



NEW MEXICO  
**FINANCE AUTHORITY**

1

Presentation to the  
New Mexico Finance Authority Oversight Committee

# **Update on Behavioral Health Capital Fund, Primary Care Capital Fund and Child Care Revolving Loan Fund**

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# NMFA Governance

2

- **Kathy Keith, Chair**
  - **Martin Suazo, Vice Chair**
  - **AJ Forte, Secretary**  
Executive Director, New Mexico Municipal League
  - **Rob Black**  
Secretary Designate, NM Economic Development Dept
  - **Andrew Burke**
  - **Teresa Costantinidis**  
Senior Vice President for Finance & Administration  
University of New Mexico
  - **Joy Esparsen**  
Executive Director, New Mexico Counties
  - **Melanie Kenderdine**  
Secretary Designate, Energy, Minerals and Natural Resources
  - **James Kenney**  
Secretary, NM Environment Dept
  - **Ronald Lovato**
  - **Wayne Propst**  
Secretary, NM Dept of Finance & Administration
- ◆ Broad-based finance agency created in 1992 as a government instrumentality
  - ◆ Governed by an 11-member independent Board
    - Approves rules, policies, and projects
    - Oversees operations and approves budget
    - Active Committee process provides high level of oversight of NMFA's diverse and complex operations
  - ◆ Expansive programming and service to New Mexico
    - Authorized to operate 25 programs through 13 Acts
    - New Mexico Finance Authority Act (NMSA § 6-21-2):
      - Purpose: "...to coordinate the planning and financing of state and local public projects ... and to improve cooperation among the executive and legislative branches of state government and local governments in financing public projects."
    - Statewide Economic Development Finance Act (NMSA § 6-25-6):
      - Purpose: "assist eligible entities in financing projects" and to promote "achievement of economic development goals..."
  - ◆ Administrator of four other Boards and their respective committees and one Executive Task Force
  - ◆ Overseen by 29-Member NMFA Oversight Committee

# Statutory Authority

3

Active?	Funded	FY	Program Name	Enabling Act	Statute	Policy Partner
✓	✓	1992	Public Project Revolving Fund	New Mexico Finance Authority Act	6-21-6.0	Legislature
✓		1994	Primary Care Capital Fund	Primary Care Capital Funding Act	24-1C-4	DOH
✓	annually	1997	Drinking Water State Revolving Loan Fund	Drinking Water State Revolving Loan Fund Act	6-21A-4	NMED
		1999	Water and Wastewater Grant Fund	New Mexico Finance Authority Act	6-21-6.3	Legislature
✓	annually	2001	Water Project Fund	Water Project FinanceAct	72-4A-9	WTB/Leg
✓	✓	2002	Local Government Planning Fund	New Mexico Finance Authority Act	6-21-6.4	Various
✓		2003	Economic Development Revolving Fund (Smart Money)	Statewide Economic Development Finance Act	6-25-6.1	NMEDD
·	✓	2003	Child Care Facility Revolving Loan Fund	Child Care Facility Loan Act	24-24-4.0	ECECD
·		2004	Acequia Project Fund	Water Project FinanceAct	72-4A-9.1	WTB/ISC/Leg
✓	·	2004	Behavioral Health Capital Fund	Behavioral Health Capital Funding Act	6-26-4	HCA
·		2005	Energy Efficiency & Renewable Energy Bonding Act	New Mexico Finance Authority Act	6-21D-5	EMNRD
		2005	Local Transportation Infrastructure Fund	New Mexico Finance Authority Act	6-21-6.8	DOT
✓	✓	2006	New Markets Tax Credit	Statewide Economic Development Finance Act	6-25-6.1	FNM/NMEDD
		2007	Local Government Transportation Fund	New Mexico Finance Authority Act	6-21-6.12	DOT
✓	annually	2010	Colonias Infrastructure Project Fund	Colonias Infrastructure Finance Act	6-30-1.0	CIB
·	✓	2011	Collateral Support Participation Program	Statewide Economic Development Finance Act	6-25-13	NMEDD
✓		2021	Essential Services Working Capital Program	Statewide Economic Development Finance Act	6-25-13	NMEDD
✓	·	2021	New Markets Tax Credit Small Loan Pool	Statewide Economic Development Finance Act	6-21-6.12	FNM/NMEDD
✓		2021	Small Business Recovery Loan Fund	Small Business Recovery Act of 2020	6-32-1	Legislature
		2021	New Mexico LEDA Recovery Grants	Local Economic Development Act	5-10-16	NMEDD/Leg
✓		2022	Cannabis Microbusiness Program	Statewide Economic Development Finance Act	6-25-6	RLD/NMEDD
✓	✓	2022	Venture Capital Fund	Venture Capital Program Act	6-33-3	(NMEDD)
✓	✓	2022	Charter School Facility Revolving Fund	Charter School Facility Improvement Act	6-21-6.16	(PSCOC)
✓	✓	2022	Opportunity Enterprise Revolving Fund	Opportunity Enterprise and Housing Development Act	6-34-12	OE&HDRB
✓	✓	2024	SSBCI Capital Access Program	Statewide Economic Development Finance Act	6-25-6	NMEDD
✓	✓	2024	Housing Development Revolving Fund	Opportunity Enterprise and Housing Development Act	6-34-1	OE&HDRB

- ◆ In 2023, SB 423 (NMFA Operating Capital Bill, Sen. Rodriguez / Rep. Serrato) expanded the Primary Care Capital Fund, Behavioral Health Capital Fund, and the Child Care Revolving Loan Fund to include operating capital as an eligible use of funds. Until that change, the programs could only be used to finance land, infrastructure and buildings.
- ◆ These changes were sought in response to community service providers needing working capital to support the expansion of services. SB 423 also:
  - Transferred the rulemaking for Behavioral Health Capital Fund and Primary Care Capital Fund from Department of Health to the NMFA
  - Provided that NMFA could recover from the respective funds its full cost of administration for operating each of these programs
  - Explicitly provided that Behavioral Health Capital Fund loans could be repaid through in-kind services through a Contract-for-Services agreement
  - Made various technical changes

# Primary Care Capital Fund – Overview and Update

- ◆ Created in 1994 by the Primary Care Capital Funding Act to increase access to healthcare in rural and medically underserved communities by providing low-cost funding to primary care providers for infrastructure and equipment projects
- ◆ Total capitalization of \$9 million; a total of \$9.7 million reverted for solvency
- ◆ The PCCF makes loans to non-profit Primary Care clinics and through amendments made in 2019, publicly owned clinics
- ◆ The PCCF Act provides that the programs be jointly administered by the Department of Health (DOH) and NMFA:
  - DOH approves programmatic fit and project eligibility
  - DOH determines eligibility for, and monitors with, Contracts-for-Services
  - NMFA structures and originates loans
  - NMFA monitors loan and financial compliance
- ◆ Current terms of the program:
  - up to 20% of annual principal and interest may be repaid through a Contract-for-Service
  - 3% fixed interest rate

Capitalized with \$9 million; PCCF has financed 20 projects in 9 counties. No funding currently available.

Provider	Location (County)	Year	Loan Amount
El Centro <sup>1</sup>	Taos	1997	\$498,500
La Clinica del Pueblo de Rio Arriba <sup>1</sup>	Rio Arriba	1997	\$440,000
La Clinica de Familia, Inc. <sup>1</sup>	Dona Aña	1997	\$450,000
Pecos Valley Medical Center <sup>1</sup>	San Miguel	1998	\$120,000
Las Clinicas del Norte, Inc. <sup>1</sup>	Rio Arriba	1998	\$265,000
First Choice Health <sup>1</sup>	Bernalillo	1998	\$131,855
Pecos Valley Medical Center <sup>1</sup>	San Miguel	1999	\$80,000
La Familia Medical Center <sup>1</sup>	Santa Fe	1999	\$145,000
Las Clinicas del Norte, Inc. <sup>1</sup>	Taos	1999	\$395,000
El Pueblo Health Services <sup>1</sup>	Sandoval	2000	\$755,000
Las Clinicas del Norte, Inc. <sup>1</sup>	Taos	2000	\$250,000
Hidalgo Medical Services, Inc. <sup>1</sup>	Grant	2001	\$2,194,304
Hidalgo Medical Services, Inc. <sup>1</sup>	Grant	2003	\$1,100,000
Hidalgo Medical Services, Inc. <sup>1</sup>	Grant	2006	\$300,000
Mesilla Valley Hospice <sup>1</sup>	Dona Aña	2008	\$2,000,000
La Clinica de Familia, Inc. <sup>1</sup>	Dona Aña	2008	\$800,000
La Clinica de Familia, Inc. <sup>1</sup>	Dona Aña	2009	\$400,000
Hidalgo Medical Services, Inc. <sup>2</sup>	Grant	2012	\$600,000
Las Clinicas del Norte, Inc. <sup>2</sup>	Rio Arriba	2014	\$600,000
Sunrise Clinics Inc. <sup>2</sup>	Quay	2023	\$890,000
	<b>TOTAL</b>		<b>\$12,414,659</b>

<sup>1</sup>Paid in full

<sup>2</sup>Current

# Primary Care Capital Fund – Project Example

## **Mesilla Valley Hospice** *Las Cruces*

**Loan Amount:** \$2 million

**Project:** Expansion and renovation of New Mexico's only freestanding hospice house at the time, to provide for current and projected need for end-of-life care in Southern New Mexico.

**Community Benefit:** The project expanded the La Posada in-patient facility, constructed an in-home care center and completed landscaping.



# Behavioral Health Capital Fund – Overview and Update

- ◆ Created in 2004 by the Behavioral Health Capital Funding (“BHCF”) Act to provide low-cost financing for capital and equipment projects to increase the quality and availability of behavioral health services in rural and medically underserved areas of the state
- ◆ Capitalized in 2005 with \$2.5 million from bonds issued by NMFA
- ◆ The BHCF makes loans to non-profit behavioral Health clinics and, through amendments made in 2019, to publicly owned clinics
- ◆ BHCF provides that the program be jointly administered by the Health Care Authority and NMFA:
  - HCA approves programmatic fit and project eligibility
  - HCA determines eligibility for, and monitors compliance with, Contracts-for-Services
  - NMFA structures and originates loans
  - NMFA monitors loan and financial compliance
- ◆ Current terms of the program:
  - up to 20% of annual principal and interest may be repaid through a Contract-for-Service
  - 3% fixed interest rate



# Behavioral Health Capital Fund – Projects



The BHCF has financed 8 projects in six counties (Doña Ana, Taos, Santa Fe, San Miguel, Quay and Hidalgo) totaling more than \$5 million

Provider	Location (County)	Year	Loan Amount	Loan Status
Solace Sexual Assault Services, Inc.	Santa Fe	2009	\$ 480,000	Paid in Full
La Clinica de Familia, Inc.	Dona Aña	2009	\$ 100,000	Paid in Full
Tri-County Community Services, Inc.	Taos	2013	\$ 800,000	Foreclosed; funds recovered
La Clinica de Familia, Inc.	Dona Aña	2018	\$ 1,600,000	Paid in Full
Hidalgo County	Hidalgo	2020	\$ 250,000	Current
Rio Grande Alcoholism Treatment Program, Inc.	Taos	2022	\$ 565,000	Current
Sunrise Clinics Inc.	Quay	2023	\$ 316,000	Current
Sunrise Clinics Inc.	San Miguel	2023	\$ 387,000	Current

BHCF current available funds to lend: Approximately \$500,000; insufficient for many projects

# Behavioral Health Capital Fund – Project Example

10



## **Solace Sexual Assault Services Inc.** *Santa Fe*

**Loan Amount:** \$480,000

**Project:** Refinancing of a portion of construction financing for facility providing medical, legal, educational and psychotherapeutic support to New Mexicans experiencing trauma.

**Community Benefit:** Solace Rape Crisis Center added a trauma unit to benefit anyone suffering from trauma, including expanded services for veterans, police officers, firemen, and violent crime victims.

# Child Care Revolving Loan Fund Overview and Update



11

- ◆ Created in 2003 by the Child Care Facility Loan Act to provide low-interest, long-term loans to licensed providers to make health and safety improvements in their facilities.
  - Facilities must already be licensed, thereby limiting the use of the funds to existing providers
- ◆ Initially capitalized with \$250,000 in federal funds; \$250,000 reverted for solvency. 2024 Legislature appropriated \$1.75 million. At the beginning of FY2025, NMFA transferred \$1.1 million in excess revenue into the fund. Total current capitalization \$2.85 million.
- ◆ Administered by ECECD (formerly CYFD) and NMFA:
  - ECECD approves programmatic fit;
  - NMFA structures and originates loans
  - NMFA monitors loan and financial compliance
- ◆ Loans at 3% fixed interest rates over useful life
- ◆ Unlike PCCF and BHCF, the CCFL Act does not provide that loans may be repaid through Contract-for-Services
  - 2024's HB 290/a attempted to allow the program to accept Contract-for-Services in lieu of interest and principal payments.
  - Low-margin business makes high-quality, start up facilities very difficult to achieve

## Project Example

12

### **Connie's Day Care** *Las Cruces*

**Loan Amount:** \$50,000

**Project:** Expanding an established licensed, home-based child care center offering non-traditional hours with an existing waitlist.

**Community Benefit:** Expanding access and meeting local demand for early childhood education services.



Photo credit: New Mexico Early Childhood and Care Department

Only project funded with initial capitalization

## Project Example

13



Photo credit: Turquoise Childhood Development Center

### **Turquoise Childhood Development Center**

*Tucumcari*

*(approved by NMFA Board in August 2024)*

**Loan Amount:** \$550,000

**Project:** Acquisition and completion of building renovation; construction project on hold since September 2022 due to lack of affordable project funding.

**Community Benefit:** New 5-Star, full-time, year-round licensed provider in a rural child care desert.

Doubles the child care capacity in Tucumcari.

# Updating Program Governance – ECECD Rules



14

- ◆ ECECD updating rules to allow greater use of the fund
- ◆ Eligibility guidelines:
  - Providers may be private for-profit or non-profit and must be licensed by and in good standing with ECECD
  - Project verified by ECECD as supporting healthy and safe teaching environments
- ◆ Updated application requirements, approval and monitoring procedures
  - ECECD verifies eligibility and may prioritize providers serving state-subsidized clients and low-income families
  - NMFA structures/approves financing
  - ECECD monitors care and licensure; NMFA monitors credit and financial compliance
- ◆ NMFA Current Structuring Policy provides
  - All loans must be secured with business collateral and require personal guarantees from all principals with greater than 10% interest
  - NMFA may not decline a loan solely for lack of collateral
  - Recent bankruptcy, collections, delinquencies or judgements are basis for declining funding