



NEW MEXICO
FINANCE AUTHORITY

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New Mexico's Partner in Building Economic Prosperity and Stronger Communities



NMFA Presenter

**John Brooks, Managing
Director, Lending**

Who We Are

- ◆ The New Mexico Finance Authority (NMFA) was created in 1992 by the New Mexico Legislature.
- ◆ The purpose of NMFA is to coordinate the planning and financing of state and local public projects, to provide for long-term planning and assessment of state and local capital needs, to improve collaboration among the executive and legislative branches of state government and local governments in financing public projects, and to finance economic development and community health projects.
- ◆ NMFA provides financing for infrastructure and equipment used by state agencies, municipalities, counties, and tribal governments.
- ◆ NMFA dedicates its time, funding and expertise to establish the foundation for communities to grow and flourish.

**The New Mexico Finance Authority is Advancing New Mexico
by Financing Impactful, Well-Planned Projects**

What We Do

- ◆ Create low-interest financing opportunities for community and economic development.
- ◆ Serve as a bridge to investors who provide capital to New Mexico.
- ◆ Provide financial expertise and a role in promoting and enhancing financial literacy and identification of resources and programs administered by NMFA.
- ◆ Offer communities, stakeholders, and partners a framework for financing and project planning.
- ◆ Provide processes and programs that help policymakers prioritize investments, solve infrastructure problems and allocate resources.

What We Do

- ◆ Serve as a benchmark for cost-effective financing in New Mexico.
- ◆ Guide clients on other capital sources when needed.
- ◆ Support clients' ability to qualify for NMFA financing through remediation of issues.
- ◆ Promote alignment of thinking and collaboration across organizational boundaries of stakeholders.

***As a mission-driven organization,
we exist to promote the interests of our stakeholders.***

How We Deliver

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- ◆ Public Project Revolving Fund
- ◆ Drinking Water State Revolving Fund
- ◆ Water Project Fund
- ◆ Colonias Infrastructure Fund
- ◆ Local Government Planning Fund
- ◆ Primary Care Capital Fund
- ◆ Behavioral Health Capital Fund
- ◆ Smart Money
- ◆ New Markets Tax Credits
- ◆ Small Business Recovery Loan Fund
- ◆ LEDA Recovery Grants

Public Project Revolving Fund (PPRF)

- ◆ As the NMFA flagship program, the PPRF is funded by loan repayments and through NMFA's share of Government Gross Receipts Tax. The PPRF's share of GGRT provides approximately \$33 million per year for bond coverage purposes. After legislative appropriations, the PPRF nets approximately \$22 million per year in new capital. NMFA uses the PPRF to make loans to qualified borrowers and then replenishes the fund by issuing bonds that are secured by the loans.
- ◆ The PPRF is a loan fund created to assist a wide range of public entities in accessing the capital markets at an all-in cost that is highly competitive compared to other financing alternatives available to public entities.
- ◆ The PPRF maintains a AAA/Aa1 credit rating in its senior lien and AAA/Aa2 in its subordinate lien. The bonds are highly sought by investors, allowing the NMFA to issue bonds in the capital markets at very attractive rates. NMFA passes the pricing benefits it receives in the public capital markets on to New Mexico communities in the form of loans.

PPRF's High Bond Ratings

The PPRF maintains a AAA/Aa1 credit rating for its Senior Lien and (AAA/Aa2 in its Subordinate Lien) and its bonds are highly sought by investors allowing the NMFA to issue bonds in the capital markets at very attractive rates.

The NMFA passes the pricing benefits it receives in the Public Capital Markets on to New Mexico communities in the form of loans.

- ◆ **Ratings Are the Key to Pricing**
- ◆ **Credit Enhancements Are the Key to Ratings**
- ◆ **Low Pricing Strengthens Credit Enhancements**

Disadvantaged PPRF Entity Funding

NMFA may provide certain below-market interest rate loans up to \$500,000 per fiscal year. “Disadvantaged Qualified Entity” assistance is based on the applicant’s Median Household Income (“MHI”) and is determined as follows:

- ◆ Up to \$500,000 per infrastructure loan (10% of requested project funds) or \$150,000 per equipment loan may be provided at a fixed 2% interest rate if the applicant’s MHI is greater than 80% but less than 100% of the State’s MHI.
- ◆ Up to \$500,000 per infrastructure loan (10% of requested project funds) or \$150,000 per equipment loan may be provided at a fixed 0% interest rate if the applicant’s MHI is 80% or less than that of the State’s MHI.

Benefits of PPRF Financing

- ◆ NMFA eliminated all upfront and ongoing administrative fees on PPRF loans as of January 2020, reducing the borrower's financing costs.
- ◆ NMFA has a AAA/Aa1 bond rating and is highly regarded in the bond markets resulting in lower interest rates for infrastructure and equipment loans, including those to small and disadvantaged communities.
- ◆ NMFA absorbs underwriting, rating, legal and other issuance costs, and produces the Official Statements, resulting in savings of time, effort, and cost to the borrower.
- ◆ NMFA Regional Financial Managers collaborate with stakeholders and external financial advisors to ensure projects are well vetted, providing expertise and analysis to ensure that fund activities are underwritten per policies.
- ◆ NMFA provides flexibility with its transparent lending agreements through diverse debt repayment structures tailored to each borrower, including accommodating timing needs.

Benefits of PPRF Financing

- ◆ NMFA provides more cost-saving and time-saving benefits because borrowers do not need to secure a debt rating on their own, and do not have to issue an RFP for underwriter services in connection with the bond issue.
- ◆ NMFA holds and invests unspent project funds with a Trustee to maintain comprehensive and consistent records.
- ◆ NMFA efficiently processes invoices which accelerates payments to vendors producing goodwill for borrowers and maintains all responsibility for record-keeping and meeting IRS and SEC regulatory and arbitrage requirements.
- ◆ NMFA's general counsel, bond counsel, disclosure counsel, underwriting counsel and loan counsel provide multiple layers of legal support on all transactions in addition to the borrower's bond counsel.
- ◆ Each bond is backed by all PPRF revenue and reserves reducing the negative impact of any financial challenges faced by individual borrowing entities.

Application Process

- ◆ The application and application resolutions are available at www.nmfinance.com. NMFA will update the application submission process in their EnABLE system in the future.
- ◆ Applications are reviewed monthly.
- ◆ The application deadline each month is the NMFA Board meeting date of the previous month (typically the last Thursday of the month).
- ◆ Submitted applications are underwritten by the Regional Finance Managers and the Credit Analysts.

NMFA, in collaboration with the NMED Drinking Water Bureau, have revised the Drinking Water State Revolving Loan Fund (DWSRLF) policies to increase the financial benefits to New Mexico communities. The DWSRLF has new LOWER rates (1% or 2%), increased eligibility for DISADVANTAGED STATUS, and LONGER repayment time (32 years). Principal forgiveness continues to be offered to qualifying entities up to 75%, based on EPA availability.

Deadline	SFY 22 Annual Priority List	Fall List Update	Spring List Update	SFY 23 Annual Priority List
Project Interest Forms submitted by	February 3, 2021	July 1, 2021	October 1, 2021	February 8, 2022
Required supplemental documents submitted by	March 4, 2021	September 1, 2021	December 1, 2022	March 8, 2022
Draft Priority List Posted for Public Comment	May 29, 2021			May 27, 2022
Final Priority Lists Published	July 14, 2021	October 1, 2021	February 1, 2022	July 1, 2022

To receive these discounted terms, please submit a Project Interest Form through the NMED DWB SWIM portal <https://swim.water.web.env.nm.gov/>

WTB 2022 Application Cycle August 2021-May 2022

- ◆ August 10-25, 2021 Notice of Intent submission
- ◆ Sept. 8-Oct. 8, 2021 On-line project application (phase 1)
- ◆ September 9, 2021 Project Application training
- ◆ October 27, 2021 Project presentation
- ◆ December 9, 2021 Readiness application training
- ◆ Dec 13, 2021-Jan 28, 2022 On-line Readiness Apps
(phase 2- legislative authorized projects)
- ◆ May 5, 2022 WTB funding recommendations

For more information about the Water Project Fund or how to apply,
please email WTBAdmin@nmfa.net.

The Local Government Planning Fund funds critical planning documents for a variety of public infrastructure projects.

Eligible plans include:

- ◆ Preliminary Engineering Reports;
 - ◆ Feasibility Studies;
- ◆ Environmental Information Documents;
 - ◆ Comprehensive Plans;
 - ◆ Asset Management Plans;
 - ◆ Water Conservation Plans;
- ◆ Master Plans; Local Economic Development Act Plans;
 - ◆ Metropolitan Redevelopment Act Plans.

Applications are accepted monthly,
and grants are made on a reimbursement basis.

Questions?

www.nmfinance.com



New Mexico Finance Authority

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