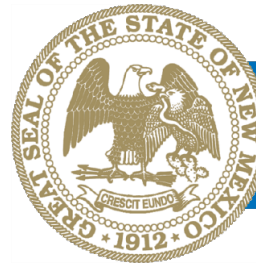


NEW MEXICO
FINANCE AUTHORITY

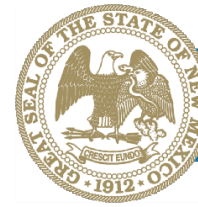


EDD ECONOMIC
DEVELOPMENT
DEPARTMENT



Small Business Assistance and Pandemic Relief Programs

Jon Clark, Deputy Secretary, NM Economic Development Department
Marquita Russel, CEO, New Mexico Finance Authority

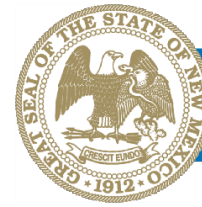


- ◆ The New Mexico Economic Development Department's mission is to improve the lives of New Mexico families by increasing economic opportunities and providing a place for businesses to thrive. NMEDD's programs and initiatives support its mission. NMEDD oversees numerous tax and hiring incentives, including funding through the Local Economic Development Act
- ◆ The New Mexico Finance Authority is a government instrumentality created in 1992. NMFA's mission is to advance New Mexico by financing impactful, well-planned projects. NMFA offers a variety of financing programs for infrastructure, capital equipment, and economic development, including the recently expanded Small Business Recovery Loan Fund
- ◆ NMEDD and NMFA jointly administer several programs, including the LEDA Recovery Grants

What is the **Local Economic Development Act or LEDA?**

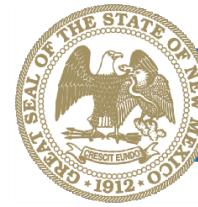
In November 1994, New Mexico voters approved a change to the “anti-donation” clause of the NM constitution to allow public funds to be used for private benefit in limited instances and when authorized by the state or a local government. LEDA is the law that implements the 1994 change and guides the determination of whether public funds may be used for private benefit.

The 2021 Legislature passed, and Governor Lujan Grisham signed into law, House Bill 11 which made temporary changes to LEDA to allow for NMEDD and NMFA to operate a \$200 million grant program to provide rent, lease and mortgage assistance to businesses that experienced hardship due to the pandemic and are now reinstating jobs lost during the pandemic.



◆ **How LEDA Can Be Used to Provide These Grants**

- LEDA requires funds to be used for land, building and infrastructure
 - Eligible uses include mortgage and rent payments
- LEDA requires job creation
 - Under previous statute, the state could only assist economic base jobs
 - Under the new legislation, these grants can be for jobs in any industry
 - Initial payment is upfront, to get additional quarterly payments company must prove job creation
- Limitations of using LEDA
 - Contract employees cannot be counted
 - Timing of job creation

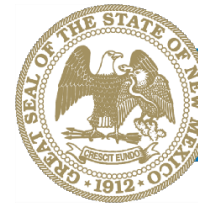


◆ What can the funds be used for?

- Funds may only be used for reimbursement of rent, lease or mortgage payments made for the building occupied by the business
 - Amount of funds disbursed cannot exceed amount of rent, lease or mortgage payments made during the period
 - Rent paid to an affiliated landlord will be allowed if the affiliated company has a mortgage on the building

◆ How are Awards determined?

- Awards of up to \$100,000 per business location
- Award amount is based upon:
 - Full-Time Equivalent Employees (FTEs) added after April 1, 2021
 - Percentage loss of revenue from one or more quarters in 2019 to the same period in 2020
 - Average wages to be paid to the new FTE



◆ Application Availability

- Two application rounds are offered each month:
 - 1st of the month through the 15th of the month
 - 16th of the month through the end of the month
- Priority is given to those businesses that experienced the greatest revenue loss (on a percentage basis) from 2019 to 2020

◆ How are Awards determined?

- Awards of up to \$100,000 per business location
- Award amount is based upon:
 - Full-Time Equivalent Employees (FTEs) added after April 1, 2021
 - Percentage loss of revenue from 2019 to 2020
 - Average wages to be paid to the new FTE



- **Base Grant** for each *projected* new FTE is based upon the percentage of revenue decline experienced by the business

Revenue Loss

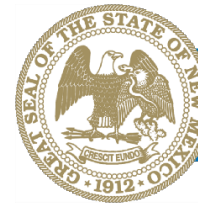
Base Grant per FTE

- | | |
|------------------------------------|----------|
| ▪ Less than 20%: | \$10,000 |
| ▪ At least 20%, but less than 40%: | \$12,000 |
| ▪ At least 40%, but less than 60% | \$14,000 |
| ▪ At least 60%, but less than 80% | \$16,000 |
| ▪ 80% or more | \$18,000 |

- **Wage Bonus**

- Average wage of new FTEs of more than \$13 per hour: \$1,000 bonus
- Average wage of new FTEs of more than \$17 per hour: \$2,000 bonus

Grant Amount = (Base Grant Amount + Wage Bonus) x (number of new FTEs)



◆ Applicant must qualify as a Recovery Entity

- ❑ A business organized as a corporation (including a nonprofit corporation), limited liability company, partnership, joint venture, syndicate, association or other person that operates in New Mexico
- ❑ At least one but fewer than 75 employees per location
- ❑ Business must have experienced a decline in business revenues between one or more comparable quarters in 2019 and 2020
- ❑ Business must be current on all state and local tax obligations and must certify that the business does not anticipate filing bankruptcy

◆ Other eligibility

- ❑ Must have been in business by October 1, 2019
- ❑ New FTEs must be employees for whom unemployment taxes are paid and wage reports are filed with the New Mexico Department of Workforce Solutions (NM DWS). Contract employees do not qualify



- ❑ **Full Time Equivalent Employee (FTE)** is an employee that regularly works at least 40 hours per week. The hours of employees that regularly work less than 40 hours are prorated and added together
- ❑ **Baseline Jobs** is the **number** of FTE reported to NM DWS for the quarter ended December 31, 2020 or March 31, 2021
- ❑ **Disbursal:** 25% of the grant is funded at closing, thereafter the grant is “post-performance” meaning the amount eligible to be disbursed is based upon the actual net increase in FTEs over the Baseline, less any amounts disbursed to date, not to exceed 25% of the grant award. Businesses may request reimbursement quarterly
- ❑ **Use of Funds:** Reimbursement of rent, lease or mortgage payments made for the building occupied by the business only. Amount of funds disbursed cannot exceed amount of rent, lease or mortgage payments made during the period



LEDA Recovery Grants	Total	Non-Profit Urban	For-Profit Urban	Non-Profit Rural	For-Profit Rural
Approved & Funded	633 \$ 32,004,480	18 \$ 629,050	428 \$ 21,127,580	4 \$ 87,430	183 \$ 10,160,420
Returned	482 \$ 22,345,520	14 \$ 760,710	296 \$ 13,531,990	13 \$ 540,450	159 \$ 7,470,820
Submitted	134 \$ 6,255,280	6 \$ 325,000	86 \$ 4,241,160	2 \$ 37,320	40 \$ 1,651,800
Declined	155	4	101	0	50
TOTAL*	1404 \$ 60,605,280	42 \$ 1,714,760	911 \$ 38,900,730	19 \$ 665,200	432 \$ 19,283,040

*Does not include 1,328 applications that were started, but not completed/submitted

67% of the funding requests have come from businesses in Bernalillo, Dona Ana, Sandoval and Santa Fe Counties

33% of the funding requests have come from businesses in rural communities

Applications Received Through August 31, 2021



Application Status by Application Round

	Round 1 5/11 - 6/15/2021	Round 2 6/16 - 6/30/2021	Round 3 7/1 - 7/15/2021	Round 4 7/16 - 7/31/2021	Round 5 8/1 - 8/15/2021	Round 6 8/16 - 8/31/2021
Approved & I	552 \$ 27,989,130	48 \$ 2,917,880	27 \$ 1,179,430	9 \$ 180,400	9 \$ 392,540	9 \$ 287,540
In Process	494 \$ 23,084,620	44 \$ 2,008,390	7 \$ 394,130	7 \$ 364,060	15 \$ 559,040	22 \$ 1,248,120
Declined	136	9	10	1	5	
TOTAL	1182 \$ 51,073,750	101 \$ 4,926,270	44 \$ 1,573,560	17 \$ 544,460	29 \$ 951,580	31 \$ 1,535,660



NAICS codes ↑	Applications	Total Grant Amount	% of \$ Requests
11: Agriculture, Forestry, Fishing and Hunting	11	\$365,860	1%
21: Mining	7	\$494,500	1%
23: Construction	74	\$3,389,090	6%
31-33: Manufacturing	62	\$3,226,150	5%
42: Wholesale Trade	11	\$374,190	1%
44-45: Retail Trade	149	\$4,753,780	8%
48-49: Transportation and Warehousing	25	\$1,244,620	2%
51: Information	6	\$261,100	0%
52: Finance and Insurance	11	\$149,720	0%
53: Real Estate Rental and Leasing	13	\$300,420	0%
54: Professional, Scientific, and Technical Services	57	\$1,948,280	3%
55: Management of Companies and Enterprises	2	\$118,000	0%
56: Administrative and Support and Waste Management and Rem	16	\$829,590	1%
561920: Convention Halls	1	\$100,000	0%
61: Educational Services	32	\$1,378,530	2%
62: Health Care and Social Assistance	92	\$2,985,020	5%
71: Arts, Entertainment, and Recreation	86	\$4,184,680	7%
711110 & 711120: Other Theaters	2	\$200,000	0%
711211: Performance Venues	3	\$178,400	0%
711310: Concert Venues	1	\$18,000	0%
72: Accommodation and Food Services	442	\$28,297,260	47%
722410: Bars and Clubs	26	\$1,537,150	3%
81: Other Services (except Public Administration)	94	\$3,500,060	6%
99: Unclassified	17	\$475,970	1%

Applications by NAICS Code

Terms	LEDA Recovery Grants
NM Resident	New Mexico ownership not required.
Business Cap	75 employees per location
Credit Standards	Must meet Credit and Identification Standards
Application Period:	May 11, 2021 – December 31, 2021. Awards made after application period ends. Awards based upon percentage of lost revenue.
Eligible items	<ul style="list-style-type: none"> ✓ Reimbursement of Past-due, Current or Pre-paid rent, lease or mortgage payments ✓ Lease payments to affiliated landlords is permitted as long as affiliate can demonstrate the commercial premise is subject to a mortgage or commercial loan agreement
Ineligible items	No equipment leases permitted pursuant to LEDA
Term	Grant Agreement not to exceed 2 years
Disbursals	<ul style="list-style-type: none"> ✓ <u>Initial disbursement</u> equal to 25% of the grant paid following the execution of the grant agreement ✓ <u>Each draw thereafter: post-performance.</u> Grantees may request grant disbursals every quarter based upon net new jobs created as evidenced on DWS form 903 not to exceed 25% per disbursal.
Draw Requirements	Evidence of: <ul style="list-style-type: none"> ✓ Good standing & current on state obligations ✓ Any prior funds were used in accordance with Grant Agreements ✓ Quarterly DWS Wage Report (Form 903) ✓ Compliance certificate regarding wages and hours
Receipts of payments	Grant disbursements will be made via Automated Clearinghouse
IPRA Protections	Yes

LEDA Recovery Grants At A Glance

Terms	LEDA Grant										
Determination of Grant Amount	<ul style="list-style-type: none"> ✓ <u>Sliding Scale</u> established by NMEDD, takes into consideration the number of jobs to be created, the relative revenue decline of the business and the wages to be paid ✓ <u>Grant Amount = (Base Grant Amount + Wage Bonus) x (# of new FTEs)</u> ✓ NOT TO EXCEED \$100,000 PER BUSINESS LOCATION 										
Base Grant per Net New FTE	<table border="0"> <tr> <td style="padding-right: 20px;">\$10,000</td> <td>Revenue decline of less than 20%</td> </tr> <tr> <td>\$12,000</td> <td>Revenue decline of at least 20%, but less than 40%</td> </tr> <tr> <td>\$14,000</td> <td>Revenue decline of at least 40%, but less than 60%</td> </tr> <tr> <td>\$16,000</td> <td>Revenue decline of at least 60%, but less than 80%</td> </tr> <tr> <td>\$18,000</td> <td>Revenue decline of 80% or more</td> </tr> </table>	\$10,000	Revenue decline of less than 20%	\$12,000	Revenue decline of at least 20%, but less than 40%	\$14,000	Revenue decline of at least 40%, but less than 60%	\$16,000	Revenue decline of at least 60%, but less than 80%	\$18,000	Revenue decline of 80% or more
\$10,000	Revenue decline of less than 20%										
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\$14,000	Revenue decline of at least 40%, but less than 60%										
\$16,000	Revenue decline of at least 60%, but less than 80%										
\$18,000	Revenue decline of 80% or more										
Wage Bonus per Net New FTE	<p>Average wage of new FTE more than \$13 per hour: \$1,000 bonus per FTE Average wage of new FTE more than \$17 per hour: \$2,000 bonus per FTE</p>										
Baseline Employees	The lower of FTEs on either December 31, 2020 or March 31, 2021										
Important Definitions	<p>"Full-Time Equivalent Employee or FTE" is an employee who works an average of 40 hours or more per week "Qualifying Date of Hire" is on or after April 1, 2021</p>										
Decline Measure	<p>Percentage decline of revenues over one or more quarters in 2020 over the same quarter(s) in 2019:</p> <ul style="list-style-type: none"> ✓ CRS reports ✓ Tax Returns ✓ Financial Statements 										
Eligible Businesses	Corporation, limited liability company, partnership, joint venture, syndicate, association or other person that is a business operating in New Mexico with one or more employees but fewer than 75 per NM location.										



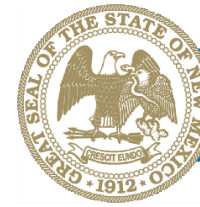
LEDA Recovery Grants At A Glance



The **Small Business Recovery Loan Fund** (“SBRLF”) provides very low-cost loans of up to \$150,000 to New Mexico businesses that were significantly impacted by the pandemic and the related Emergency Health Orders

The SBRLF was created in June 2020 during the 1st Special Session of the 2020 Legislature and significantly expanded during the 2021 Regular Session through Senate Bill 3

The **\$500 million loan** program is funded from the State Severance Tax Permanent Fund



Application Status	No	Final Loan
SBRLF 1.0 Final	880	\$ 42,032,663
SBRLF 2.0 Funded	784	\$ <u>51,571,194</u>
Total SBRLF Outlay		\$ 93,603,857
Approved (various stages of closing)	255	\$ 22,191,666
Total Funded and Approved	1919	\$ 115,795,513

*Fewer than 70
applications
declined to date*

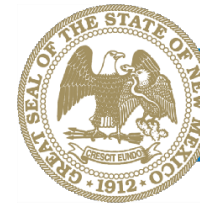


Terms	SBRLF 1.0	SBRLF 2.0
Eligible Businesses	Sole Proprietor, Corp, partnership, joint venture, llc, limited partnership or other business entity, with at least <u>80% control & equity with NM residents</u>	Sole Proprietor, Corp, partnership, joint venture, llc, limited partnership or other business entity, with at least <u>51% ownership by NM residents, or</u> Business physically located in New Mexico with at least 10 full-time employees at any point during 2019
NM Resident - definition unchanged	Evidenced by personal tax returns	Evidenced by copies of Driver's Licenses or other government ID
Eligible Nonprofits	501(c)3 and 501(c) 6	501(c)3, 501(c)6, 501(c)8, 501(c)19, and 501(c)23
Credit Standards	Law: NMFA "shall evaluate the creditworthiness of an applicant based on information received from the applicant, which may include an independent credit reporting agency when available" By rule: no collections or charge-offs in 2019 from telecommunications, utility or rent/mortgage creditors	Meet Credit and Identification Standards: ✓Credit Standards for loans < \$75K = SBRLF 1.0 Creditworthiness Standard ✓Credit Standards for loans > \$75K = above plus no additional collections or charge offs, if so, then collateral is required on loan amounts exceeding \$75k
Loan Fund		
SIC Commitment for Fund	\$400 million	\$500 million
NMFA Administrative Fee	Up to 1% of Fund Balance	Up to 2% of Fund Commitment
Application Date	submitted by December 31, 2020	submitted by May 31, 2022

SBRLF At A Glance



Terms	SBRLF 1.0	SBRLF 2.0
Determination of Loan Amount	<u>Equal to Two times Average Adjusted Monthly Business Expenses</u> (Total expenses for 2019, excluding 179 deductions and depreciation, less CARES funding DIVIDED by 12) NOT TO EXCEED \$75,000	<u>Up to Three times the Average Monthly Business Expense</u> (Expenses for 2019 or 2020 less depreciation divided by the number of months in operation during the respective tax year) NOT TO EXCEED \$150,000
Qualifying Small Business		
Revenue Cap	<u>Gross</u> revenues of less than \$5 million in 2019	<u>Net</u> revenues of less than \$5 million in 2019
Decline Measure	30% in each of April & May 2020 (over same in 2019) as reported by business to TRD monthly 30% decline in non-profit's monthly revenue as determined by financials certified by officer	Substantial Disruption (one of the following): <ul style="list-style-type: none"> ✓ Closed for 14 cumulative days ✓ Reduced Operations for at least 30 days ✓ 20% Reduction in workforce or layoff ✓ 20% increase in cost of goods sold <p style="text-align: center;">OR</p> Substantial Decline in Gross Revenues <ul style="list-style-type: none"> ✓ 20% decline in Gross Receipts as reported to TRD ✓ For businesses exempt from GRT, 20% decline in revenues evidenced from 2019 and 2020 tax returns



Loan Terms	SBRLF 1.0	SBRLF 2.0
Loan Amount	Not to exceed \$75,000	Not to exceed \$150,000
Eligible items	Proceeds to be used for ordinary and necessary business expenses, including capital expenses	<ul style="list-style-type: none"> ✓ Proceeds to be used for ordinary and necessary business expenses, including capital expenses ✓ Technology and facility upgrades to accommodate covid-safe operations, including e-commerce
Ineligible items	Limited use for equity owner salaries	Increased use for non-employer business owner compensation from not more than 20% to not more than 50%
Refinancing	n/a	SBRLF 1.0 loans may be refinanced with SBRLF 2.0 loans. Any accrued but unpaid interest will be added to the interest due on the refinanced loan and paid at the second anniversary of the refinanced loan.
Guarantees	None	None up to \$75,000, thereafter personal guarantees
Collateral	None	None unless borrower has blemished credit history, then on amounts greater than \$75k
Maturity	Three years, with option to extend an additional three years (see Repayment Terms below)	Ten years
Interest rate	1/2 of the WSJ Prime Rate	Unchanged – 1/2 of WSJ Prime
Repayment Terms	<ul style="list-style-type: none"> ✓ Interest only (paid annually) for three years. ✓ Principal due at maturity <p style="text-align: center;">OR</p> <ul style="list-style-type: none"> ✓ If requested by borrower, monthly P & I for three years after 3-year interest only period 	<ul style="list-style-type: none"> ✓ No interest during first year ✓ Interest-only for next two years (paid annually) ✓ 7 years of monthly P & I payments thereafter ✓ Borrowers <u>without</u> credit blemishes may request quarterly, semi-annual or annual payments
Prepayment Penalties	None	None
Receipts of payments	Not specified	Electronic loan payments required

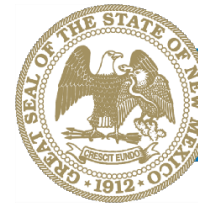
SBRLF At A Glance



◆ Application Process:

- ❑ Businesses apply through an **online application** accessed at NMFA's website: www.nmfinance.com. Account registration is required
- ❑ Each business creates only one account – you do not need a separate account for the loan and grant
- ❑ You may complete the application in one sitting or over a number of days. Simply “save” the application to return to the document at a later time
 - Applications that have been started, but not submitted, and have not have any activity in 30 days will be deemed inactive
 - Contact NMFA to gain access to inactive applications
- ❑ The application system requires that businesses submit all documents in electronic format

- ◆ SBRLF application is open until **May 31, 2022** and applications are processed on a first-come, first-served basis
- ◆ LEDA Grant application is operating in two-week cycles until December 31, 2021 or until funds are fully obligated. Pursuant to statute, applications must be prioritized based upon the percentage of revenue decline from 2019 to 2020
- ◆ All activity happens through the on-line application system:
 - The process for both applications involves different touch points throughout the process. Applicants may check the status of their applications and ask questions regarding their applications by logging into their accounts
 - Applicants will be notified of any needed clarifications or corrections and will be provided an opportunity to correct applications while the applications period is open

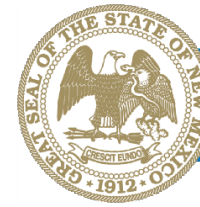


- ◆ **Essential Services Working Capital Program:** Temporary emergency loan program created and funded by NMFA to help for-profit and non-profit essential service providers until their revenues could stabilize. Program operated from April 2020 – June 2021
 - ❑ Loan amounts up to \$1 million to be used only for operating expenses
 - ❑ Lines of credit of up to one year that could be converted to term loans with maturities of up to five years
 - ❑ Secured by receivables and other available personal property. Personal guarantees from any party owning more than 20%
 - ❑ Interest rate at 1%; interest paid monthly
 - ❑ Due to the limited funding, retail businesses were not eligible. Grant dollars were not available through this program



◆ Eligible Services Providers and Businesses include:

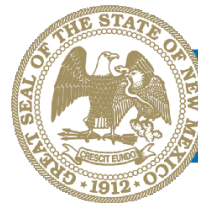
- ❑ Rural hospitals
- ❑ Behavioral health providers
- ❑ Substance abuse providers
- ❑ Dentists
- ❑ Child Care
- ❑ Health walk-in health facilities
- ❑ Residential health care businesses whose revenues are primarily derived from the provision of medical care
- ❑ Pharmacies
- ❑ Medical supplies and equipment manufacturers and providers
- ❑ Medical and wholesale and distribution
- ❑ Research facilities
- ❑ Manufacturing facilities retooling to serve PPE and COVID-safe practice needs



Borrower	County	Essential Service Provided	Loan Amount
Albuquerque Speech Language and Hearing Center	Bernalillo	Non-profit speech therapy	\$65,000
Build with Robots Inc	Bernalillo	Paint-bots retooled for large scale disinfection bots	\$618,750
Childrens Choice Child Care Services	Bernalillo	Childcare provider	\$250,000
Covenant Schools of America LP	Bernalillo	Childcare provider	\$375,000
David J Ortega DDS PC	Santa Fe	Dental care	\$100,000
First Choice Community Healthcare Inc	Bernalillo	Non-profit medical clinic	\$900,000
Las Cruces Machine Manufacturing & Engineering	Dona Ana	Medical component manufacturer	\$100,000
Las Cumbres Community Services Inc	Rio Arriba	Non-profit community service provider	\$320,000
Net Medical Xpress Solutions Inc	Bernalillo	Teleneurology/teleneurosurgery provider	\$100,000
Ponderosa Montessori Inc	Los Alamos	Non-profit childcare provider	\$250,000
Rhino Health Inc	McKinley	Nitrile glove manufacturer	\$1,000,000
RingIR Inc	Bernalillo	Research laboratory	\$58,300
Rio Grande Hematology and Oncology LLC	Dona Ana	Cancer specialist	\$150,000
Santa Fe Recovery Center Inc	Santa Fe	Non-profit substance abuse rehabilitation provider	\$874,000
Telshor Family Clinic LLC	Dona Ana	Family medical provider	\$200,000
Well Life ABQ LLC	Bernalillo	Family medical provider	\$73,800

Total Essential Services Working Capital Loans			\$5,434,850
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ESWCP Recipients



Stay up-to-date!

- ◆ Visit our Recovery Page on our website www.nmfinance.com for Frequently Asked Questions, application tips and tutorials
- ◆ Join our Recovery and Stimulus Programs Mailing List
- ◆ Additional Questions? Call 505-992-9696. Funding specialists are available from 7am to 6 pm to help applicants.
- ◆ Or email:
 - ◆ For LEDA Recovery Grants: LEDA@nmfa.net
 - ◆ For SBRLF Loans: Recovery@nmfa.net
 - ◆ For Essential Services: Business@nmfa.net