

NEW MEXICO
FINANCE AUTHORITY

**Presentation to
Investment and
Pension Oversight
Committee**



Update on the New Mexico Finance Authority

Marquita D. Russel, CEO

October 8, 2021

- ❑ **Katherine Miller, *Chair***
Santa Fe County
- ❑ **Steve Kopelman, *Vice Chair***
New Mexico Counties
- ❑ **Andrew Burke**
New Mexico State University
- ❑ **Sarah Cottrell Propst**
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- ❑ **AJ Forte**
New Mexico Municipal League
- ❑ **James Kenney**
NM Environment Department
- ❑ **Alicia Keyes**
NM Economic Development Department
- ❑ **Debbie Romero**
NM Dept of Finance & Administration
- ❑ **Martin Suazo**
- ❑ **Two vacancies**

- ◆ Created in 1992. NMFA is a government instrumentality to improve the planning and financing of state and local government public projects
- ◆ Broad-based finance agency that finances public infrastructure and economic development projects through 20 different programs authorized under 10 Acts
- ◆ NMFA's mission is to **advance New Mexico by financing impactful, well-planned projects**
- ◆ NMFA's vision is to be **New Mexico's partner in building economic prosperity and stronger communities**

Funding Programs

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 and Stimulus Act	6-32-1
✓	2021	New Mexico LEDA Recovery Grants	Local Economic Development Act	5-10-16

✓12 programs are active; *2 programs have outstanding loans, but are not accepting new applications

Financing by Program

	FY 2018	FY 2019	FY 2020	FY 2021
Programs for Public Entities				
Public Project Revolving Fund	\$ 240,740,847	\$ 292,065,615	\$ 300,371,255	\$ 249,893,547
Drinking Water State Revolving Loan Fund	\$ 11,789,905	\$ 19,308,157	\$ 8,116,040	\$ 38,423,929
Water Trust Board	\$ 4,415,442	\$ 17,305,000	\$ 22,734,559	\$ 33,086,115
Colonias Infrastructure Board	\$ 4,479,976	\$ 9,519,823	\$ 14,671,481	\$ 19,482,093
Local Government Planning Fund	\$ 2,033,155	\$ 1,787,967	\$ 349,395	\$ 915,000
<i>Public Financing Programs</i>	\$ 263,459,325	\$ 339,986,561	\$ 346,242,730	\$ 341,800,684
Programs for Private Entities				
New Markets Tax Credit	\$ 15,000,000	\$ 47,000,000	\$ 5,500,000	\$ 32,000,000
NMTC Small Loan Pool	n/a	n/a	\$ 5,067,500	\$ 692,500
Primary Care/Behavior Health Capital Fund	\$ -	\$ 1,600,000	\$ -	\$ 250,000
Smart Money Loan Participation	\$ -	\$ -	\$ 751,431	\$ 1,200,000
Essential Services Working Capital Program	\$ -	\$ -	\$ -	\$ 5,434,850
<i>Private Financing Programs</i>	\$ 15,000,000	\$ 48,600,000	\$ 11,318,931	\$ 39,577,350
Total	\$ 278,459,325	\$ 388,586,561	\$ 357,561,661	\$ 381,378,034

Does not include recovery programs

Financing by Project

Project Type	FY 2020			FY 2021		
	Public Entites	Private Entites	Total	Public Entites	Private Entites	Total
Economic Development	\$ -	\$ 6,411,141	\$ 6,411,141	\$ 9,620,221	\$ 34,669,550	\$ 44,289,771
Education	\$ 113,529,430	\$ 875,000	\$ 114,404,430	\$ 96,007,471	\$ 875,000	\$ 96,882,471
Energy Efficiency	\$ 31,637,987	\$ -	\$ 31,637,987	\$ 9,401,159	\$ -	\$ 9,401,159
Healthcare	\$ 5,285,000	\$ 4,032,800	\$ 9,317,800	\$ 1,182,350	\$ 4,032,800	\$ 5,215,150
Other	\$ 5,431,500	\$ -	\$ 5,431,500	\$ -	\$ -	\$ -
Public Safety	\$ 21,116,331	\$ -	\$ 21,116,331	\$ 11,743,710	\$ -	\$ 11,743,710
Public Works	\$ 26,792,125	\$ -	\$ 26,792,125	\$ 20,573,185	\$ -	\$ 20,573,185
Refunding	\$ 67,874,404	\$ -	\$ 67,874,404	\$ 85,342,967	\$ -	\$ 85,342,967
Transportation	\$ 21,997,694	\$ -	\$ 21,997,694	\$ 12,107,984	\$ -	\$ 12,107,984
Utility	\$ 2,984,382	\$ -	\$ 2,984,382	\$ -	\$ -	\$ -
Wastewater	\$ 4,795,312	\$ -	\$ 4,795,312	\$ 9,486,419	\$ -	\$ 9,486,419
Water	\$ 44,798,565	\$ -	\$ 44,798,565	\$ 86,335,218	\$ -	\$ 86,335,218
Total Financing	\$ 346,242,730	\$ 11,318,941	\$ 357,561,671	\$ 341,800,684	\$ 39,577,350	\$ 381,378,034

Does not include recovery programs

- ◆ The Public Project Revolving Fund (“PPRF”) is NMFA’s flagship program. PPRF makes low-cost loans to State, local and Tribal governments to finance public infrastructure and capital equipment
 - Borrowers receive the PPRF’s AAA interest rates regardless of the borrower’s credit or size
 - No applications fee, no administrative fees, no closing costs
- ◆ GGRT, of which the PPRF receives a 75% share, is the primary credit enhancement for the PPRF program and provides critical liquidity
- ◆ PPRF loans are made from cash in the Fund which is replenished through periodic issuances of municipal reimbursement bonds
 - PPRF senior and subordinate liens each have an indentured reserve fund that provides additional credit enhancement to bondholders
- ◆ PPRF has \$100 million Wells Fargo LOC to fund loans between bonds. LOC is secured by loans and repaid from bond proceeds

- ◆ In addition to low 'AAA' interest rates, clients with Median Household Incomes ("MHI") below the State's MHI may receive Disadvantaged Entity Funding:
 - ❑ A fixed 2% interest rate may be provided when the client's MHI is between 80% -100% of the State's MHI
 - ❑ A fixed 0% interest rate may be provided when client's MHI is less than 80% of the State's MHI
 - ❑ Equipment loans may receive up to \$150,000 in disadvantaged funds
 - ❑ Infrastructure and building loans may receive 10% of the PPRF loan in disadvantaged funding, up to \$500,000
 - ❑ Clients are limited to receiving no more than \$500,000 per fiscal year
 - ❑ Disadvantaging funding is not provided for loans in excess of \$5 million or for refunding loans

- ◆ NMFA manages two bond programs for State infrastructure
- ◆ Public Project Revolving Fund (“PPRF”) has **38** bond issues with total outstanding principal balance of **\$1.268 billion**
- ◆ New Mexico Department of Transportation (“NMDOT”) bond program has **7** bond issues with total outstanding principal of **\$998 million**. All NMDOT bonds mature by June 2032.
- ◆ Both bond programs are highly rated
 - Commonly heard investor feedback of NMFA bond programs: “love the credit, hate the pricing”
 - Higher ratings translate into low-cost debt

- ◆ PPRF is a top-rated issuer:
 - Senior Lien: S&P: AAA and Moody's: Aa1
 - Subordinate Lien: S&P: AAA and Moody's: Aa2
- ◆ High Ratings due to:
 - Strong management and conservative underwriting practices
 - Diverse borrowing base and revenue pledges
 - Governmental Gross Receipts Tax enhancement
 - High coverage in both senior and subordinate liens
- ◆ NMFA evaluates its bond programs on three measures:
 - Investor reception measured by repeat buyers, bond subscription and investor reception especially in difficult times
 - Spreads municipal market bond pricing index known as MMA's AAA
 - Absolute cost relative to other highly rated borrowers

Conservative Underwriting & Strong Management

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- ◆ Long standing, Board-approved policies guide underwriting and structuring
- ◆ Projects are subject to internal evaluation prior to presentation to Board Committees
 - Initial project review includes staff underwriting the project to ensure it falls within policy requirements, is suitable for financing, and properly structured. This includes ensuring all necessary Program Partner approvals are received
 - Manager reviews the project and provides the loan officer with suggested changes
 - Internal committee reviews and provides suggestions, recommends presentation to the appropriate Board Committee
- ◆ All recommended projects are presented to the full Board for approval

Diverse Borrowing Base

Senior Lien Borrowers

- ◆ ~72% of Senior Lien revenues are subject to state intercept
- ◆ Top 15 borrowers equal ~50% of Senior Lien FY22 debt service

☐ City of Santa Fe (GRT)	6.9%
☐ City of Las Cruces (GRT)	4.9%
☐ NM GSD (State GRT)	4.7%
☐ City of Rio Rancho (NSR)	4.6%
☐ Taos County (GRT)	3.9%
☐ Gadsden ISD 16 (GO)	3.9%
☐ UNM Health Sciences Center (Cig Tax)	3.3%

Subordinate Lien Borrowers

- ◆ ~48% of Sub Lien revenues are subject to state intercept
- ◆ Top 15 borrowers equal ~50% of Sub Lien FY22 debt service

☐ NM GSD (Appropriation)	6.2%
☐ Bernalillo Metro Court (NSR)	6.1%
☐ Jicarilla Apache Nation (NSR)	4.8%
☐ Santa Ana Pueblo (NSR)	4.8%
☐ Loving MSD (GO)	4.5%
☐ City of Santa Fe (Local Tax)	4.0%
☐ Farmington MSD (GO)	3.8%

Diverse Revenue Pledges

- ◆ Gross Receipts Tax
- ◆ State Gross Receipts Tax
 - State Building Bonds
 - Energy Efficiency Bonds
- ◆ Fire Protection & Law Enforcement Protection Funds
- ◆ General Obligation
 - Ad Valorem Property Tax
 - Tribal General Obligation
- ◆ Appropriation Revenue
 - State Agency/AOC Lease Revenue
 - Charter Schools
- ◆ Enterprise System Revenue
 - Water/Wastewater/Solid Waste/Joint Utility System Revenues
 - Hospital System Revenues
 - Higher Education System Revenues
 - Airport System Revenues
- ◆ Local Special Tax
 - Gas Tax
 - Cigarette Tax
 - Lodger's Tax
 - Hospitality Tax
 - Tribal Taxes

Senior Lien Borrower Concentration

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Gross Receipts Tax Borrower (GRT ~40%)	2022	48,471,781
Santa Fe, City of	6.9%	9,086,854
Las Cruces, City of	4.9%	6,430,239
Taos County	3.9%	5,184,027
New Mexico Spaceport Authority	3.3%	4,313,431
Farmington, City of	2.6%	3,381,535
Rio Rancho, City of	2.2%	2,837,335
Clovis, City of	1.4%	1,796,199
San Miguel County	1.1%	1,466,942
Alamogordo City of	1.1%	1,425,197
San Juan County	1.0%	1,351,520

System Revenue Borrower (NSR ~20)	2022	23,178,071
Rio Rancho, City of	4.6%	6,065,328
New Mexico Highlands University	1.7%	2,300,879
Las Cruces, City of	1.6%	2,046,307
Eastern New Mexico University Board of R	1.3%	1,670,853
Jicarilla Apache Nation	1.3%	1,669,500
Sierra Vista Hospital	1.1%	1,441,864
Western New Mexico University	0.9%	1,180,641
Los Alamos County	0.5%	722,675
Alamogordo City of	0.5%	676,202
New Mexico Military Institute	0.4%	588,763

General Obligation Borrower (GO~30%)	2022	39,129,535
Gadsden Independent School District 16	3.9%	5,144,804
Farmington Municipal School District 5	2.7%	3,607,185
Las Cruces School District 2	1.9%	2,542,269
Lincoln County	1.4%	1,828,103
Las Vegas City Public School District 2	1.3%	1,684,691
Gallup McKinley County School District 1	1.3%	1,678,775
Central Consolidated School District 22	1.0%	1,331,244
Portales Municipal School District 1	1.0%	1,267,330
Valencia County	0.8%	1,107,948
Lovington Municipal School District 1	0.8%	1,014,798

Local Special Tax Borrower (~10%)	2022	7,932,370
University of New Mexico Health Sciences	3.3%	4,371,130
Isleta Pueblo	0.8%	992,300
New Mexico Department of Health	0.5%	669,930
Roswell, City of	0.4%	548,635
Santo Domingo Pueblo	0.3%	432,150
Angel Fire Village of	0.2%	242,576
Tesuque Pueblo	0.2%	215,391
Santa Rosa, City of	0.1%	137,391
Mescalero Apache Housing Authority	0.1%	97,011
Taos County	0.1%	90,371

Subordinate Lien Borrower Concentration

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Gross Receipts Tax Borrower (GRT ~2%)	2022	9,929,264
Alamogordo City of	13.0%	1,295,725
San Juan County	10.0%	993,059
Espanola, City of	8.3%	825,771
Gallup, City of	6.1%	605,927
Santa Fe, City of	5.8%	572,050
Farmington, City of	4.8%	473,632
North Central Regional Transit District	4.7%	461,926
Las Vegas, City of	4.6%	459,095
Clovis, City of	3.7%	366,559
Northwest New Mexico Regional Solid Waste Auth	3.6%	360,588

General Obligation Borrower (GO ~45%)	2022	20,291,311
Loving Municipal School District	14.3%	2,906,405
Farmington Municipal School District 5	12.0%	2,436,750
Gallup McKinley County School District 1	11.0%	2,231,636
Cobre Consolidated School District 2	6.8%	1,383,565
Eastern New Mexico University Board of Regents	4.4%	884,326
Corrales, Village of	4.0%	806,228
Belen Consolidated School District 2	3.7%	754,798
Truth or Consequences Municipal School District 6	3.2%	643,519
Gadsden Independent School District 16	3.1%	638,360
Moriarty Edgewood School District	3.1%	637,037

System Revenue Borrower (NSR ~40%)	2022	18,629,163
Bernalillo County Metropolitan Court	21.1%	3,932,500
Jicarilla Apache Nation	16.5%	3,077,000
Santa Ana Pueblo	16.3%	3,042,110
Eastern New Mexico University Board of Regents	7.6%	1,420,919
Los Alamos County	6.7%	1,253,863
Roswell, City of	4.4%	812,754
San Felipe Pueblo	4.1%	765,412
Santa Ana Hospitality Corporation	3.8%	706,078
Alamogordo City of	3.6%	673,137
Acoma Pueblo	2.8%	519,740

Local Special Tax Borrower (~13%)	2022	5,748,329
Santa Fe, City of	44.2%	2,538,444
Santa Clara Pueblo	10.2%	587,223
Isleta Pueblo	8.7%	501,171
Las Cruces, City of	6.9%	398,031
New Mexico Department of Health	6.7%	384,679
Ohkay Owingeh	5.7%	327,609
Gila Regional Medical Center	5.0%	288,536
Luna County	3.9%	224,449
Taos, Town of	3.2%	182,320
Ruidoso, Village of	2.0%	115,041

Governmental Gross Receipts Tax

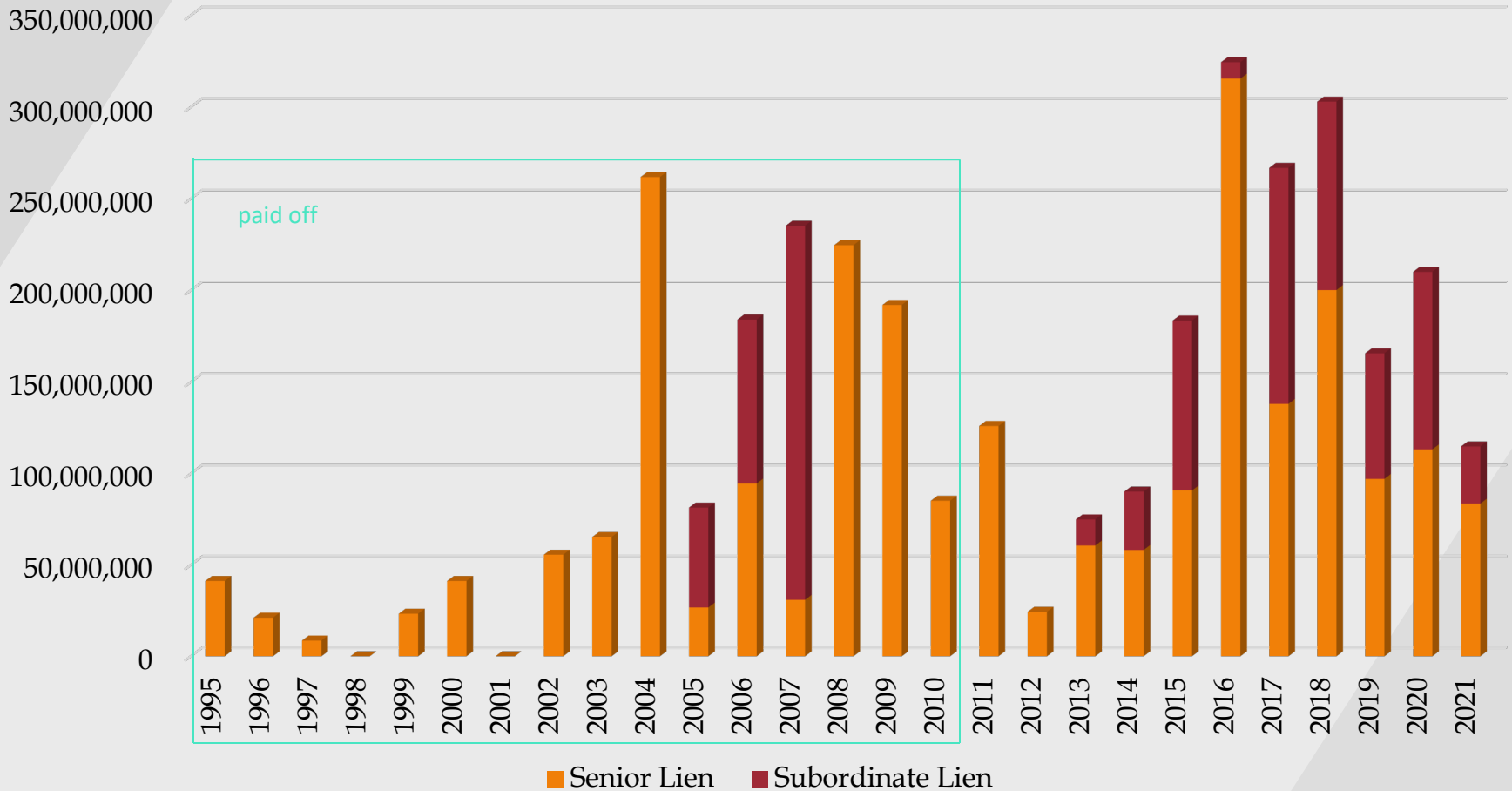
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- ◆ GGRT is a 5% tax levied on governmental sales (primarily water)
- ◆ Pursuant to statute, 75% of the GGRT is dedicated to the PPRF
- ◆ GGRT is paid monthly and held by the Bond Trustee until all bond payments, indentured reserves and expenses are satisfied
- ◆ GGRT totaled \$33.75 million in FY2020 and \$33.0 million in FY2021
 - On a normalized basis, FY2021 was the second highest GGRT year ever
- ◆ **While GGRT has not been used to cover shortfalls in debt service, GGRT remains one of the strongest enhancements in the PPRF**
- ◆ Pursuant to statute, 35% of the GGRT dedicated to the PPRF may be appropriated to identified funds annually by legislative action
- ◆ The remainder of GGRT stays in PPRF and is used to make Disadvantaged Funding loans and for to retire bonds

- ◆ PPRF bonds are all issued as fixed rate bonds
- ◆ Bond issues are structured within the cash flow constraints of reimbursed loans
 - PPRF bond issue reimbursement funds and debt service do not exceed:
 - The outstanding loan amount to be reimbursed; or,
 - The maximum loan revenues available from loans reimbursed
- ◆ The strategic bond redemption program has expanded the PPRF's capacity with senior lien coverage well above the 1.30x standard at no less than 1.40x. Subordinate lien coverage starts at 1.88x

Bond Issuance History

Par Amount of PPRF Bonds Issued by Calendar Year





High Levels of Coverage

PPRF Loans Outstanding	PPRF Bonds Outstanding	Difference
974	38	
\$1,615,714,094	\$1,286,350,000	\$329,364,094
Paid By Borrowers Semi Annually (Mostly Monthly)	Paid to Bondholders Semi Annually	
\$195,126,108	\$176,890,312	\$18,235,796
Owed by Borrowers 2022-2052	Owed to Bondholders 2022-2052	
\$2,008,327,066	\$1,713,656,876	\$294,670,190

As of 8/31/2021

- ◆ NMDOT senior lien and subordinate lien bonds are highly rate
 - AA+/AA by S&P
 - S&P restricts the rating of NMDOT bonds to one notch above New Mexico's General Obligation rating of AA-
 - Aa1/Aa2 by Moody's
 - Moody's similarly caps NMDOT's ratings at one notch above Aa2
 - AAA/AAA by Kroll
 - Kroll ratings are not capped – NMDOT became the first New Mexico borrower to receive a Kroll rating – and accurately reflect NMDOT's standalone credit positioning
- ◆ Ratings driven by Federal funding, a historically steady State Road Fund not reliant on State budget appropriations, low outstanding debt and short debt maturities
- ◆ NMDOT has rarity value in the transportation sector, one of the most closely followed sectors for large investment funds

- ◆ The high ratings and conservative maturities make both programs very attractive to out-of-state investors. Since 2013:
 - PPRF bonds issued on a negotiated basis have generated \$2.3 billion in orders from out-of-state investors for \$1.4 billion in bonds sold at par
 - The top 5 PPRF investors placed \$900 million in orders:
 - Blackrock, JPMorgan, Breckinridge, Goldman Sachs and Nuveen/TIAA
 - PPRF direct orders from New Mexico retail investors are less than \$10 million
- ◆ NMDOT 2021A bond sale saw significant investor demand
 - \$234.6 million in bonds at par generated \$1.475 billion in orders from out-of-state investors.
 - The top 6 NMDOT investors for the 2021A bonds placed \$814 million in orders; the top two investors put in offers for the full \$234.6 million
 - Vanguard, Gannett Welsh & Kotler, Lord Abbett, Blackrock and tied for 5th American Century and Rochester Funds
 - No individual retail orders were received for the 2021A NMDOT bonds

- ◆ An indication of the strength of the PPRF name in the market was the April 2020 2020A bond sale in the par amount of \$32.5 million
 - From late February - March 2020 the municipal bond market was effectively closed due to the pandemic and disruptions in the oil markets
 - In April, opportunities for very high-grade issuers began to emerge
 - PPRF tested the market with a \$32.3 million bond issue on April 7th
 - Investor orders totaled \$75 million – 2.5 times over subscribed all from out-of-state investors in a flight to quality
 - Absolute pricing as measured by True Interest Cost relative to Average Life was not much different than pre-pandemic PPRF pricing

Bond Pricing Spreads

- ◆ Both of the most recent PPRF and NMDOT bond sales, sold within a month of each other, had very tight spreads to the MMD AAA Index:
 - MMA Index is based on pricing of the most highly rated states' GO bonds
 - The PPRF and NMDOT bonds are Revenue Bonds, which are generally priced at a spread over what similar issuer General Obligation bonds would receive
 - The NMDOT 2021A bonds had spreads of 2bp for maturities 3 and 4 years out and around 14bp for maturities 7, 8 and 9 years out
 - As the PPRF program has continued to broaden its national investor base and national reputation, PPRF spreads over the MMD AAA Index have continued to tighten
 - The PPRF 2021C bonds had spreads ranging from 5 to 14bp from 2 to 12 years out – this compares to spreads of 26bp to 40bp for the first 12 years of the 2020A PPRF bond issue in April 2020
 - PPRF 2021C bond spreads relative to PPRF 2021B bond spreads were 4bp to 6bp better

- ◆ PPRF Series 2021 A (Sold February 18, 2021; closed March 4, 2021)
 - ❑ \$39,535,000 Par Amount of Bonds that netted \$48,423,578 in proceeds
 - ❑ True Interest Cost of **1.5%**

- ◆ PPRF Series 2021 B (Sold June 9, 2021; closed June 30, 2021)
 - ❑ \$31,305,000 Par Amount of Bonds that netted \$39,186,338 in proceeds
 - ❑ True Interest Cost of **.85%**

- ◆ PPRF Series 2021 C (Sold August 18; closed August 31, 2021)
 - ❑ \$43,610,000 Par Amount of Bonds that netted \$55,351,716 in proceeds, including \$29,129,000 in project funds for UNM Cancer Center
 - ❑ True Interest Cost of **1.33%**

- ◆ NMDOT Series 2021 A (Sold July 27; closed August 11, 2021)
 - ❑ \$234,600,000 Par Amount of Bonds that netted \$303,896,420 in proceeds
 - ❑ True Interest Cost of **.79%**

- ◆ NMFA invests program balances, borrower project funds, reserves, and loan and bond debt service accounts
- ◆ Accountability and transparency guide NMFA's investment program
 - NMFA's Managing Director of Investments manages funds in accordance with NMFA's Investment Policy that the Board reviews and approves at least every two years
 - Investment portfolio is reviewed monthly by the NMFA Finance & Disclosure Committee and quarterly by the NMFA Board of Directors
 - Government Portfolio Advisors oversees Investment Program and reports quarterly to the NMFA Board
 - NMFA utilizes Clearwater Analytics Investment software to track and report investments. Clearwater is a highly regarded investment, reconciliation, accounting, and reporting tool that allows users to load investment policy parameters. Clearwater notifies others when investments fall outside those stated parameters or when cash flow constraints are not met

- ◆ Safety. Liquidity. Yield.
- ◆ NMFA's Investment Policy and Bond Indentures conservatively guide market rate of return based on a current risk portfolio that incorporates daily cash flow requirements, applicable laws, and current economic conditions
 - NMFA groups funds with similar liquidity needs into pooled accounts that are invested based on projected cash flow needs
 - Each pooled account is benchmarked based upon duration and the portfolio returns are compared monthly to the identified benchmark
 - Benchmarks are an important decision-making tool used to guide maturity structure and provide relevant performance accountability
 - Purpose of benchmark is to control risk and identify investment opportunities, not to outperform the benchmarks each period
 - The tracking of portfolio returns in comparison to a benchmark improves the overall investment program

Recovery Programs

- ◆ Small Business Recovery Act of 2020 (1st Special Session of 2020)
 - ❑ Program directed State Investment Council to invest up to \$400 million of Severance Tax Permanent Fund for unsecured loans to small businesses with gross revenues of less than \$5 million
 - ❑ Three-year, interest-only loans at 1.625%; interest paid annually with the ability to convert the loan to a three-year, fully amortizing loan paid monthly
 - ❑ Qualifying businesses received loans equal to 2x their monthly adjusted gross revenue, not to exceed \$75,000
 - ❑ Businesses must have experienced at least 30% revenue decline in each of April and May of 2020 over those same months in 2019 determined by reports submitted to NM Taxation & Revenue Department
 - ❑ Businesses must have been owned at least 80% by NM residents
- ◆ Applications
 - ❑ Applications opened from August 7th – December 31, 2020
 - ❑ 880 loans made totaling \$42,032,663

- ◆ Small Business Recovery and Stimulus Act modified SBRLF
 - Substantially increased number of borrowers eligible to apply
 - Eliminated specific revenue decline formula and substituted broader rule of “substantial disruption” or “substantial decline in revenue”
 - Broadened the definition of New Mexico business to at least 51% ownership or at least 10-full time New Mexico resident employees
 - Raised maximum revenues to \$5 million of net revenues
 - Provided for more advantageous repayment terms
 - Modified for no interest in the first year and interest only payments for the next two years with interest paid annually
 - Provides for seven-year repayment terms following interest only period
 - Increased the amount of funding available to qualifying businesses
 - Loans of up to 3x monthly adjusted gross revenue, not to exceed \$150,000
 - Provides that NMFA may seek guarantees and/or collateral on loan amounts greater than \$75,000
 - Increased maximum State Investment Council investment to \$500 million



SBRLF Loans To Date

Small Business Recovery Loan Fund Activity

Amount Drawn from State Investment Council to date		\$ 140,000,000
Paid to Date:		
SBRLF 1.0	880	\$ 42,032,663
Total SBRLF 2.0 made to date	1040	\$ 82,546,583
Less Amount of 1.0 Loans Seeking Refinancing	<u>261</u>	<u>\$ 12,844,603</u>
Net New Funding for 2.0 Loans	779	\$ 69,701,980
Total Loans Paid to Date	1659	\$ 111,734,643
Applications Approved		
SBRLF 2.0 Pending Documents	175	\$ 13,459,857
Less Amount of 1.0 Loans Seeking Refinancing	<u>34</u>	<u>\$ 1,695,507</u>
Net New Funding for 2.0 Loans	141	\$ 11,764,350
Total Use of Funds	1800	\$ 123,498,993
Applications Pending	184	\$ 10,988,802
Applications Declined (~12%)	182	\$ 9,243,961

Recovery Programs

- ◆ New Mexico CARES Relief Grants
 - ❑ \$100 million of federal funds directed to small businesses
 - ❑ More than 14,000 applications totaling more than \$150 million received
 - ❑ Funded 6,737 awards at an average award of \$15,000
 - ❑ Approximately 60% of the awards went to businesses in Bernalillo, Dona Ana, Sandoval and Santa Fe Counties; 40% for the funding requests have come from businesses in rural communities

Application type	Location	Round 1		Round 2		Round 3		Total Awards		Average Award
		Total		Total		Total				
722: Food Services and Drinking Places	Urban	\$ 5,010,000	211	\$ 7,720,000	313	\$ 3,090,000	153	\$ 15,820,000	677	\$ 23,368
722: Food Services and Drinking Places	Rural	\$ 3,505,000	165	\$ 4,255,000	182	\$ 2,230,000	113	\$ 9,990,000	460	\$ 21,717
721: Accommodation	Urban	\$ 2,025,000	96	\$ 415,000	22	\$ 115,000	8	\$ 2,555,000	126	\$ 20,278
721: Accommodation	Rural	\$ 2,585,000	139	\$ 655,000	38	\$ 685,000	36	\$ 3,925,000	213	\$ 18,427
71: Arts, Entertainment, and Recreation	Urban	\$ 2,475,000	130	\$ 755,000	46	\$ 405,000	27	\$ 3,635,000	203	\$ 17,906
71: Arts, Entertainment, and Recreation	Rural	\$ 1,212,000	79	\$ 290,000	21	\$ 260,000	13	\$ 1,762,000	113	\$ 15,593
All Other Industries	Urban	\$ 9,225,000	614	\$ 7,465,000	488	\$ 16,565,000	1,027	\$ 33,255,000	2,129	\$ 15,620
All Other Industries	Rural	\$ 6,115,000	398	\$ 4,825,000	317	\$ 10,610,000	672	\$ 21,550,000	1,387	\$ 15,537
Non-Employer (all industries)	Urban	\$ 488,000	244	\$ 518,000	255	\$ 696,000	348	\$ 1,702,000	847	\$ 2,009
Non-Employer (all industries)	Rural	\$ 352,000	168	\$ 328,000	164	\$ 441,000	214	\$ 1,121,000	546	\$ 2,053
Destination Marketing Organization	Urban	\$ 700,000	14	\$ 300,000	6	\$ -	-	\$ 1,000,000	20	\$ 50,000
Destination Marketing Organization	Rural	\$ 445,000	11	\$ 180,000	5	\$ -	-	\$ 625,000	16	\$ 39,063
Total		34,137,000	2,269	27,706,000	1,857	35,221,000	2,611	96,940,000	6,737	14,389

◆ New Mexico LEDA Recovery Grants

- \$200 million in grants for rent, lease or mortgage payments for businesses with fewer than 75 employees per location
 - Applications open from May 11 through December 31st in rounds
 - Approximately 67% of the funding requests have come from businesses in Bernalillo, Dona Ana, Sandoval and Santa Fe Counties; 33% for the funding requests have come from businesses in rural communities
 - Program is undersubscribed. To date, approximately 1,000 grants have been approved and funded totaling approximately \$50 million; with 100 pending totaling \$5 million.
 - Approximately 25% decline rate; most likely reason for decline is that business utilizes contractors that do not count as employees