



Update from the Small Business Investment Corporation (SBIC)

Presented to the
Investments & Pensions
Oversight Committee

August 13, 2025

New Mexico Small Business Investment Corporation (NMSBIC)

- The Small Business Investment Corporation, doing business as the New Mexico Small Business Investment Corporation (NMSBIC), was formed in 2001 by the Small Business Investment Act pursuant to Senate Bill 201, sponsored by Senator Don Kidd in the 2000 Regular Session of the New Mexico Legislature.
- The NMSBIC is a non-profit corporation. Its purpose is to make investments and loans, through cooperative partner agreements, to create new job opportunities and support new or expanding businesses in New Mexico.

New Mexico Small Business Investment Corporation (NMSBIC), continued

- The NMSBIC is funded by an allocation from the Severance Tax Permanent Fund.
- Senate Bill 10, sponsored by Senator Carlos Cisneros, passed in the 2019 New Mexico Legislative Session, and increased the NMSBIC's allocation from 1% to 2% of the Severance Tax Permanent Fund.
- The NMSBIC currently has \$184 million in assets.

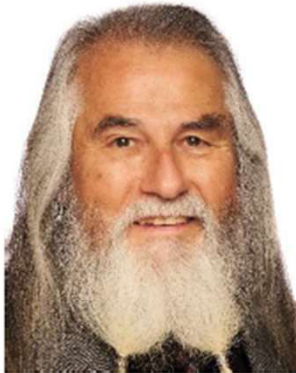
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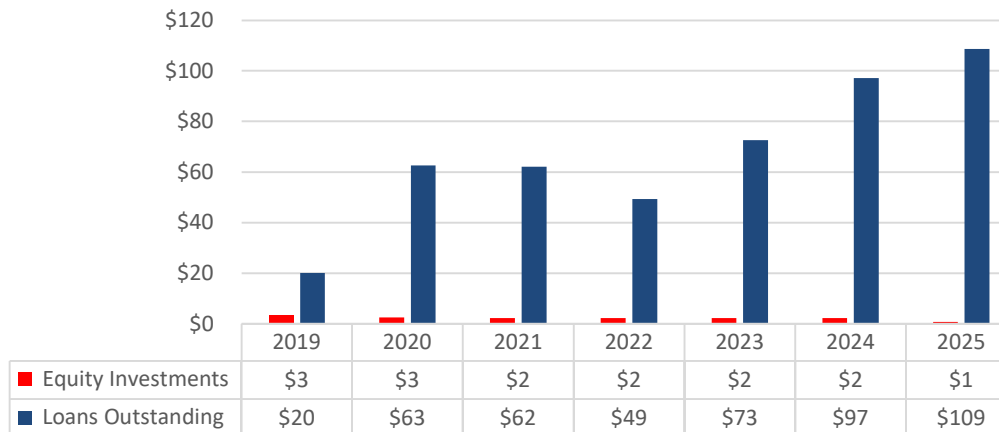


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NMSBIC Investment Focus

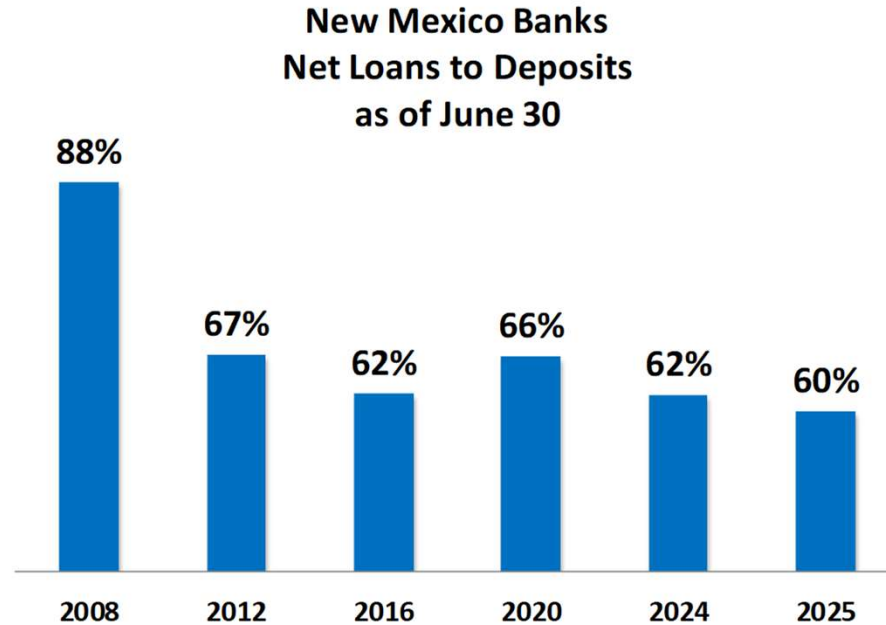
- Over the years the NMSBIC has developed, and refined, a lending program for small businesses that do not have access to loans from traditional banks.
- The NMSBIC made venture capital equity investments in the past. However, the focus now, and going forward, is on expanding the small business lending program. There is a continuing need for small business loans, and expansion of the lending program appears to provide a meaningful impact on jobs, and the New Mexico economy.
- The chart below shows growth in outstanding loans, and runoff of venture capital equity investments.

Equity Investments and Outstanding Loans
(in millions)



Lending Gap in New Mexico

Since the recession that began in 2008, the loan-to-deposit ratio for New Mexico banks declined and has not recovered. This appears to have increased a lending gap for small business loans in New Mexico.



Source: www.fdic.gov

2025 data as of March 31, 2025 which is the most current available.

NMSBIC Lending Partners

- The NMSBIC is not a direct lender – it works with Lending Partners to originate and service loans to small businesses. These Lending Partners are primarily Community Development Financial Institutions, or CDFIs, and include the New Mexico Community Development Loan Fund (also known as The Loan Fund), Ventana Fund, Clearinghouse CDFI, DreamSpring (formerly Accion) Homewise, and WESST.
- CDFIs are mostly non-profit corporations and receive their CDFI designation from the US Treasury. They receive some loans, grants, and charitable contributions – however, the funding they receive is substantially inadequate as compared to the demand for small business loans. In New Mexico, the NMSBIC and CDFIs have partnered to partially fill the small business lending gap.
- It's important to note that CDFIs are not competing with banks but rather are partnering with banks. Banks are often the number one source of loan referrals to CDFIs.

NMSBIC Lending Partners

Committed and Outstanding Loans

June 30, 2025

Lending Partner	Amount Committed	Amount Outstanding
The Loan Fund	\$37,500,000	\$31,063,271
Ventana Fund	34,500,000	32,540,278
Clearinghouse CDFI	30,000,000	20,000,000
RBC GAM	25,000,000	9,923,123
Homewise	16,000,000	11,547,420
DreamSpring	7,755,298	3,506,982
WESST	375,000	125,598
MFA	3,500,000	0
LiftFund	1,000,000	0
RCAC	1,000,000	0
B:Side Fund	<u>500,000</u>	<u>0</u>
Totals	<u>\$157,130,298</u>	<u>\$108,706,672</u>

The NMSBIC currently has \$19.7 million in funds available for investments.

NMSBIC Lending Partners

Loan Types and Average Loan Balances

Lending Partner	Types of Lending	Average Loan Size
The Loan Fund	Small business loans	\$130,000
Ventana Fund	Rehabilitation loans on multifamily properties with low- and moderate-income tenants	\$600,000
Clearinghouse CDFI	Real estate, historic hotels, hotel conversions & charter school construction	\$3,000,000
RBC GAM	Impact investing in SBA guaranteed loans focused on Black, Indigenous, and People of Color (BIPOC) borrowers	\$450,000
Homewise	Downtown Albuquerque commercial property renovation & charter school construction	\$450,000
DreamSpring	Small business loans	\$21,000
WESST	Small business loans	\$13,000
MFA	Multifamily construction with Low Income Housing Tax Credits (LIHTC), development lots for single-family homes	\$650,000
LiftFund	Small business loans & Colonias lending	\$20,000
RCAC	Rural community USDA water & wastewater, and small business loans	\$400,000
B:Side	Small business loans	\$20,000

NMSBIC Lending Partners

New and Potential Lending Partners

June 30, 2025

- **B:Side Fund** is a new small business lending CDFI based in Colorado and is a subsidiary of B:Side Capital. B:Side Fund recently announced a strategic partnership with the Albuquerque Hispano Chamber of Commerce to offer loans to businesses that have completed the Emprendedores Program. NMSBIC recently approved a new \$500,000 line of credit to B:Side Fund.
- **Raza Development Fund** is a CDFI based in Arizona and is active in New Mexico. Its focus is on small business loans, charter school construction, and construction of medical facilities. The NMSBIC is currently discussing a \$5 million line of credit with Raza Development Fund.
- **Hexagon Housing Fund**, a new CDFI being created to support New Mexico's military missions. Its focus will be to develop and refurbish multifamily properties near New Mexico military bases.
- **Native Community Capital** a Native CDFI based in Laguna, NM. It provides residential housing finance and support and is considering expanding to provide small business loans.
- **Native Partnership for Housing**, a Native CDFI based in Gallup, NM. It provides residential housing finance and support and is considering expanding to provide small business loans.

NMSBIC COVID-19 Pandemic Small Business Lending Programs

NMSBIC developed two lending programs to support small business and preserve jobs during the COVID-19 pandemic:

	<u>Number of Loans</u>	<u>Amount Funded</u>	<u>Jobs Supported</u>
<ul style="list-style-type: none"> • <u>NMSBIC COVID-19 Lending Program.</u> NMSBIC partnered with The Loan Fund to provide loans to small businesses during the pandemic. 	179	\$13.7 million	1,005
<ul style="list-style-type: none"> • <u>NMSBIC PPP Lending Program.</u> NMSBIC partnered with DreamSpring to provide funding to originate Small Business Administration Paycheck Protection Program (PPP) loans during the pandemic. 	1,524	\$49.2 million	7,596

NMSBIC COVID-19 Pandemic Small Business Lending Programs (continued)

In the first part of 2021, DreamSpring, with funding from the NMSBIC, was the top SBA lender in New Mexico based on the number of SBA Paycheck Protection Program (PPP) loans originated.

SBA New Mexico District Office
Activity Report
2nd Quarter FY 2021



U.S. Small Business
Administration

New Mexico District Office

Lender Activity Report

7a and PPP Loan

2nd Quarter FY 2021

Lender	Number of Loans	Dollar Amount
DreamSpring	907	\$25,404,454
U.S. Bank, National Association	529	\$35,908,737
Wells Fargo Bank, National Association	512	\$23,014,427
First American Bank	501	\$68,487,550
Enterprise Bank & Trust	458	\$38,051,495
Bank of America, National Association	420	\$22,456,614
New Mexico Bank & Trust	400	\$44,313,096
Western Commerce Bank	385	\$42,491,220
Nusenda FCU	383	\$23,308,124

NMSBIC Lending Partner Technical Assistance

NMSBIC's lending partners provide technical assistance to small businesses. This is all part of the "high touch" lending that CDFIs provide. Technical assistance might include:

- Marketing plans
- Budgets
- Website setup
- Installing computerized accounting systems
- Referrals to CPA firms for assistance with financial reporting
- Setting prices for products and services

For more extensive business planning, CDFIs often refer small business owners to a Small Business Development Center (SBDC) office.

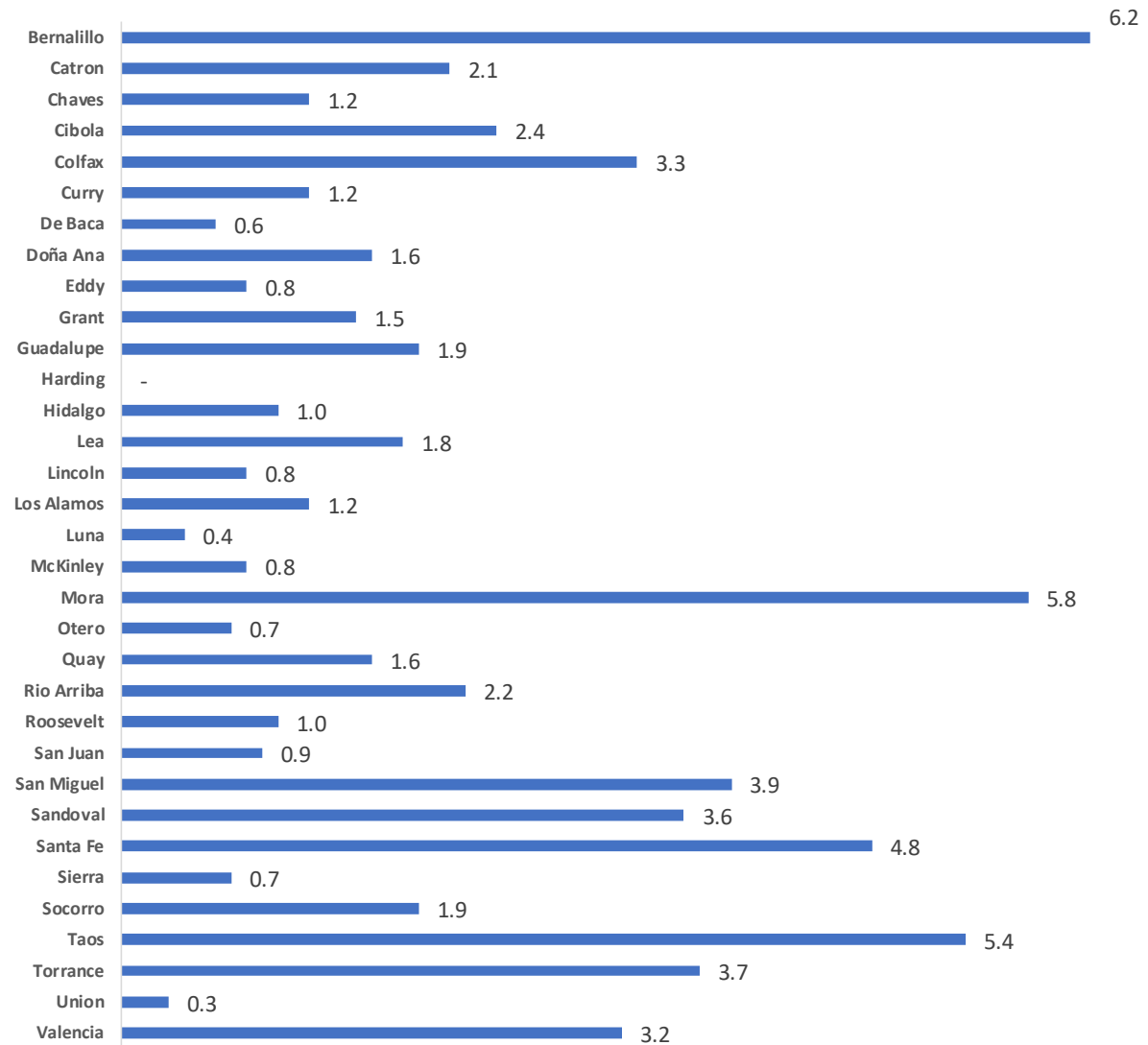
NMSBIC Impact is Throughout New Mexico

	Life-to-Date
Number of Loans Originated	7,329
Total Amount of Loans	\$276,789,884
Jobs Supported	25,672

The NMSBIC's lending program provides funding for New Mexico small businesses throughout our state.

	Population	Loans per	
	<u>Loans</u>	<u>(000) (1)</u>	<u>Capita</u>
Bernalillo	4,151	671.6	6.2
Catron	8	3.8	2.1
Chaves	79	63.6	1.2
Cibola	63	26.8	2.4
Colfax	40	12.3	3.3
Curry	56	47.2	1.2
De Baca	1	1.7	0.6
Doña Ana	350	225.2	1.6
Eddy	46	60.3	0.8
Grant	40	27.5	1.5
Guadalupe	8	4.3	1.9
Harding	-	0.6	-
Hidalgo	4	4.0	1.0
Lea	129	72.1	1.8
Lincoln	17	20.0	0.8
Los Alamos	24	19.4	1.2
Luna	10	25.3	0.4
McKinley	52	68.8	0.8
Mora	24	4.1	5.8
Otero	47	68.8	0.7
Quay	14	8.5	1.6
Rio Arriba	87	39.9	2.2
Roosevelt	18	18.8	1.0
San Juan	114	120.7	0.9
San Miguel	103	26.7	3.9
Sandoval	566	155.9	3.6
Santa Fe	743	156.0	4.8
Sierra	8	11.5	0.7
Socorro	31	16.0	1.9
Taos	186	34.4	5.4
Torrance	58	15.6	3.7
Union	1	4.0	0.3
Valencia	251	79.1	3.2
Totals	<u>7,329</u>	<u>2,114</u>	<u>3.47</u>

NMSBIC Loans by County
(per 1,000 in population, since inception)



(1) https://www.newmexico-demographics.com/counties_by_population, 2023 Population Estimates

Loans to Minority- and Women-Owned Small Businesses

For the 12 months ending June 30, 2024*, NMSBIC funds were used for loans made to minority- and women-owned businesses as follows:

Minority-owned businesses	57%
Women-owned businesses	45%

*Most recent available, lending partners are still providing June 30, 2025, data.

NMSBIC Cost per Job

	Equity Program Costs and Benefits, Life-to-Date, June 30, 2025 (1):			Profit (Cost)	
	Net	Fair Market		Jobs	per Job
	<u>Investment</u>	<u>Value</u>	<u>Gain (Loss)</u>	<u>Supported (2)</u>	<u>Supported</u>
Santa Fe Windows and Doors (3)	(\$25,000)	\$0	\$25,000	n/a	n/a
Flywheel Ventures, 2 funds	\$2,956,754	\$0	(\$2,956,754)	50	(\$59,135)
NM Community Capital	\$1,604,078	\$0	(\$1,604,078)	204	(\$7,863)
Mesa NM Growth Funds, 2 funds	\$10,257,750	\$0	(\$10,257,750)	18	(\$569,875)
NM Mezzanine Ptrs	\$1,688,976	\$924,295	(\$764,681)	10	(\$76,468)
Verge Fund (4)	\$2,977,861	\$4,157,608	\$1,179,747	136	\$8,675
Adjustment for multiple funds invested in the same company (4 companies)				-70	
Total Equity Program (5)	\$19,460,419	\$5,081,903	(\$14,378,516)	348	(\$41,318)

12

13 (1) Equity fund investments are long-term investments. Life-to-date results are considered more meaningful
14 than year-to-date information.

15 (2) Jobs reported at June 30, 2024, or jobs reported as of the date when a company was sold.

16 (3) Sante Fe Windows and Doors was originated in 2003 and repaid in full in 2007. This was the only direct investment
17 made by the NMSBIC.

18 (4) Investments in Verge I, Verge I.5, Verge II and Verge II.5 were combined into Verge I II Combined on January 1, 2021.

19 (5) \$32.4 million was invested \$12.9 million was returned, resulting in net investment of \$19.5 million.

NMSBIC Cost per Job (continued)

1	Lending Program Costs and Benefits:					Profit (Cost)
2		Interest	Loan Charge	Net Interest	Jobs	per Job
3	Since Inception	Income	Offs	Income (Loss)	Supported (8)	Supported
4	Clearinghouse CDFI	\$889,166	\$0	\$889,166	532	\$1,671
5	DreamSpring 2003 Prior Agreement (6)	\$1,013,665	(\$1,258,310)	(\$244,645)	4,516	(\$54)
6	DreamSpring 2013 Participation Agreement	\$1,622,810	(\$368,277)	\$1,254,533	5,004	\$251
7	DreamSpring 2020 PPP Participation Agreement	\$0	\$0	\$0	7,598	-
8	Homewise	\$348,644	\$0	\$348,644	277	\$1,259
9	LiftFund PPP and COVID-19 Lending Program	\$0	\$0	\$0	36	-
10	New Mexico Mortgage Finance Authority	\$110,769	\$0	\$110,769	380	\$291
11	The Loan Fund Participation Agreement (7)	\$77,631	(\$11,518)	\$66,113	-	-
12	The Loan Fund	\$2,816,220	\$0	\$2,816,220	5,406	\$521
13	The Loan Fund COVID-19 Lending Program	\$0	\$0	\$0	1,005	-
14	RBC Global Asset Management	\$710,743	\$0	\$710,743	187	\$3,801
15	Rio Vista Growth Capital Line of Credit (9)	\$155,217	\$0	\$155,217	16	\$9,701
16	Ventana Fund	\$1,426,885	\$0	\$1,426,885	299	\$4,772
17	WESST Participation Agreement	\$45,630	(\$17,695)	\$27,935	417	\$67
18	Total Lending Program	\$9,217,381	(\$1,655,800)	\$7,561,581	25,673	\$295
19						
20	<u>12 months ended June 30, 2025</u>					
21	Clearinghouse CDFI	\$405,556	\$0	\$405,556	490	\$828
22	DreamSpring 2013 Participation Agreement	\$109,061	(\$39,678)	\$69,383	433	\$160
23	Homewise	\$151,007	\$0	\$151,007	383	\$394
24	RBC Global Asset Management	\$386,336	\$0	\$386,336	187	\$2,066
25	The Loan Fund	\$118,887	\$0	\$118,887	859	\$138
26	The Loan Fund COVID-19 Lending Program	\$0	\$0	\$0	509	\$0
27	Ventana Fund	\$558,484	\$0	\$558,484	152	\$3,674
28	WESST Participation Agreement	\$3,055	\$0	\$3,055	34	\$90
29	Total Lending Program	\$1,732,386	(\$39,678)	\$1,692,708	3,047	\$556

31 (6) The DreamSpring 2003 prior participation agreement was terminated as of November 2013. Loans outstanding as of the
32 termination date were repaid in the normal course of business. All loans were repaid as of January 2022.

33 (7) The Loan Fund 2004 participation agreement was terminated as of July 13, 2007.

34 (8) Jobs reported at the time the loan was originated.

35 (9) The Rio Vista Growth Capital line of credit was terminated as of September 30, 2018.

NMSBIC Self-Sufficiency and Recycling of Funds

- The NMSBIC is self-sustaining. Interest received from small business loans more than offsets operating costs.
- As loans are repaid by small businesses, the NMSBIC “recycles” the funds, which then, over time, creates additional new jobs.

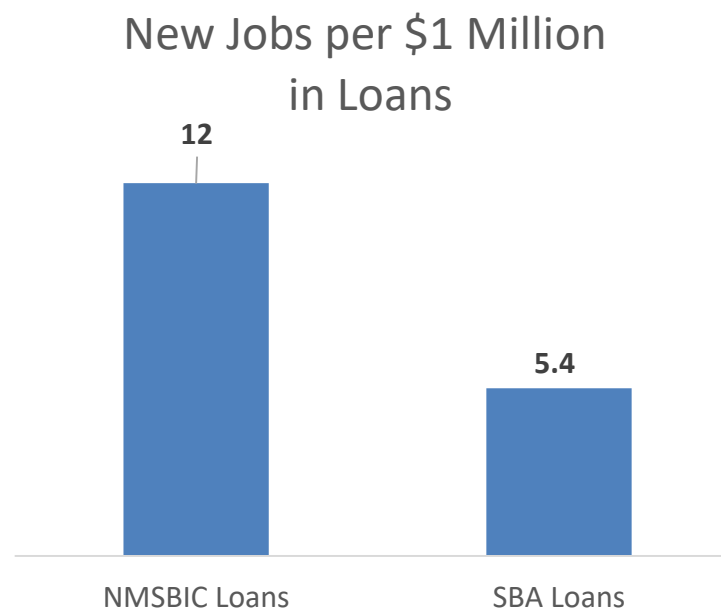
BBER Impact Study

- In 2017, the NMSBIC engaged the Bureau of Business and Economic Research, or BBER, to conduct an Impact Study. The study covered NMSBIC loans made from 2011 through 2015 and calculated an “opportunity cost” for our lending program.
- BBER looked at interest income the NMSBIC earns from its lending partners, which is typically 2% ... and compared that to the Severance Tax Permanent Fund target return of 6.75%. BBER calculated the difference of 4.75% as an “opportunity cost” of about \$4,700 per new job created.
- BBER noted the NMSBIC’s opportunity cost of \$4,700 per new job was comparable to the JTIP cost, which was about \$5,900 per new job during the same time period from 2011 through 2015, and also the LEDA cost, which during the same time period was about \$4,200 per job.

BBER Impact Study

(continued)

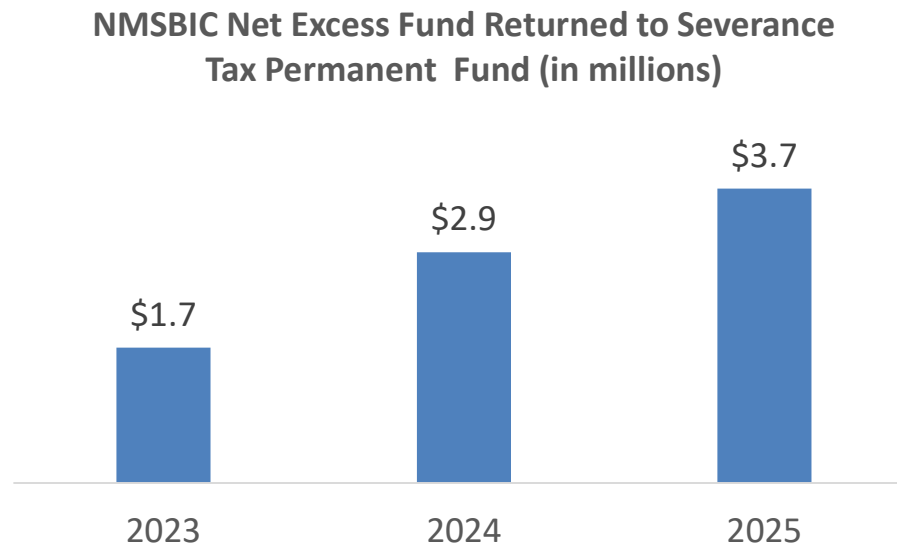
- The 2017 BBER analysis also showed that for every \$1 million in loans originated by lending partners with NMSBIC funds, 12 new jobs were created in New Mexico.
- A similar 2013 US Census study of Small Business Administration (SBA) lending showed that for every \$1 million of SBA loans, 5.4 new jobs are created.



NMSBIC has engaged BBER in 2025 to update the Impact Study. The updated study is in process.

NMSBIC's Net Excess Funds to the Severance Tax Permanent Fund

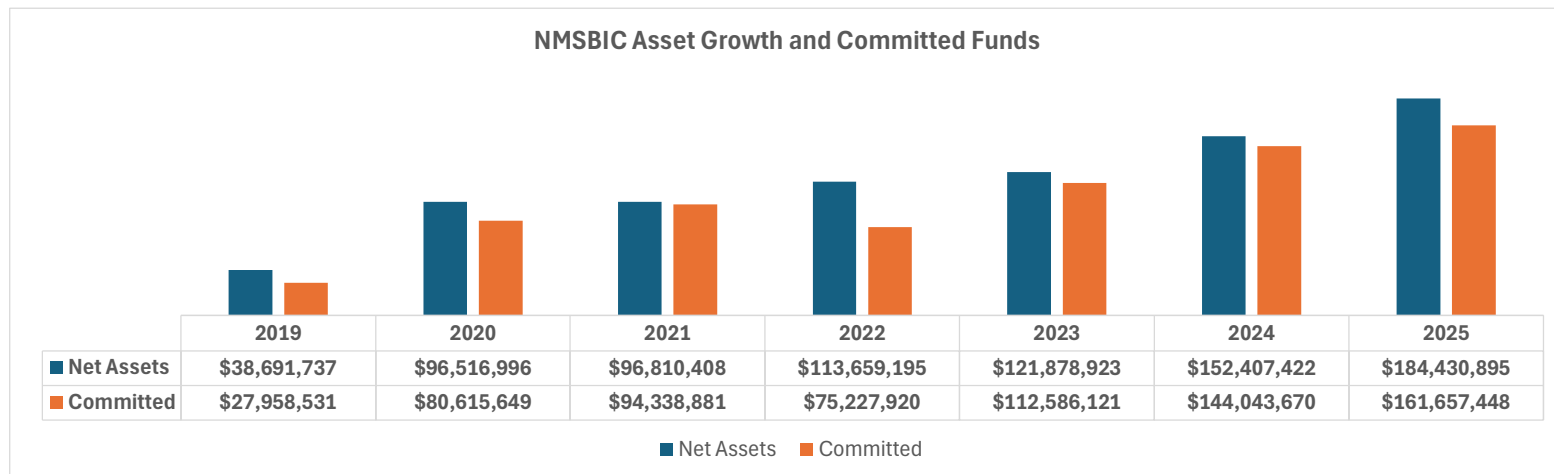
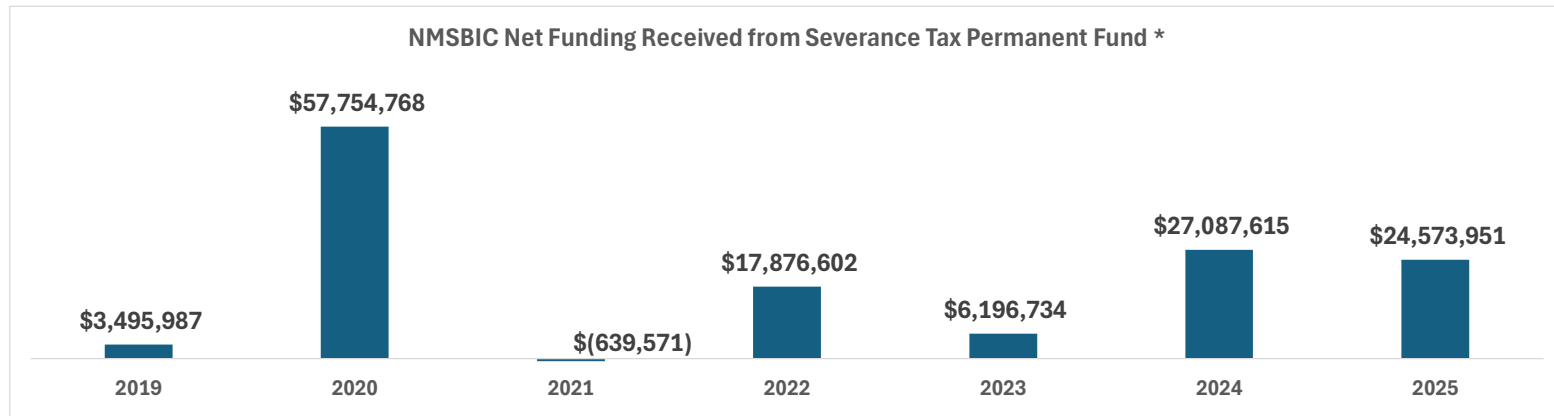
Net Excess Funds include NMSBIC's interest income and realized gains, less operating expenses. Each year NMSBIC returns Net Excess Funds to the Severance Tax Permanent Fund.



\$3.7 million in net excess funds as of June 30, 2025, is estimated and has not yet been paid.

NMSBIC Funds Received and Funds Deployed

As funding has been received from the Severance Tax Permanent Fund, the funds are being committed to lending partners.



* 2025 Net Excess Fund payable to the Severance Tax Permanent Fund is estimated.

NMSBIC
Balance Sheet Projection (Estimated)
Projection Through 2029

Lending Partner	Actual 6/30/2025	Forecast Year 1 6/30/2026	Forecast Year 2 6/30/2027	Forecast Year 3 6/30/2028	Forecast Year 4 6/30/2029	Notes:
1 The Loan Fund (NMCDLF)	\$31,063,271	\$33,393,016	\$34,561,772	\$35,771,434	\$37,500,000	Assumes \$37.5M commitment utilized
2 Ventana Fund	\$32,540,278	\$37,540,278	\$36,000,000	\$38,000,000	\$40,000,000	Partner forecast \$36-\$45M, used \$40M
3 Clearinghouse CDFI	\$20,000,000	\$30,000,000	\$35,000,000	\$40,000,000	\$45,000,000	Partner forecast used
4 Homewise	\$11,547,420	\$14,847,420	\$18,477,420	\$22,470,420	\$26,862,720	Partner forecast used
5 RBC GAM	\$9,923,123	\$14,923,123	\$19,923,123	\$25,000,000	\$25,000,000	Assumes \$25M commitment utilized
6 DreamSpring	\$3,506,982	\$4,944,976	\$5,923,038	\$6,902,289	\$7,882,121	Partner provided range, middle used
7 Housing New Mexico (MFA)	\$0	\$2,000,000	\$2,500,000	\$3,500,000	\$3,500,000	Assumes \$3.5M commitment utilized
8 WESST	\$125,598	\$138,158	\$151,974	\$167,171	\$183,888	Assumes 10% growth per year
9 B:Side Fund	\$0	\$375,000	\$425,000	\$500,000	\$575,000	New partner estimated growth
10 B:Side Capital	\$0	\$250,000	\$500,000	\$1,000,000	\$1,500,000	New partner estimated growth
11 Enchantment Land CDC	\$0	\$250,000	\$500,000	\$1,000,000	\$1,500,000	New partner estimated growth
12 Raza Fund (new)	\$0	\$5,000,000	\$10,000,000	\$15,000,000	\$20,000,000	New partner estimated growth
13 Hexagon Housing Fund (new)	\$0	\$500,000	\$1,000,000	\$1,500,000	\$2,000,000	New partner estimated growth
14 Native Partnership for Housing (new)	\$0	\$500,000	\$1,000,000	\$1,500,000	\$2,000,000	New partner estimated growth
15 NM Black Chamber (new)	\$0	\$250,000	\$500,000	\$1,000,000	\$1,500,000	New partner estimated growth
16 NMCIC (new)	\$0	\$1,000,000	\$3,500,000	\$6,000,000	\$8,500,000	New partner estimated growth
17 Other partners (new)	\$0	\$0	\$5,000,000	\$10,000,000	\$15,000,000	New partner estimated growth
18 Loans outstanding	\$108,706,672	\$145,911,971	\$174,962,327	\$209,311,314	\$238,503,729	
19 Committed, not drawn (1) (2)	\$48,423,726	\$62,533,702	\$74,983,854	\$89,704,849	\$102,215,884	
20 Loans outstanding & committed	\$157,130,398	\$208,445,673	\$249,946,181	\$299,016,162	\$340,719,614	
21 Direct loans (3)	\$708,275	\$764,937	\$826,132	\$0	\$0	
22 Equity investments	\$1,551,538	\$1,551,538	\$801,538	\$51,538	\$0	
23 Cash reserve (1)	\$700,000	\$700,000	\$700,000	\$700,000	\$700,000	
24 Payable to Severance Tax Permanent Fund (1)	\$3,142,608	\$3,647,799	\$3,749,193	\$4,485,242	\$5,110,794	
25 Other investments (1)	\$20,806,686	\$10,000,000	\$10,500,000	\$11,025,000	\$11,576,250	
26 Cash, receivables, prepaids	\$420,083	\$441,087	\$463,141	\$486,299	\$510,613	
27 Total assets (estimated)	\$184,459,588	\$225,551,034	\$266,986,185	\$315,764,241	\$358,617,271	
28						
29 Asset growth, projected		\$41,091,446	\$41,435,151	\$48,778,056	\$42,853,030	

- 30
- 31 (1) Invested in State Treasurer Office's Local Government Investment Pool (LGIP) and SIC Core Plus Bond Pool.
- 32 (2) After NMSBIC receives new funding, commitments are made to lending partners. It then takes time for lending
- 33 to deploy the funds. 70% utilization assumed in forecast.
- 34 (3) Direct loans are assets distributed to NMSBIC at termination of an equity investment in NM Gap Fund I LP.

NMSBIC Recap

The NMSBIC Lending Program:

- Fills a critical gap in lending to new and growing New Mexico small businesses.
- Provided significant assistance to New Mexico small businesses during the COVID-19 pandemic.
- Has projected demand that will likely allow NMSBIC to deploy expected new funding over the next four years.
- Is a self-sufficient program that supports job growth and economic development throughout the state.