



NEW MEXICO  
**FINANCE AUTHORITY**

**2025  
ANNUAL REPORT**

**NMFINANCE.COM**



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# NMFA Board of Directors

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*Secretary, New Mexico Department of Finance & Administration*



# NMFA Management

## **Marquita D. Russel**

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## **Fernando Martinez, Jr.**

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## **John Brooks**

*Chief of Programs*

## **Mark Chaiken**

*General Counsel*

## **Oscar S. Rodriguez**

*Chief Financial Officer*

## **Bryan Otero**

*Chief Risk Officer*

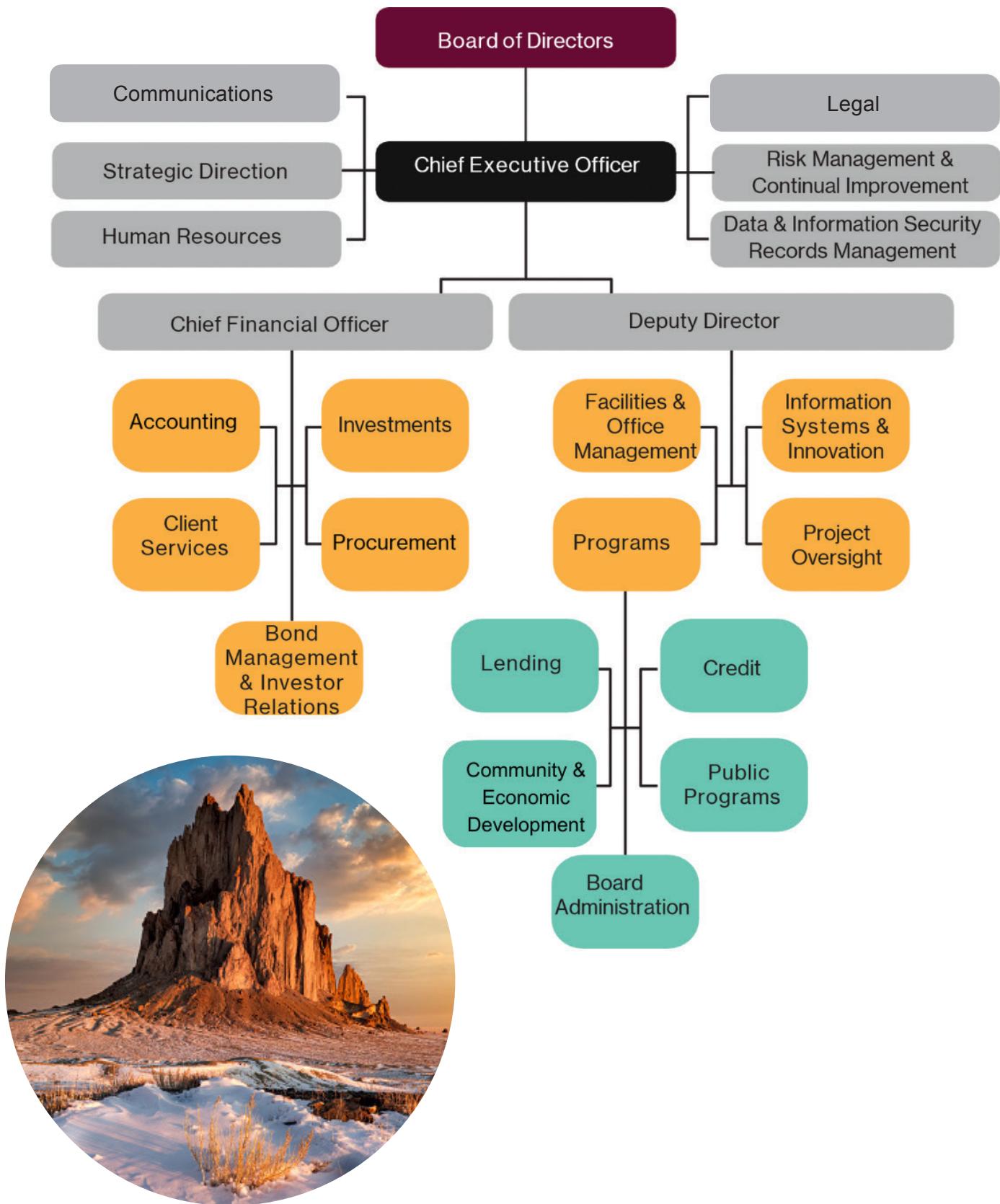
## **Adam Johnson**

*Chief of Operations Innovations*

## **Paul Romero**

*Chief Technology Officer*

# Organizational Chart



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

Fiscal year 2025 marked a pivotal year for the New Mexico Finance Authority. At the beginning of the fiscal year, we adopted a three-year Strategic Plan that establishes NMFA's mission of being "New Mexico's partner in building economic prosperity and stronger communities." Towards that goal, the NMFA set four key objectives:

- Advance community and economic development
- Strengthen New Mexico's infrastructure to promote healthy communities
- Maximize community impact by leveraging strategic partnerships
- Optimize organizational effectiveness and efficiency

In FY 2025, we focused much of our work on strengthening our systems to sustain the growth we've experienced over the past several years. NMFA is improving its information systems and technology framework with the creation and implementation of an Integrated Business Application (IBA). Expected to be implemented by the end of CY2026, the IBA will position NMFA as an organization that is robust, nimble, and sustainable, with integrated systems that serve clients well and meet the opportunities brought by new programs, initiatives, and partnerships.

NMFA's new building in Mid-Town Santa Fe was completed in spring 2025 and was designed to be fully functional for NMFA's organizational structure now and in the future. Designed to a high standard of energy efficiency, the building is expected to receive a LEED Silver certification.

NMFA also continued its partnerships in FY 2025, implementing several new programs with our state policy partners. We worked with the Energy, Minerals and Natural Resources Department in the creation of the Energy Efficiency Revolving Loan Fund which provides low-interest loans for energy-efficiency upgrades to businesses that provide a community benefit. Similarly, we worked with the Early Childhood Education and Care Department on redeveloping the Child Care Facility Revolving Loan Fund. In addition to providing low-cost loans to create or expand quality child care centers, the updated program provides the opportunity of partial abatement through contract for services. Last, NMFA is finalizing the program development of the Local Solar Access Fund to provide grants to public entities for solar energy systems. This program is expected to open in early 2026.

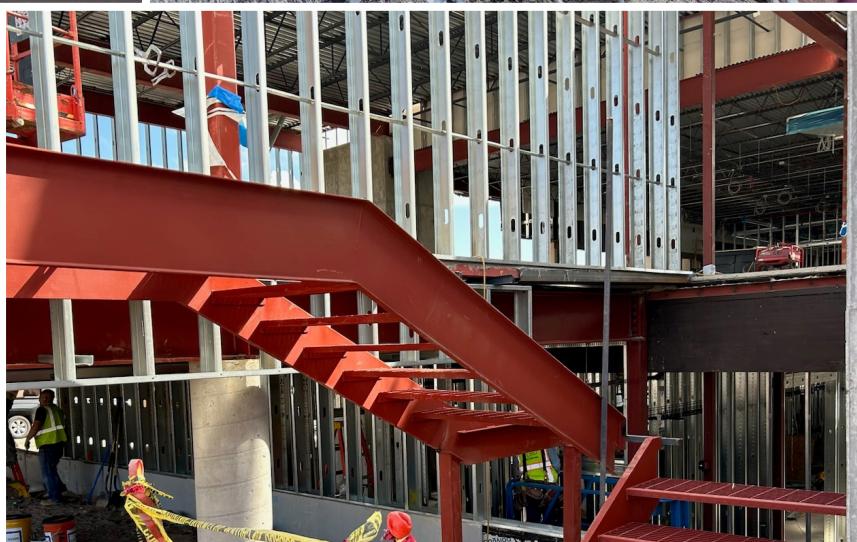
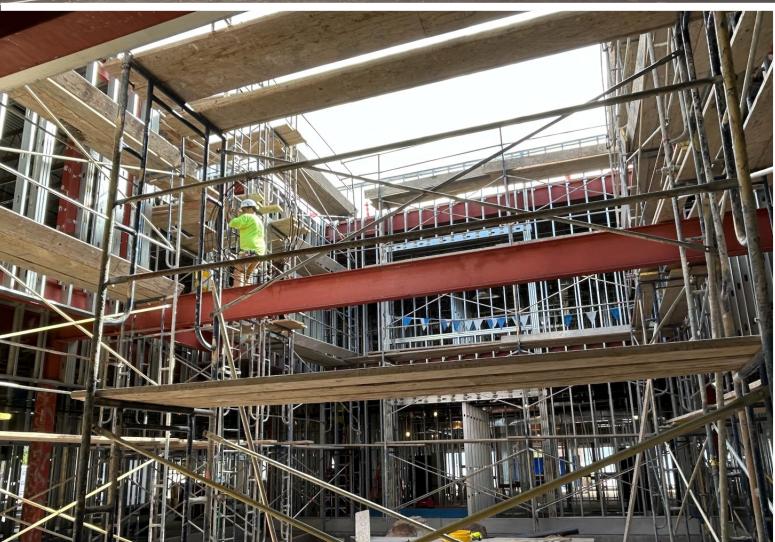
The largest program expansion in FY 2025 came through the work NMFA performs for the Water Trust Board. Awards made in FY 2025 put the total amount awarded under that program to more than \$1 billion – half of which has been awarded since 2022. We also worked to implement a technical assistance program for small water and wastewater systems in need of professional services but without the means to pay for the services.

We appreciate the trust you have placed in NMFA, and we look forward to working together in FY 2026 to build a strong and prosperous New Mexico. We are pleased to present the New Mexico Finance Authority FY 2025 Annual Report.

## Board of Directors and Staff

# NMFA's New Location

NMFA completed its office construction project in FY25. The new space will better serve our clients and better accommodate our growing staff. The new address is 810 West San Mateo Road, Santa Fe, NM 87505.



# NMFA Departments

## Office of the Chief Executive Officer

The Office of the Chief Executive Officer is led by the CEO of NMFA. Responsibilities include agency oversight, strategic direction, legislative and intergovernmental affairs, financial strategy, policy development and impact monitoring, program development, human resources, legal, risk management, communications and media relations, investor communications, and internal audits.

## Finance Department

The Finance Department is led by the Chief Financial Officer. Responsibilities include investment management; treasury management; bond issuance, compliance, and reporting; loan servicing; accounts payable; coordination of loan and grant closings; draw processing initiation; post-approval contact with clients; and Board and Committee facilitation.

## Credit and Lending Departments

The Credit and Lending Departments are led by the Chief of Programs and are overseen by the Deputy Director. Responsibilities include client outreach and marketing, loan and grant origination, credit and portfolio monitoring, and compliance.

## Program Administration and Oversight Departments

The Program Administration and Oversight Department is led by the Chief of Programs and is overseen by the Deputy Director. Responsibilities include centralized program administration, program compliance and reporting, application oversight, project monitoring, and Advisory Board staffing and management.

## Operations Innovations and Information Technology Departments

The Operations Innovations Department is led by the Chief of Operations Innovation, and the Information Technology Department is led by the Chief

Technology Officer. Both departments are overseen by the Deputy Director. Responsibilities include a centralized program application, administration and processing, program compliance and reporting, application oversight, project monitoring, system development and integration, and organizational effectiveness.

## Legal Department

The Legal Department is led by the Chief Legal Officer and is overseen by the CEO. Responsibilities of the Legal Department include general counsel and transaction documentation.

## Administration

The Administration Department is overseen by the Deputy Director. Responsibilities include facilities management and office administration.





## Project Highlight: Turquoise Child Development Center

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*In 2020 it was apparent the center was outgrowing its current space, and our community was (and still is) experiencing an early education crisis. I purchased a property and, after receiving a grant, I began renovations. However, it wasn't enough to finish the project. I applied for loans at our local banks, but no one was willing to invest in such a project. The financial gap caused renovations to be halted.*

*In 2024, I was referred to the New Mexico Finance Authority by Cabinet Secretary for Early Education Elizabeth Groginsky. The support received from NMFA hasn't just been financial, but a genuine partnership that exemplifies professionalism, understanding and empathy. From the first interaction, the NMFA team has been exceptional, providing clear, concise information, instruction and guidance.*

*Thanks to the NMFA, we are on our way to finishing our project and accomplishing our goal, providing more high quality child care and eliminating the early education crisis in our community. Thank you for granting us the opportunity to better serve our community. You are greatly appreciated.*

”

**– MICHELLE CHAVEZ**

Owner and Director of Turquoise Child Development Center  
Tucumcari, Quay County, NM



## Mission

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



## Values

**Integrity** – We are honest, ethical, and reliable.

**Client Focus** – We help clients reach their goals with respect, timeliness, and creativity.

**Professionalism** – We promote a culture of accountability, quality, continuous learning, and adaptability.

**Great Place to Work** – Our employees are our greatest asset. We provide a diverse, rewarding, respectful, and collaborative work environment.



## Competencies

Create access to low-cost capital for infrastructure and economic development.

Attract investor capital to New Mexico.

Respond to challenges with a dedicated, solutions-focused Board and staff and agile, effective systems.

Provide trusted stewardship and effective oversight of programs and funds.



# Public Programs

## 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 33 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. In FY2025, the PPRF began available to rural electric cooperatives and public entities in need of funding for Emergency Management Systems.

This diversity of projects funded, 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 for borrowers and subsidized interest rates on loans to disadvantaged entities. NMFA issues bonds then

passes along the low interest rates it receives to its borrowers. With low interest rates and no additional fees, public entities that use the PPRF realize significant savings over the life of their loan, which allows them to maximize their limited public dollars to use on projects and services that are important to their communities.

The PPRF was innovative in its creation 33 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.

In FY 2025, NMFA funded 60 PPRF projects totaling \$214.3 million. Since the inception of the PPRF through June 30, 2025, NMFA has made 2,299 loans totaling \$5.4 billion.

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

**Applicants:** Local governments, tribal entities, charter schools, others

**Projects:** Infrastructure, building and capital equipment, fire, safety, emergency management

**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



## 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, Energy Efficiency Audits, Comprehensive Plans, Asset Management Plans, Water Conservation Plans,

Master Plans, Local Economic Development Act Plans, Metropolitan Redevelopment Act Plans, Affordable Housing Plans, Flood Inundation Maps, and Archeological Clearances. Applications are accepted monthly, and grants are made on a reimbursement basis. In FY 2025, NMFA closed 24 grant agreements totaling \$1,125,148.

### 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 FUND

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 2025, NMFA awarded funding for 37 projects totaling \$60,364,628. Since 2012, 143 designated Colonias have been approved for 399 awards totaling more than \$364.9 million.

### Colonias Infrastructure 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

Established in 1996, 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. In addition to the Base and Supplemental DWSRF programs, there are 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 is funded through a federal capitalization grant that has historically averaged \$8 million annually and has increased in the last few years. 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 the program's inception, NMFA has made 214 DWSRLF loans totaling more than \$436 million. In FY25, 15 DWSRLF awards were made totaling \$32.5 million.

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 inception, \$102 million has been provided as subsidy. In SFY 25, \$10.8 million was provided as subsidy to 13 communities.

### 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 PROJECT FUND

The Water Project Fund is governed by the Water Trust Board. NMFA provides administrative support to the Water Trust Board and manages the Water Project Fund on its behalf.

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. Recent changes to the Water Trust Board policies are designed to help more applicants qualify for funding.

In the last fiscal year, the WTB introduced a \$3.5 million Technical Assistance Program (TAP) that provides free professional services to water and wastewater systems in need of planning that don't have the means to pay for the services on their own. The goals of the program are to facilitate regionalization and individual system planning. Assistance can fund engineering, technical, hydrological, geospatial mapping, accounting, legal, or facilitator services. The TAP program opened at the end of FY25.

As part of the WTB, NMFA implemented a New Mexico Unit Fund Pilot Project to fund planning and design projects in the Southwest Region of Catron, Grant, Hidalgo, and Luna Counties. The application round received 21 applications totaling \$12,841,744. After review, scoring, and prioritization, staff recommended that 11 projects totaling \$4,290,109 for funding consideration.

In the 2025 cycle, the WTB awarded 74 projects totaling \$208 million. 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.



## CHARTER SCHOOL FACILITY REVOLVING LOAN 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 opened the program in late 2024 and 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 meet these needs. No charter school loans were made in FY25.

### Charter School Facility Revolving Loan Fund Eligibility:

**Applicants:** New Mexico charter schools

**Projects:** Construction, expansion, renovation, refinancing of existing LPA

**Loan Amounts:** Loans up to \$5 million

**Other:** Must have renewed their charter at least once, maintain a Repair and Replacement Fund, and have their lease-purchase agreement approved by PED



# Community Facilities and Economic Development Programs

## PRIMARY CARE CAPITAL FUND

The Primary Care Capital Fund (PCCF) 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. The PCCF has funded 20 loans totaling approximately \$12.4 million. At this point, the PCCF does not have funds for new loans, however the program structure remains in place and NMFA stands ready to assist clinics in New Mexico once the program receives additional capital.

### 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

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. NMFA has funded nine loans totaling approximately \$5 million, including one in FY25 for \$498,000. At this point, the BHCF does not have funds for new loans, however the program structure remains in place and NMFA stands ready to assist clinics in New Mexico once the program receives additional capital.

### 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, working capital

**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

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.

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 under SWEDFA, including the Collateral Support Program, Smart Money Program, and New Markets Tax Credit Program. In FY24, NMFA implemented a capital

access program, a new loan participation program, and more funds for venture capital to support New Mexico's small businesses.

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.

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.



## OPPORTUNITY ENTERPRISE—COMMERCIAL DEVELOPMENT

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 OE 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.

The Opportunity Enterprise – Commercial Development program has held five application rounds since its inception. Applications for OE-CD have come from 22 counties throughout New Mexico and include both rural (37%) and urban

(63%) communities. Submitted applications are prioritized and ranked based on the OE-CD evaluation and prioritization policy. The Opportunity Enterprise Board then reviews the rankings and recommends projects for funding to NMFA at which point NMFA underwrites the loan application according to the applicant's ability to repay the loan. To date, eight OE-CD projects have been recommended for funding. Of these, four have been approved by the NMFA board for funding and are in the underwriting process, and one loan has closed. Including the money encumbered for loan applications in the board approval and underwriting processes, the OE-CD has encumbered approximately \$74 million, leaving \$46 million in the fund for applications in future rounds.

## Opportunity Enterprise—Commercial Development Eligibility:

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

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

**Terms:** Creation or renovation of commercial facilities in New Mexico

**Other:** Maximum \$17.5 million; interest rate is fixed at 60% of WSJ prime rate



## OPPORTUNITY ENTERPRISE—HOUSING DEVELOPMENT

The Opportunity Enterprise – Housing Development program has held three rounds since its inception. Applications for OE-HD have come from 13 counties throughout New Mexico and include both rural (33%) and urban (67%) communities. The applications received include both workforce housing (65%) and affordable housing infrastructure (35%) projects. Submitted applications are prioritized and ranked based on the OE-HD evaluation and prioritization policy. The Opportunity Enterprise Board then reviews the rankings and recommends projects for funding to NMFA at which point NMFA underwrites the loan application according to the applicant's ability to repay the loan. To date, 14 OE-HD projects have been recommended for funding. Of these, seven have been approved by the NMFA board for funding and are in the underwriting process.

No loans have closed yet for OE-HD. Including the money encumbered for loan applications in the board approval and underwriting processes, the OE-HD has encumbered approximately \$98 million, leaving \$27 million in the fund for applications in future rounds.

The Opportunity Enterprise and Housing Development Revolving Fund is overseen by the Opportunity Enterprise and Housing Development Board of Directors and applications are prioritized by this entity. Loan applications are underwritten by NMFA and approved by the NMFA Board of Directors. NMFA administers the Opportunity Enterprise programs.

## 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 WSJ prime rate



## STATE SMALL BUSINESS CREDIT INITIATIVE (SSBCI)

The State Small Business Credit Initiative is a federal program that provides capital to states to empower small businesses to access needed capital to invest in job-creating opportunities. Designed to reduce risk for lenders and increase access to capital for New Mexico's small businesses, NMFA has implemented two programs in FY25 in partnership with the New Mexico Economic Development Department to assist for-profit and nonprofit businesses throughout the state, particularly those

in underserved and rural communities. The SSBCI programs administered by NMFA consist of a Loan Participation Program and a Capital Access Program. Funds can be used for business startup or expansion, including facility purchase, construction, or renovation; working capital, equipment, inventory, technology, and more.

### SSBCI – Loan Participation Program

The Loan Participation Program provides credit support through the purchase of a portion of a loan made by a lender or by NMFA originating a separate

subordinate loan. Loan amounts are \$50,000 to \$5 million for urban projects or \$7.5 million for rural projects.

### SSBCI – Capital Access Program

The Capital Access Program provides portfolio insurance in the form of a loan loss reserve fund,

into which the lender and borrower contribute. Loan amounts are \$10,000 to \$1.5 million.



## VENTURE CAPITAL PROGRAM

The Venture Capital Program was created in 2022 to attract and retain early-stage businesses 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 2023, the program received \$15 million from federal SSBCI funding through the NM Economic Development Department, and in 2024 the program received a \$10 million special appropriation from the NM Energy Minerals and Natural Resources Department.

The NMFA Venture Capital Fund is managed by NMFA along with an outside investment consultant to support NMFA's efforts. NMFA is actively evaluating potential investments in private equity funds; these funds will provide the direct investments in New Mexico businesses. At the end of FY 2025, NMFA had committed approximately \$57 million to ten different funds that will look to invest in a wide range of companies, including rural, women-founded, biosciences, agriculture, climate tech, and more.



## CHILD CARE FACILITY REVOLVING LOAN FUND

The Child Care Facility Revolving Loan Fund is a partnership between NMFA and the New Mexico Early Childhood Education and Care Department (ECECD) that was created to increase access to quality child care, particularly in underserved communities. ECECD reviews the applications and determines project eligibility and priority, and NMFA underwrites the loan applications and administers the loans. Eligible loan uses are capital projects, including expansion, renovations and repairs, construction of a new building, or operating capital. In 2023, SB 423 added working capital as a use of the fund, and in 2025, SB175 added a contract for

services component. Both of these changes are important to child care providers because the fund is better able to provide financing that meets the needs of child care providers throughout the state.

The Child Care Facility Revolving Loan Fund was recapitalized with \$10 million in 2025 and now has approximately \$11.5 million available for loans. ECECD and NMFA worked together on program development and the application process in FY 25, and an application round is expected in mid-September 2025.



## ENERGY EFFICIENCY REVOLVING LOAN FUND

The Energy Efficiency Revolving Loan Fund is a partnership between NMFA and the New Mexico Energy Minerals and Natural Resources Department (EMNRD) that was created to provide loans for energy efficiency upgrades to commercial entities that provide a public benefit. EMNRD reviews the application and determines project eligibility and priority, and NMFA underwrites the loan applications and administers the loans. Eligible loan uses are energy efficiency audits, upgrades, and retrofits that improve overall energy consumption.

EMNRD received \$5.3 million in funding from the U.S. Department of Energy to create the Energy Efficiency Revolving Loan Fund. EMNRD and NMFA worked together on program development and the application process in FY 25, and the program opened in early June 2025. No loans have been made as of June 30, 2025.



## NMTC & NMTC SMALL LOAN POOL

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, \$25 million of which was awarded in 2023 from the 2022 funding cycle. 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 purpose of the NMTC Program aligns 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 businesses is access to low-cost capital, with flexible lending criteria and the potential to convert portions of NMTC loans to equity. One NMTC loan was made in FY25 for \$7 million.

Created in FY 2020, the Small Loan Pool program was designed to meet the needs of smaller businesses. The initial New Markets Tax Credit program provides loans above \$4 million but does not include smaller projects that need loans under \$4 million. The Small Loan Pool was created in response to these needs. 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. The NMTC Small Loan Pool financed one project in FY25 for \$3.5 million.



## SMART MONEY LOAN PARTICIPATION

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 its latest participation approved in September 2024.



## SMALL BUSINESS RECOVERY LOAN FUND

The Small Business Recovery Loan Fund was created in June 2020 and amended in 2021 by the NM Legislature during the COVID-19 pandemic to provide financial assistance to New Mexico small businesses affected by the health crisis. The legislation directed NMFA to make very flexible, very low interest loans to help businesses survive the pandemic. Applications were accepted until December 31, 2022. In total, 2,347 businesses received recovery loans totaling \$160.2 million, in 32 out of the 33 counties.

The first interest and/or principal payments for most borrowers became due in 2024 or early 2025, and NMFA determined that more resources were needed to support businesses, investigate and monitor closures and bankruptcies, and collect on past due loans. In FY 25, NMFA entered into a contract with Lendistry, a nationally recognized, technology-driven CDFI, to administer the loan program. The SBRL portfolio was transferred to Lendistry and the organization now manages the loans and provides technical assistance to SBRL borrowers who need it.

## On The Horizon

### LOCAL SOLAR ACCESS FUND

The Local Solar Access Fund is a program that will provide grants for solar energy systems to municipalities, counties, tribes, land-grant merceds, schools districts, and councils of government. The fund will also provide smaller grants to entities in need of technical assistance to support other applications for federal or other funding for solar energy projects. The goals of the program are to increase the use of solar energy, particularly in underserved areas; to reduce the energy burden on

households; to support the local workforce in the renewable energy sector; to enhance community resilience; and to leverage other funding.

The Local Solar Access Fund will have \$18 million in funding available. NMFA and the NM Energy Minerals and Natural Resources Department have worked together on program development and the application process, and a grant application is expected to open in early 2026.



## Condensed Statement of Revenue, Expenses, and Changes in Net Position

	2025	2024	Net Increase / (Decrease)	Percentage Increase / (Decrease)
<b>Operating Revenue</b>				
Interest on loans	\$ 58,761,213	\$ 57,597,888	\$ 1,163,325	2.0%
Administrative fees revenue	4,245,723	6,529,028	(2,283,305)	-35.0%
Interest on investments, net of unrealized gain/loss	42,148,550	29,460,923	12,687,627	43.1%
<b>Total Operating Revenues</b>	<b>105,155,486</b>	<b>93,587,839</b>	<b>11,567,647</b>	<b>12.4%</b>
<b>Operating Expenses</b>				
Bond interest expense, net of amortization of bond premium	45,786,225	48,402,902	(2,616,677)	-5.4%
Personnel expense	12,685,014	10,326,372	2,358,642	22.8%
Loan financing pass-through	7,788,202	7,895,276	(107,074)	-1.4%
Professional services	5,474,497	5,293,947	180,550	3.4%
Provision for loan losses	(939,755)	2,731,142	(3,670,897)	-134.4%
Other operating costs	2,194,099	2,542,976	(348,877)	-13.7%
Interest expense	1,716,691	2,158,999	(442,308)	-20.5%
Bond issuance costs	1,411,717	1,458,170	(46,453)	-3.2%
Depreciation expense	949,267	1,163,607	(214,340)	-18.4%
Limited partnership investment loss	1,103,544	390,492	713,052	182.6%
<b>Total Operating Expenses</b>	<b>78,169,501</b>	<b>82,363,883</b>	<b>(4,194,382)</b>	<b>-5.1%</b>
<b>Net Operating Gain</b>	<b>26,985,985</b>	<b>11,223,956</b>	<b>15,762,029</b>	<b>140.4%</b>
<b>Non-operating Revenue (Expenses)</b>				
Appropriation revenue	129,452,422	233,628,887	(104,176,465)	-44.6%
Federal grants revenue and transfers from State	144,253,884	97,383,209	46,870,675	48.1%
Grants expense	(120,203,834)	(81,097,848)	(39,105,986)	-48.2%
Transfers to the State of New Mexico	(5,911,715)	(14,681,988)	8,770,273	59.7%
<b>Net Non-Operating Revenue</b>	<b>147,590,757</b>	<b>235,232,260</b>	<b>(87,641,503)</b>	<b>-37.3%</b>
Increase in Net Position	<b>174,576,742</b>	<b>246,456,216</b>	<b>(71,879,474)</b>	<b>-29.2%</b>
Net Position, Beginning of Period	<b>\$ 1,035,943,710</b>	<b>\$ 789,487,494</b>	<b>\$ 246,456,216</b>	<b>31.2%</b>
<b>Net Position, End of Period</b>	<b>\$ 1,210,520,452</b>	<b>\$ 1,035,943,710</b>	<b>\$ 174,576,742</b>	<b>16.9%</b>

## Condensed Statements of Net Position

	2025	2024	Net Increase / (Decrease)	Percentage Increase / (Decrease)
<b>Assets</b>				
Cash and cash equivalents	\$ 5,468,794	\$ 13,565,406	\$ (8,096,612)	-59.7%
Unrestricted cash	\$ 362,254,831	\$ 444,959,082	\$ (82,704,251)	-18.6%
Restricted cash				0.4%
Loans receivable, net of allowance	2,021,174,127	2,013,326,318	7,847,809	33.7%
Investments - restricted and unrestricted	1,023,028,457	765,122,512	257,905,945	375.2%
Investments in limited partnerships	8,328,581	1,752,624	6,575,957	62.8%
Other receivables	27,927,391	17,154,282	10,773,109	
Capital assets, net of accumulated depreciation and amortization	16,067,634	8,344,148	7,723,486	92.6%
<b>Total Assets</b>	<b>3,464,249,815</b>	<b>3,264,224,372</b>	<b>200,025,443</b>	<b>6.1%</b>
<b>Deferred Outflows of Resources</b>				
Deferred loss on refunding, non-capital assets	443,554	493,576	(50,022)	-10.1%
<b>Total Deferred Outflows of Resources</b>	<b>443,554</b>	<b>493,576</b>	<b>(50,022)</b>	<b>-10.1%</b>
<b>Liabilities</b>				
Bonds payable	1,585,093,562	1,572,292,176	12,801,386	0.8%
Undisbursed loan proceeds	449,091,474	417,774,543	31,316,931	7.5%
Advanced loan payments	113,426,277	101,280,382	12,145,895	12.0%
Payable to State Investment Council	95,290,405	125,586,033	(30,295,628)	-24.1%
Accounts payable, accrued payroll and compensated absences	2,547,623	2,180,930	366,693	16.8%
Other liabilities	7,895,356	8,256,683	(361,327)	-4.4%
<b>Total Liabilities</b>	<b>2,253,344,697</b>	<b>2,227,370,747</b>	<b>25,973,950</b>	<b>1.2%</b>
<b>Deferred Inflows of Resources</b>				
Deferred gain on refunding, non-capital assets	828,220	1,403,491	(575,271)	-41.0%
<b>Deferred Inflows of Resources</b>	<b>828,220</b>	<b>1,403,491</b>	<b>(575,271)</b>	<b>-41.0%</b>
<b>Net Position</b>				
Net investment in capital assets	15,908,909	7,799,646	8,109,263	104.0%
Restricted for program commitments	1,174,462,528	999,081,112	175,381,416	17.6%
Unrestricted	20,149,015	29,062,952	(8,913,937)	-30.7%

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