



NEW MEXICO
FINANCE AUTHORITY

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Presentation to NMFA Oversight Committee

Economic Development Revolving Fund Report

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Statewide Economic Development Finance Act

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- ◆ Statewide Economic Development Finance Act (“SWEDFA”) was established in 2003 to help stimulate the economy, particularly in rural and underserved areas of the state by creating financing tools that put New Mexico on par with neighboring states
- ◆ SWEDFA requires that NMFA provide two reports to the NMFA Oversight Committee during the interim. This is the NMFA’s second report for 2024



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Economic Development Revolving Fund



- ◆ The Economic Development Revolving Fund (“EDRF”) is the Fund created under SWEDFA from which NMFA makes loans. EDRF is currently segregated into four (soon to be five) sub-accounts:
 - ❑ **Smart Money** is a State funded loan participation program
 - ❑ **Collateral Support Participation** was Federally funded State Small Business Credit Initiative (SSBCI) loan participation program
 - ❑ **Essential Services Working Capital Program** provided direct working capital loans to essential service providers during pandemic
 - ❑ **Cannabis Microbusiness Program (CMP)** provided start up capital to licensed cannabis micro-businesses
 - ❑ **SSBCI Capital Access Program** *will match private contributions from local financial institutions and borrowers to form extraordinary loan loss reserve funds for enrolled loans*

Smart Money Loan Participation



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- ❑ NMFA partner with banks and credit unions to lower borrowing costs and share risk
- ❑ Interest rates based on Treasury rates (e.g., Treasury rate + risk adjustment of typically 1.5% - 2%)
- ❑ Loan amounts up to \$2,000,000 or 49% of total financing

Description	Location (County)	Participating Bank	Maturity Date	Total Project Financing	NMFA Portion	NMFA %	Loan Balance	Status as of 9.30.24	# of Jobs Created
Younger Enterprise, LLC	Dona Ana	Century Bank	9/4/2029	\$1,533,533	\$ 751,431	49%	\$ 636,771	Current	10
Memorial Ventures, LLC	Bernalillo	Enterprise Bank and Trust	10/30/2025	\$12,220,831	\$ 1,200,000	10%	\$ 1,078,459	Current	24
2810 Karsten	Bernalillo	Bank of Albuquerque	9/26/2024 Board approval	\$4,500,000	\$1,000,000	18%			20
PreCheck	Otero	Bank 54	7/14/2026	\$4,418,750	\$ 849,592	19%	\$ 0	Paid in Full 10-25-2012	95
Western Woods*	Colfax	International Bank	12/10/2036	\$2,202,500	\$ 1,274,000	58%	\$ 0	Settled 4-29-2019	56
Plaza Hotel**	San Miguel	Valley National Bank	8/31/2024	\$5,517,944	\$ 1,650,000	30%	\$ 0	Foreclosure 7-9-2013	14
Landmark at Desert Gardens	Lea	Western Commerce Bank	4/1/1933	\$3,840,000	\$ 576,000	15%	\$ 0	Paid in Full 11-6-2017	10
Resources for Children & Youth Inc.	Dona Ana	Bank of the Rio Grande	11/20/2022	\$2,800,000	\$ 1,319,570	47%	\$ 0	Paid in Full 4-13-2021	28
Total Portfolio				\$ 32,533,558	\$7,620,593	32%	\$1,726,686		237

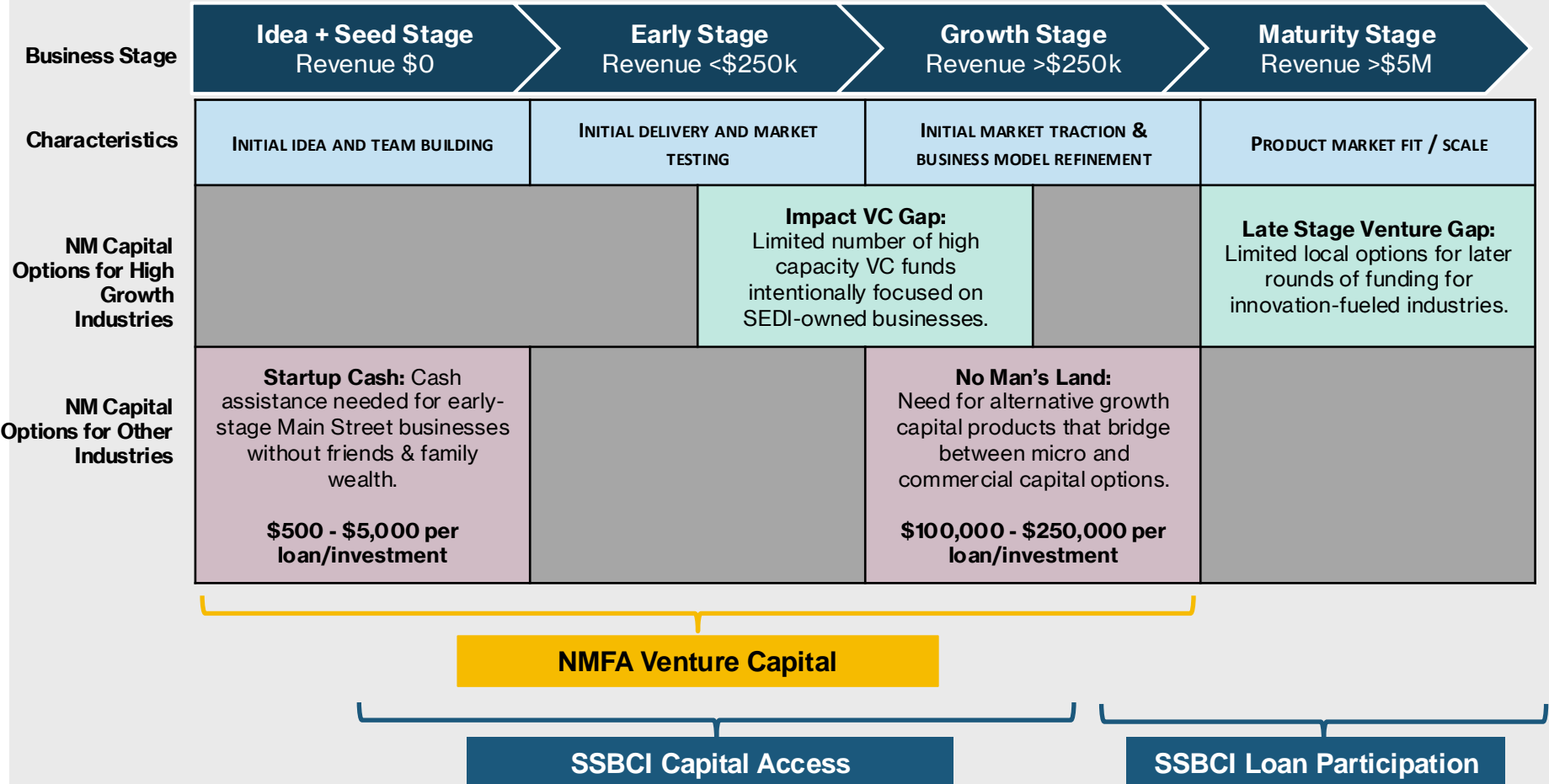
- ◆ Congress recently reauthorized and expanded SSBCI and provided ~\$10 billion to state small business financing programs to support small businesses and entrepreneurship, with a focus on socially and economically disadvantaged individuals (SEDI) and Very Small Businesses (VSBs)
 - SEDI businesses are located in distressed communities (as defined by the Dept. of Treasury) or owned by individuals with historically diminished access to credit
 - Very Small Businesses are defined as businesses with fewer than 10 employees
- ◆ In the fall of 2022 NMEDD received an award of up to \$74 million with funding to be disbursed in three equal tranches of ~\$22 million over ten years. The initial award provides for two uses:
 - \$ 9 million to CAP (collateral support) – administered by NMEDD
 - \$ 65 million to (equity/venture capital funds) – administered by NMFA
 - The total award amount includes ~\$6 million of SEDI incentive which is granted if New Mexico deploys at least 57% to SEDI-owned small businesses
- ◆ In August 2023 Dept. of Treasury approved NMFA to help NMEDD administer SSBCI. NMEDD and NMFA are preparing an application to reallocate a portion of the VC funding.
- ◆ Treasury’s Final approval of the CAP and Loan Participation Programs are imminent

- ◆ The Small Business Capital Landscape Research Report commissioned by NMFA found several gaps that NMFA can help banks, credit unions and CDFIs fill with the SSBCI 2.0 funding.
 - The found report found that Credit tightening since the great recession has been disproportionately felt by smaller businesses, and those in less wealthy areas.
 - A critical gap identified is a ‘no man’s land’ for companies in early and growth stages (revenues of \$0 to \$5 million) with capital needs larger than most CDFI-made microloans and smaller than most commercial bank loans
- ◆ NMEDD and NMFA are working with local lending institutions including banks, credit unions and community development financial institutions (CDFIs) to design new lending products to meet capital needs of SEDI-owned businesses
- ◆ NMEDD and NMFA are exploring additional strategies for New Mexico Growth Fund to enhance the impact of SSBCI 2.0:
 - Loan Participations – SSBCI 1.0 programs utilizing loan participations supported larger loan sizes and achieved 5.75 times leverage on capital deployed
 - Capital Access Program – Results nationwide from SSBCI 1.0 indicate capital access programs best support higher volumes of smaller loans in low-income communities

NMFA New Program Opportunities



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SSBCI Collateral Support



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- 100% of Loan Participations paid as agreed and this is last report from this program
- NMFA Partnered with 10 banks leveraging \$34 million from banks financing creating 272 jobs

Description	Location (County)	Participating Bank	Maturity Date	Total Project Financing	NMFA Portion	NMFA %	Loan Balance	Status as of 6.30.2024	# of Jobs Created
MW Holdings, LLC (Permanent - BOK)	Santa Fe	Bank of Albuquerque	3/24/2024	\$ 5,248,000	\$ 1,145,000	22%	\$ 0	Paid in Full 6-26-24	36
Permian I, LLC (Permanent)	Eddy	First National Bank of Alamogordo	7/15/2026	\$ 4,438,200	\$ 1,593,081	36%	\$ 0	Paid in Full 3-14-24	21
Los Alamos Cooperative Market	Los Alamos	Washington Federal	12/15/2023	\$ 1,113,750	\$ 119,000	11%	\$ 0	Paid in Full 12/28/2023	8
Ambience Hospitality	Bernilillo	Wells Fargo	5/27/2025	\$ 3,500,000	\$ 450,000	13%	\$ 0	Paid in Full 11-29-2022	25
Greater Albuquerque Habitat for Humanity NEAR, LLC	Bernilillo	Wells Fargo	5/28/2023	\$ 1,425,000	\$ 241,000	17%	\$ 0	Paid in Full 5-5-2021	31
MW Holdings, LLC (Construction - Wells)	Dona Ana	Wells Fargo	5/1/2023	\$ 3,710,570	\$ 1,000,000	27%	\$ 0	Paid in Full 4-15-2016	18
Cantor Properties (StarCryo Construction)	Santa Fe	Wells Fargo	10/23/2013	\$ 5,248,000	\$ 1,256,000	24%	\$ 0	Paid in Full 3-28-2014	36
Star Cryoelectronics (P.O. LOC)	Santa Fe	Los Alamos National Bank	10/23/2013	\$ 180,000	\$ 120,000	67%	\$ 0	Paid in Full 1-31-2014	0
Haciendas at Grace Village, LLC - Mtg	Santa Fe	Los Alamos National Bank	10/23/2013	\$ 120,000	\$ 80,000	67%	\$ 0	Paid in Full 1-2-2014	5
Haciendas at Grace Village, LLC - LOC	Dona Ana	Western Bank of Alamogordoo	7/25/2033	\$ 2,024,802	\$ 357,318	18%	\$ 0	Paid in full 4-27-2017	41
ELRC Properties, LLC	Dona Ana	Western Bank of Alamogordoo	5/14/2016	\$ 300,000	\$ 200,000	67%	\$ 0	Paid in Full 6-6-2016	0
NME Enterprises	Dona Ana	Wells Fargo	10/30/2020	\$ 753,824	\$ 331,678	44%	\$ 0	Paid in Full 3-5-2019	6
Mesa Quemado dba Don Juan Auto Body Bugman, Inc.	McKinley	First American Bank	10/20/2017	\$ 5,184,000	\$ 1,296,000	25%	\$ 0	Paid in Full 10-20-2017	20
Gallup Pipeline & Compliance Services, LLC	Santa Fe	Bank of Albuquerque	12/22/2034	\$ 832,500	\$ 89,500	11%	\$ 0	Paid in Full 12-8-2021	5
Total Portfolio	Santa Fe	Century Bank	10/9/2029	\$ 180,625	\$ 31,875	18%	\$ 0	Paid in Full 3-6-2020	10
	McKinley	Pinnacle Bank	3/20/2025	\$ 145,452	\$ 25,668	18%	\$ 0	Paid in full 2-3-2022	10
				\$ 34,404,723	\$ 8,336,120	26%	\$ 0		215

Essential Services Working Capital Program



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Essential Services – Bridge Capital

- ❑ Established in April 2020 to provide emergency funding for essential services providers during the COVID pandemic
- ❑ Direct working capital loans up to \$ 1 million to fund operating expenses (payroll, utilities, supplies, rent/mortgage payments)
- ❑ Eligible entities are for-profit and non-profit essential services providers including:
 - Rural hospitals, behavioral health and substance abuse providers
 - Dentists
 - Childcare operators
 - Walk-in healthcare facilities and residential healthcare facilities offering medical services
 - Pharmacies
 - Medical supply and equipment manufacturers and distributors
 - Research facilities
- ❑ Line of credit for one year that may be converted to term loans up to five years
- ❑ Secured by business assets, requires personal guarantees for owners of >20%
- ❑ Interest rates of 1%
- ❑ No application fee, no closing fees, no prepayment penalties

Essential Services Working Capital Program



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- ❑ 17 loans were underwritten to save essential service business or start new business
- ❑ 9 projects are paid in full

Legal Name	Type	Orig Loan Amount	Outstanding Principal	Loans Status
First Choice Community Healthcare Inc	Working Capital Term Loan	\$900,000.00	\$160,853.78	Fully Disbursed
Rio Grande Hematology and Oncology LLC	Working Capital Term Loan	\$150,000.00	\$31,828.97	Fully Disbursed
Telshor Family Clinic LLC	Working Capital Term Loan	\$200,000.00	\$0.00	Paid Off
Well Life ABQ LLC	Working Capital Term Loan	\$73,800.00	\$9,617.65	Fully Disbursed
Net Medical Xpress Solutions Inc	Working Capital Term Loan	\$100,000.00	\$32,057.66	Fully Disbursed
Las Cruces Machine Manufacturing and Engineering Inc	Working Capital Term Loan	\$100,000.00	\$0.00	Paid Off
Build with Robots Inc	Working Capital Term Loan	\$618,750.00	\$0.00	Paid Off
David J Ortega DDS PC	Working Capital Line of Credit	\$100,000.00	\$0.00	Paid Off
Covenant Schools of America LP	Working Capital Term Loan	\$375,000.00	\$94,846.06	Fully Disbursed
Las Cumbres Community Services Inc	Working Capital Line of Credit	\$320,000.00	\$0.00	Paid Off
Ponderosa Montessori Inc	Working Capital Term Loan	\$250,000.00	\$127,785.30	Fully Disbursed
Rhino Health Inc	Working Capital Line of Credit	\$1,000,000.00	\$0.00	Paid Off
Albuquerque Speech Language and Hearing Center	Working Capital Line of Credit	\$65,000.00	\$0.00	Paid Off
Santa Fe Recovery Center Inc	Working Capital Term Loan	\$874,000.00	\$213,241.60	Fully Disbursed
RingIR Inc	Working Capital Term Loan	\$58,300.00	\$0.00	Paid Off
Childrens Choice Child Care Services	Working Capital Line of Credit	\$250,000.00	\$0.00	Paid Off
Reliance Medical Group LLC	Working Capital Term Loan	\$150,000.00	\$84,033.93	Fully Disbursed
Total Essential Services Working Capital Loans		\$5,584,850.00	\$754,264.95	

Cannabis Microbusiness



Cannabis Microbusiness – Access to Start-Up Capital

- ❑ Pilot program created to improve access to capital for the smallest agricultural producers in the emerging cannabis industry
- ❑ Provided direct working capital loans to licensed microbusinesses of up to \$250,000 at interest rates of 2-3% and terms from 3-5 years
- ❑ No longer accepting applications due to high underwriting costs, borrower challenges meeting collateral requirements and industry volatility

Client	Year	Location (County)	Original Amount	Prin Paid	Prin Balance	Status
High There LLC	2023	Doña Ana	\$247,039	\$0	\$247,039	Good Standing
Herban Oasis LLC	2022	Bernalillo	\$244,946	\$0	\$244,946	Not in Good Standing
Carver Family Farm LLC	2022	Bernalillo	\$67,011	\$5,430	\$61,580	Good Standing
Grey Moon Operations LLC	2022	Lea	\$235,944	\$0	\$235,944	Good Standing
The Mem-o LLC	2022	Sandoval	\$250,000	\$0	\$250,000	Good Standing
Serrano Springs Ranch LLC	2022	Doña Ana	\$159,964	\$0	\$159,964	Good Standing
		Total	\$1,204,904	\$5,430	\$1,199,473	