976	1,605,911	937,065	58.4%
Interest expense	2,158,999	1,887,273	271,726	14.4%
Bond issuance costs	1,458,170	1,135,857	322,313	28.4%
Depreciation and amortization expense	1,163,607	1,064,867	98,740	9.3%
Limited partnership investment loss	390,492	-	390,492	0.0%
Total Operating Expenses	82,363,883	62,014,049	20,349,834	32.8%
Net Operating Gain	11,223,956	3,313,095	7,910,861	238.8%
Non-operating Revenue (Expenses)				
Appropriation revenue	233,628,887	169,671,017	63,957,870	37.7%
Grants revenue and transfers from State	97,383,209	78,582,340	18,800,869	23.9%
Grants to local governments	(81,097,848)	(72,623,125)	(8,474,723)	11.7%
Reversions and transfers to State	(14,681,988)	(8,316,747)	(6,365,241)	-76.5%
Net Non-Operating Revenue	235,232,260	167,313,485	67,918,775	40.6%
Increase in Net Position	246,456,216	170,626,580	75,829,636	44.4%
Net Position, Beginning of Year	789,487,494	618,860,914	170,626,580	27.6%
Net Position, End of Year	\$ 1,035,943,710	\$ 789,487,494	\$ 246,456,216	31.2%



New Mexico Finance Authority

207 Shelby

Santa Fe, NM 87501

Phone: (505) 984-1454

Phone (toll-free): 1-877-ASK-NMFA

Info@nmfa.net

www.nmfinance.com