



NEW MEXICO
FINANCE AUTHORITY

**Presentation to
Legislative Finance Committee**

New Mexico Finance Authority

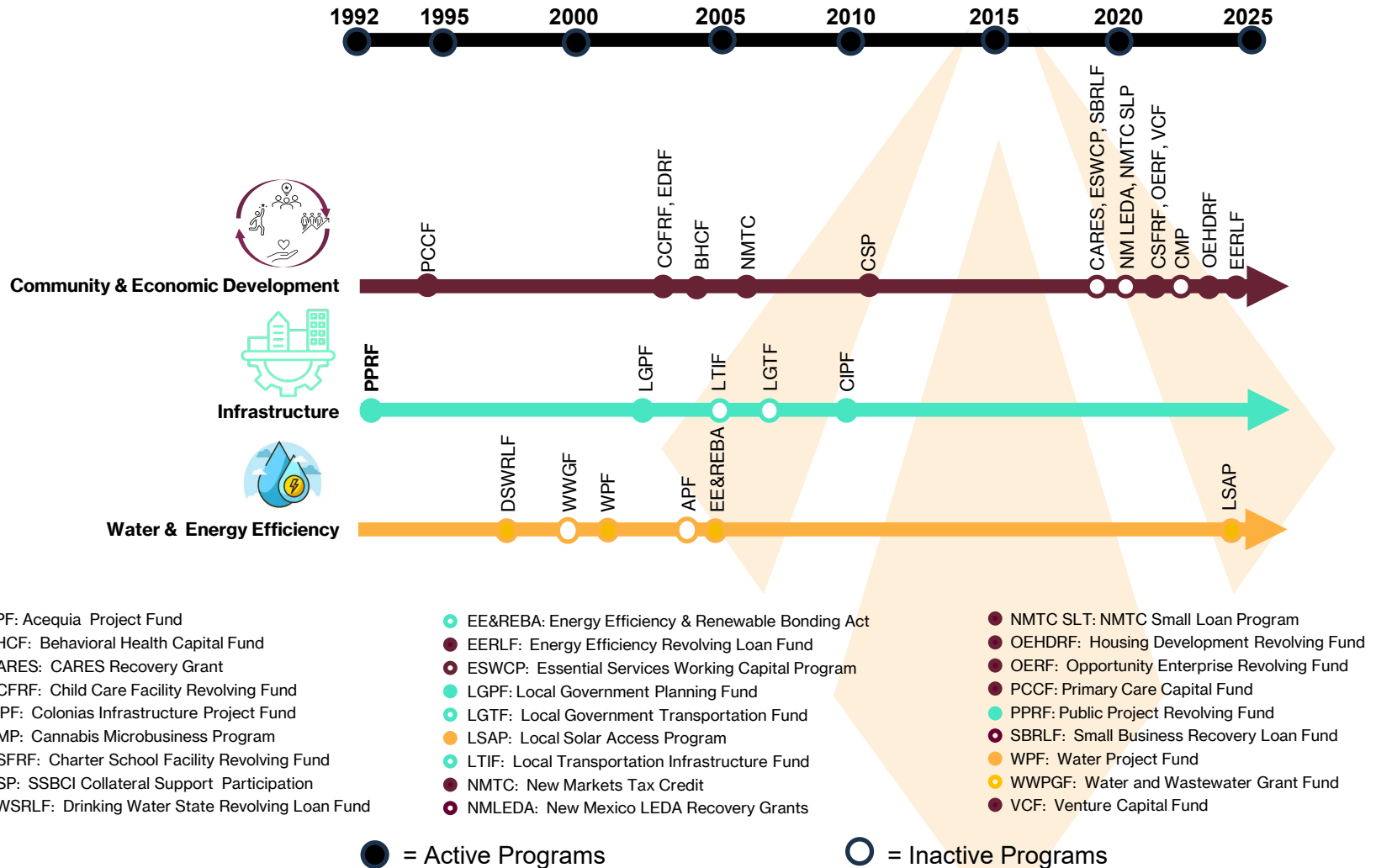
Marquita D. Russel, Chief Executive Officer

October 20, 2026

- ❑ **Kathy Keith, Chair**
 - ❑ **Martin Suazo, Vice Chair**
 - ❑ **AJ Forte, Secretary**
Executive Director, New Mexico Municipal League
 - ❑ **Rob Black**
Secretary, NM Economic Development Dept
 - ❑ **Andrew Burke**
 - ❑ **Teresa Costantinidis**
Executive Vice President for Finance & Administration
University of New Mexico
 - ❑ **Joy Esparsen**
Executive Director, New Mexico Counties
 - ❑ **James Kenney**
Secretary, NM Environment Dept
 - ❑ **Ronald Lovato**
 - ❑ **Wayne Propst**
Secretary, NM Dept of Finance & Administration
 - ❑ **Erin Taylor**
Acting Secretary, Energy, Minerals and Natural Resources
- ◆ Broad-based public-finance agency created in 1992.
 - ◆ NMFA's quasi-governmental structure allows it to combine public purpose, statutory authority, capital-market access, financial discipline, and cross-agency partnerships in ways that traditional state agencies, private lenders, and individual local governments cannot do on their own.
 - ◆ Borrowers rely on NMFA for access to capital, expertise, and continuity. State partners rely on NMFA to turn policy priorities into workable financing tools. Investors rely on NMFA for transparency, predictability, and strong portfolio management.
 - ◆ 80-employee organization 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
 - ◆ Overseen by 24-Member NMFA Oversight Committee.

Expansive, Mission-Based Programs

NMFA has grown from an affordable infrastructure lender to a broader public-finance agency



Growth in programming has been supported by increased staffing, deeper organizational capacity, and a retooling of organizational systems, policies, and procedures

- ◆ Staff doubled from 40 in December 2019 to 80 currently
 - Organization evolved from staffing by program to staffing by function
 - In 2019 the Public and Private Lending Departments each handled its own loan origination, credit, program administration, client services and board administration which limited the ability to absorb new programs and funding
 - Since that time, the Public and Private Programs Departments were separated into Lending, Credit, Client Services, Program Administration and Board Administration departments which allows us to better manage funding fluctuations. Over time, NMFA added Human Resources, Procurement, Communications, Policy, Project Oversight, and Technology Innovation functions
- ◆ Over the past six years, NMFA has evolved from relying on the dedication and expertise of good people as guardrails for inadequate systems to state-of-the-art systems that empower those people and enhance sustainability, scalability and reliability
 - Comprehensive policies have been put in place, and program processes and procedures standardized
 - Established a risk rating tool that evaluates the risk of each loan using a uniform scale which allows NMFA to gauge the effectiveness of its policies, underwriting, monitoring, and loan servicing processes
 - Initiated a comprehensive update of NMFA technology that replaces and seamlessly integrates financial reporting, procurement, HR, loan servicing, project management, and client management software
 - Enhanced user experience for internal and external clients
 - Reduced manual processes
 - Increased transparency and actionable, on-demand reporting

Organizational Evolution: Measuring What Matters

NMFA's three-year Strategic Plan calls for NMFA to establish impact metrics that connect NMFA financing to community outcomes, and operational Key Performance Indicators (KPIs) to track speed, stewardship, security and conversion -- allowing for a holistic, data-driven assessment of both mission effectiveness and organizational performance, ensuring accountability to communities, partners, and the Board

IMPACT METRICS

♦ **Primary Impacts** – in place for all programs:

- ❑ **Jobs:** Direct + indirect
- ❑ **Wages:** \$ Generated
- ❑ **Tax Revenue:** \$ Generated
- ❑ **Community Investment:** \$ Invested
- ❑ **Cost Savings:** Lower borrowing costs

♦ **Secondary Impact** – 16 metrics, as applicable

- ❑ **Public Infrastructure:** Facilities, utilities, systems* flood/safety mitigation*public safety assets ●
- ❑ **Housing:** Attainable housing units created ●
- ❑ **Child Care + Education:** High-quality and infant/toddler slots* facilities and schools ●
- ❑ **Health:** Health facilities*patients serve ●
- ❑ **Water:** Gallons saved*connections
*regionalization*quality/safety ●
- ❑ **Energy:** Renewable generation*reduced energy use ●

OPERATIONAL KPIs

The KPIs will be phased in as data becomes available from NMFA's Integrated Business Application project

♦ **Phase One:**

- ❑ **Funding efficiency:** requisition rate
- ❑ **Loan performance:** delinquency rate
- ❑ **Security:** training rate, security score, ticket response time
- ❑ **Cycle time:** application processing, closing, closing-to-first-draw

♦ **Phase Two:**

- ❑ Project vetting time
- ❑ Cost per dollar dispersed / cost per transaction
- ❑ Application drop-off
- ❑ Financial statement
timeliness/adjustment/reconciliation rate

Water Trust Board Design Only Grant Awards

- ◆ House Bill 109 (2026) provided temporary suspension of legislative authorization which has provided the WTB and with flexibility in offering its funding awards
- ◆ Using the streamlined approval process and the \$100 million appropriation from the 2026 Legislature, the WTB offered a design-only grant cycle designed to accelerate the pace of water projects and spending
 - ❑ 100% grants to speed project initiation -- No loan. No local match required
 - ❑ Applications are scored using the WTB approved evaluation criteria; planning documents required
 - ❑ Application opened from August 10th – September 10th.
 - ❑ 90 applications filed for requests totaling \$76.2 million. Awards are expected to be made by the WTB on October 27th.
- ◆ The regular 2027 award cycle will open in January 2027, closer to the availability of Severance Tax Bond funding in June 2027
 - ❑ WTB decisions expected in April 2027
 - ❑ The streamlined process will shave off application by 4 ½ months from the application timeline

Design Only Grants Applications

Project Locations	Total Amount	Filed
Bernalillo	\$ 2,487,500	2
Chaves	1,502,482	2
Cibola	749,500	2
Colfax	588,000	2
Curry	216,865	1
Dona Ana	14,870,561	19
Eddy	7,204,962	10
Grant	2,750,000	1
Guadalupe	6,996,568	2
Hidalgo	1,600,287	1
Lea	3,106,800	7
Lincoln	6,778,576	9
Luna	2,954,589	3
McKinley	3,174,500	7
Otero	1,753,274	2
Quay	175,000	1
Rio Arriba	1,778,355	3
Roosevelt	1,033,000	2
San Juan	2,700,000	1
Sandoval	431,770	2
Santa Fe	4,866,000	4
Sierra	2,368,000	1
Socorro	1,850,000	1
Taos	3,272,358	4
Valencia	985,000	1
Grand Total	\$ 76,193,947	90

Colonias Infrastructure Board Housing Site Readiness Pilot Program

- ◆ At its September Board Meeting, the Colonias Infrastructure Board (“CIB”) approved the opening of a Housing Site Readiness Pilot program as part of its regular 2027 funding award cycle.
- ◆ The purpose of the pilot is to provide funding to Colonias communities for public infrastructure necessary to support approximately 15 – 25 homes.
 - ❑ Local government applicants identify and assemble sites and home builder partners
 - ❑ Infrastructure must be publicly owned once constructed
 - ❑ Builders must agree to offer housing at lower home prices or rents with deed restrictions (≥10 years)
- ◆ Funding Structure
 - ❑ \$25 million set-aside (25% of anticipated FY2027 CIB funding).
 - ❑ Supports 4–6 pilot developments.
 - ❑ Bounded, one-cycle pilot; leaves \$74.3 million for the core CIB program
- ◆ Key Terms and Eligibility
 - ❑ Retains standard CIB terms: 90% grant / 10% loan, 0.25% net interest, 20-year repayment.
 - ❑ Local match waived for pilot projects.
 - ❑ Local governments only.
 - ❑ Sites for ~15–25 homes (public land or secured ROWs).
 - ❑ Home connections allowed when aligned with adopted Affordable Housing Act Plans

- ◆ Public Project Revolving Fund Appropriation Bill
- ◆ Proposed Omnibus Bill
 - NMFA Act amendments to make technical changes, reduce conflicts with other Acts, makes modest expansion to the Public Project Revolving Fund, and eliminates PPRF legislative authorization
 - Adds capitalized software and power purchase agreements to the definition of “public projects”
 - Adds charter school foundations to the definition of “qualified entity” to enable financing of charter school facilities
 - Eliminates provisions throughout the NMFA Act relating to programs that have expired
 - The Water and Wastewater Project Grant Fund (§ 6-21-6.3)
 - The Local Transportation Infrastructure Fund (§ 6-21-6.8 and 6-21-6.9)
 - The Local Government Transportation Fund (§ 6-21-6.12)
 - The Metropolitan Court Bond Guarantee Fund (§ 6-21-6.13)
- ◆ Proposed Statewide Economic Development Finance Act Bill
- ◆ Appropriation Requests
 - \$50 million each to the Primary Care Capital Fund and \$50 million to the Behavioral Health Capital Fund
 - Opportunity Enterprise Revolving Fund (Commercial Development) and the Opportunity Enterprise Housing Development Fund as requested by the Opportunity Enterprise and Housing Development Review Board

- ◆ The Statewide Economic Development Finance Act (“SWEDFA”) was enacted in 2003 and partnered NMFA with the NM Economic Development Department (“EDD”) in offering economic development financing tools similar to those offered by neighboring states.
- ◆ SWEDFA provided NMFA with the ability to:
 - ❑ issue tax exempt bonds for a variety of private entities as allowed under the Internal Revenue Code (“IRC”)
 - ❑ issue industrial revenue bonds (“IRBs”). SWEDFA created the Tax Impact Fund which would be used to reimburse local governments for some or all of the lost taxes arising from the IRB issuance
 - ❑ purchase participations in loans made by local banks to eligible entities recommended by the EDD. SWEDFA created the Statewide Loan Participation Fund
 - ❑ provide loan guarantees
 - ❑ purchase economic development bonds issued by NMFA on behalf of eligible entities
- ◆ The Tax Impact Fund and Statewide Loan Participation Fund were never funded and no activity occurred under the initial legislation.

Recommended Amendments to SWEDFA

- ◆ Staff recommends the Legislature amend Statewide Economic Development Finance Act (SWEDFA) to:
 - ❑ remove the implementing provisions of the Economic Development Act (NMSA 1978, §§ 5-10-1 to 5-10-13)
 - Eliminate “state” projects” and retitle all “standard projects” to “projects”
 - ❑ remove all IRB provisions
 - Eliminate “Tax Impact Fund”
 - ❑ eliminate the ability of NMFA to purchase conduit bonds with funds in the Economic Development Revolving Fund (EDRF)
 - ❑ streamline approvals for projects funded from the EDRF
 - make 15-year suspension of legislative authorization permanent
 - provide that NMFA Board of Directors may determine eligibility (currently EDD)
- ◆ The result would be a SWEDFA that allows NMFA to provide the following financing assistance:
 - ❑ purchase loan participations, make loans, provide loan guarantees from the EDRF
 - ❑ issue conduit project revenue bonds
 - ❑ participate in federal new Markets Tax Credit Program

Behavioral Health Capital Fund and Primary Care Capital Fund

- ◆ Low-interest loans to nonprofit or government owned clinics
 - 2% interest, terms up to 20 years
 - 20% of annual principal and interest satisfied through contract-for-services
- ◆ PCCF: \$5 million in general fund appropriation in 1995 resulted in 20 loans totaling \$12,414,569
 - \$800 thousand balance in the fund
- ◆ BHCF: \$2.5 million in bond proceeds issued by NMFA in 2006 to capitalize the fund resulted in 9 loans totaling \$4.8 million
 - \$160 thousand balance in the fund

Behavioral Health Provider	County	Year	Amount
Solace Crisis Treatment Center ¹	Santa Fe	2009	\$ 480,000
La Clinica de Familia Incorporated ¹	Doña Ana	2009	100,000
La Clinica de Familia Incorporated ¹	Doña Ana	2018	1,600,000
Tri-County Community Services, Inc. ³	Taos	2013	620,000
Hidalgo County ²	Hidalgo	2020	250,000
Rio Grande Alcoholism Treatment Program ²	Taos	2022	565,000
Sunrise Clinics - Las Vegas Offices ²	San Miguel	2023	387,000
Sunrise Clinics - Tucumcari Offices ²	Quay	2023	316,000
Casa de Salud ²	Bernalillo	2025	498,000
TOTAL	9		\$4,816,000

Primary Care Provider	County	Year	Amount
El Centro ¹	Taos	1997	\$ 498,500
La Clinica del Pueblo de Rio Arriba ¹	Rio Arriba	1997	440,000
La Clinica de Familia, Inc. ¹	Doña Ana	1997	450,000
Pecos Valley Medical Center ¹	San Miguel	1998	120,000
Las Clinicas del Norte, Inc. ¹	Rio Arriba	1998	265,000
First Choice Health ¹	Bernalillo	1998	131,855
Pecos Valley Medical Center ¹	San Miguel	1999	80,000
La Familia Medical Center ¹	Santa Fe	1999	145,000
Las Clinicas del Norte, Inc. ¹	Taos	1999	395,000
El Pueblo Health Services ¹	Sandoval	2000	755,000
Las Clinicas del Norte, Inc. ¹	Taos	2000	250,000
Hidalgo Medical Services, Inc. ¹	Grant	2001	2,194,304
Hidalgo Medical Services, Inc. ¹	Grant	2003	1,100,000
Hidalgo Medical Services, Inc. ¹	Grant	2006	300,000
Mesilla Valley Hospice ¹	Doña Ana	2008	2,000,000
La Clinica de Familia, Inc. ¹	Doña Ana	2008	1,200,000
La Clinica de Familia, Inc. ¹	Doña Ana	2009	400,000
Hidalgo Medical Services, Inc. ²	Grant	2012	585,000
Las Clinicas del Norte, Inc. ¹	Rio Arriba	2014	600,000
Sunrise Clinics Inc. ²	Quay	2023	890,000
TOTAL	20		\$12,799,659

¹Paid in full

²Current

³Foreclosure – full recovery

Loan Repayments to the Commercial Fund



Loan Repayments to the Housing Fund



- ◆ Funding is needed to meet program momentum
 - The funding for the Opportunity Enterprise programs are expected to be fully committed by the end of FY 2027.
 - Most recent application rounds were directly solely to projects in rural areas as all “urban allocation” has been committed.
 - Current projections for pace of draws, project completion and repayment of loans shows that:
 - Commercial fund will not receive \$17.5 million in repayments until FY 2031
 - Housing fund will not receive \$15 million in repayments until FY 2030

NMFA is New Mexico's diversified public-finance platform. Its quasi-governmental structure allows it to combine public purpose, statutory authority, capital-market access, financial discipline, and cross-agency partnerships in ways that traditional state agencies, private lenders, and individual local governments cannot do on their own.



New Mexico's partner in building economic prosperity and stronger communities.