

New Mexico Finance Authority

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New Mexico Finance Authority (NMFA) is a broad-based finance agency created in 1992 to finance public projects, community health providers and economic development. Through its programs, NMFA provides projects located in rural and disadvantaged communities with low interest rates and beneficial terms

Loan Participation Program

- NMFA partners with local banks to increase the flow of capital to small businesses by purchasing an interest in a loan originated by a bank, thereby mitigating some of the bank's risk
- Borrowers do not apply separately for the funding; they deal solely with their bank. Banks apply for the funding assistance on behalf of the borrower by providing NMFA with the information it used to reach its lending decision
- The participating bank originates and services the loan as it otherwise would
- Eligible projects include financing land, building, equipment and working capital for businesses that create jobs

Community & Economic Development Programs

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Community Assistance Provider Programs

The ***Primary Care Capital Fund*** and ***Behavioral Health Capital Fund*** provide low-cost financing for the acquisition, renovation and construction of clinics owned by non-profit providers or public bodies

Loan terms provide for a fixed interest rate of 3%, up to 20% of which can be repaid through the provision of services to indigent patients at free or reduced prices

New Markets Tax Credit Program

Federal tax credit program that provides advantageous financing to projects located in Low-Income Census Tracts with a focus on projects in “non-Metro” (aka rural) projects. NMFA, through its Finance New Mexico Subsidiary, routinely sets aside portions of its tax credit authority for projects in non-Metro areas

How Do NMTCs Work?

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- Tax Credit investors make equity investment into a Community Development Entity (CDE) such as Finance New Mexico. In return for its equity investment, a Tax Credit investor receives a 39% tax credit, taken over 7 years. The Tax Credit equity is paired with owner equity, other borrowed funds, or other grant/public funds which are also invested into the CDE
- CDEs use the proceeds of the investment to make flexible loans to high impact projects undertaken by businesses and non-profits
- Tax Credit proceeds typically fund 20-25% of a project and the borrower is responsible for securing the remaining funds which in total must equal or exceed the amount of New Markets Tax Credit authority allocated to a deal
- The borrower benefits from flexible loan terms, including a below market interest rate, interest-only terms for 7-years and the ability retain a portion of the Tax Credit equity at maturity
- Finance New Mexico has received five allocations of federal NMTCs totaling \$286 million

Loan Programs for Public Bodies

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Public Project Revolving Loan Fund NMFA's flagship program provides public entities with low-cost financing for infrastructure and other public projects such as convention centers, golf courses, industrial parks and museums

PPRF loans are secured with a pledge of an enduring revenue stream (gross receipts tax, net system revenue, etc). Loans size is based upon the capacity of the underlying pledged revenue, with no minimum or maximum amount

NMFA offers borrowers AAA interest rates, regardless of the perceived risk of the borrower or project. Additionally, NMFA provides up \$500,000 annually in 0% to 2% interest rate loans to its public borrowers whose Median Household Income (MHI) is less than the State's average MHI

Drinking Water Revolving Loan Fund Federally funded program that provides below market interest rate loans some limited grant funds to drinking water projects. An applicant's MHI will determine the interest rate (0% or 1%) and amount of grant an applicant may qualify for

Other Programs for Public Bodies

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Local Government Planning Fund NMFA Provides grants of up to \$50,000 to public bodies for planning and feasibility studies such as water and wastewater Preliminary Engineering Reports, Comprehensive Plans, Local Economic Development Act Plans, Metropolitan Redevelopment Act plans and others
Amount of grant is determined upon a sliding scale based upon the applicant's MHI and user rates. For economic development projects, NMFA also considers unemployment rates. Applications accepted monthly

Water Trust Board and Colonias Infrastructure Board

NMFA makes loans and grants to public entities recommended by the independent boards. Primary source of funds is an earmark of Severance Tax Bonds. Most of the funding is delivered in the form of grant with the remaining funds delivered in the form of a no-interest loan

NMFA provides staff assistance to these independent boards, makes loan and grants and provides project oversight. Applications are accepted annually