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*¡Believing in New Mexico!*

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**Public Funds for Infrastructure and  
Economic Development Projects**

**Presentation to the  
Native American Communities of New Mexico  
New Mexico Infrastructure Finance Conference  
October 24, 2007**

**Tony Duran, Senior Financial Advisor**

- ◆ We are dedicated to improving the lives of New Mexicans by planning and financing infrastructure, strengthening the economy through public/private partnerships and setting the standard for superior, diverse, innovative and solution-driven financing.

- ◆ By the directive of the NM Legislature, the NMFA is charged with the task of working with state and local entities to assist with long-term financial planning in their communities
- ◆ Coordinate financing of state and local projects
- ◆ The NMFA's success reflects our partnership with 225 local governmental entities: 103 municipalities, 33 counties, 91 special districts and a multitude of tribes and pueblos
- ◆ Improve cooperation among Executive and Legislative Branches of Government

- ◆ Leverage state and local expertise along with that of the NMFA staff to resolve long-term infrastructure needs statewide
- ◆ Create enhanced knowledge and financial capacity within NMFA and with our partners
- ◆ Since inception, NMFA has financed approximately \$2 billion in vital infrastructure and equipment projects across the State of New Mexico
- ◆ To date, the NMFA has a zero default rate on its loans

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- ◆ You are able to start your project now rather than wait
  - ◆ Protect operating funds for future needs or “rainy days”
  - ◆ Ability to leverage available funds toward larger projects
  - ◆ Cost of borrowing is usually less expensive than the cost of inflation



◆ Private Sources

- Banks
- Bonds (private underwriters)

◆ State Sources

- State Appropriations & Capital Outlay
- Loans – NMFA & NMED
- Bonds - NMFA

◆ Federal Government

- Federal Appropriations
- Loans – USDA Rural Development

## Who qualifies for NMFA programs?



- ◆ State of New Mexico
- ◆ State Agency
- ◆ State Institution
- ◆ County
- ◆ Municipality
- ◆ School District
- ◆ Federally Chartered Colleges in NM
- ◆ Special Districts
- ◆ Community Water Association
- ◆ Land Grant Corporation
- ◆ Indian Nation, Tribe or Pueblo located wholly or partially in New Mexico
- ◆ Consortia of Tribes



- ◆ Public Project Revolving Fund (PPRF)
- ◆ Drinking Water State Revolving Loan Fund (DWRLF)
- ◆ Local Government Planning Fund
- ◆ Smart Money Initiative
- ◆ Water Trust Board
- ◆ Primary Care Capital Fund (PCCF)
- ◆ Behavioral Health Capital Fund
- ◆ Child Care Facility Loan Fund



- ◆ To date, the NMFA has worked with several tribes and pueblos in New Mexico
- ◆ The NMFA recognizes the sovereignty associated with tribes and pueblos
- ◆ Types of Projects Financed
  - Water
  - Wastewater
  - Building Infrastructure
  - Equipment
  - Planning Documents
- ◆ *Funding cannot be used for gaming purposes*

- ◆ Requires Legislative Authorization for projects of \$ 1 million or more
- ◆ Projects of \$1 million or less do not require Legislative authorization
  
- ◆ Funding for capital outlay projects with a useful life of 3 years or more
  
- ◆ Interest rates are based on AAA-insured bond market rates, set monthly by the NMFA Board and “locked-in” for 90 days
  
- ◆ Based off of the State Median Household Income (MHI)
- ◆ Disadvantaged Entity Funding – 0%, 3% & Market interest rates
  - Above 90% MHI = Market Rates
  - 90% > 75% MHI = 3%
  - 75% > 0% MHI = 0%
  - Up to \$200,000 per fiscal year
  
- ◆ Costs of issuance, up to \$200,000 per fiscal year, may be paid by the NMFA



◆ Current AAA – insured tax-exempt rates\*

3 year – 3.420%

5 year – 3.470%

10 year – 3.610%

15 year – 3.830%

20 year – 4.530%

25 year – 4.630%

\*September 2007

- ◆ Low-cost financial assistance for construction and improvements to drinking water facilities
  - ◆ Standard Rate – 2%
  - ◆ Disadvantaged Rate – 0%
- ◆ HB 2 (2005 Legislature) provided \$2 million appropriation to help leverage approximately \$16 million in federal funds
- ◆ With these new grants, federally capitalized revolving loan fund:
  - ◆ \$75.5 million in federal awards
  - ◆ \$15.1 million in state match
- ◆ \$29 million closed to date
- ◆ \$25.8 million in additional binding loan commitments
- ◆ For additional information contact John Brooks, Senior Financial Advisor

- ◆ With New Mexico Environment Department, NMFA utilizes a federally mandated State Priority List to determine eligibility and funding order
- ◆ Step 1: Project interest sheet to Drinking Water Bureau
- ◆ Step 2 :Ranked on Comprehensive Priority List
- ◆ Step 3: Ranked on Fundable Priority List
- ◆ Step 4: NMFA and DWB send out ranking letters
- ◆ Step 5: NMFA Financial Analyst makes contact
- ◆ Step 6: Project taken to NMFA Board for approval

- ◆ Created by SB 40 from 2002 Legislature (Sen. Campos)
- ◆ Initially created to provide upfront capital necessary to allow for proper planning of vital water and wastewater projects
  - Feasibility Reports
  - Preliminary Engineering Report (PER)
- ◆ Statute required that entity repay “grant” once funding for project was received
- ◆ 2005 Legislature (HB 304, Rep. Sandoval)
  - Broadened project eligibility to include master plans, conservation plans & economic development plans
  - Allows NMFA to “forgive” loan if entity finances project through NMFA
- ◆ Currently, the NMFA will be seeking another \$1 million appropriation to this program

- ◆ Statewide Economic Development Finance Act created by SB 934 from 2003 Legislature (Sen. Aragon)
- ◆ Authorizes NMFA to issue bonds, make loans and provide loan and bond guarantees on behalf of private for-profit and non-profit entities
- ◆ HB 518 from 2005 Legislature (Rep. Silva) amended SWEDFA to strengthen legislative oversight and provide protection to borrowers by exempting proprietary information from Inspection of Public Records Act
- ◆ SMART Money Initiative -- 2005 Legislature provided \$10 million appropriation to capitalize Economic Development Revolving Fund
- ◆ FY 2008 Goal: \$10 million in loans to entities statewide

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- ◆ Water Trust Board created in 2001 through the Water Project Finance Act
  - ◆ 15 Member Board empowered to assist the New Mexico Legislature in prioritization and funding statewide water projects
  - ◆ Makes loans or grants to qualified entities for projects prioritized by the WTB on terms and conditions established by the WTB and NMFA

- ◆ Storage, conveyance and delivery of water
- ◆ Implementation of the Endangered Species Act Collaborative Programs
- ◆ Restoration and management of Watersheds
- ◆ Flood Prevention; and
- ◆ Conservation, recycling, treatment or reuse of water
- Applicants are encouraged to present water projects that have a long term statewide impact with an emphasis on regional cooperation, cost sharing, and scientific review

- ◆ Created by HB 702 from 1994 Legislature (Rep. Olguin)
- ◆ NMFA and Department of Health jointly administer loan program
- ◆ Funds directed to non-profit primary care clinics with assets of less than \$20 million in rural and medically underserved communities
- ◆ 3% interest, with terms of 10 years for equipment and 15 years for land & building
- ◆ Up to 20% of annual principal and interest can be forgiven in exchange for services rendered to indigent patients
- ◆ 2005 Legislature expanded eligibility to include school based health centers and tele-health sites
- ◆ For additional information contact Tony Duran, Financial Advisor or Tom McHugh, Financial Advisor

- ◆ Created by SB 284 from 2004 Legislature (Sen. Papen)
- ◆ Similar to Primary Care Capital Fund
- ◆ Finance capital needs of small behavioral health clinics
- ◆ Non-Profit clinics with assets of \$10 million or less
- ◆ Funds directed to clinics in rural and medically underserved communities
- ◆ SB 52 from 2005 Legislature authorizes NMFA to capitalize fund with \$2.5 million from Cigarette Tax Revenue Bonds
- ◆ FY 2008 Goal: 3 loans totaling \$2 million

- ◆ Created by SB 358 from 2003 Legislature (Sen. L. Lopez)
- ◆ NMFA and CYFD work in conjunction to administer program
- ◆ Low-cost loans to licensed child care providers
- ◆ Capitalized with \$250,000 from allocation of federal funds
- ◆ Rules promulgated and first round of applications expected in Winter 2005
- ◆ FY 2008 Goal: Loans to 25 providers totaling \$250,000

- ◆ Applying for Funding, Analysis and NMFA Board Approval
- ◆ Readiness to Proceed
  - List of items that must be complete before loan or grant can be closed
- ◆ Closing
  - After all of the readiness to proceed items are submitted, the loan or grant can proceed to closing
- ◆ Drawdown of Funds
  - Entities utilize the proper form in the grant or loan agreement to request a draw on funds



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*Financing your future, Believing in New Mexico*