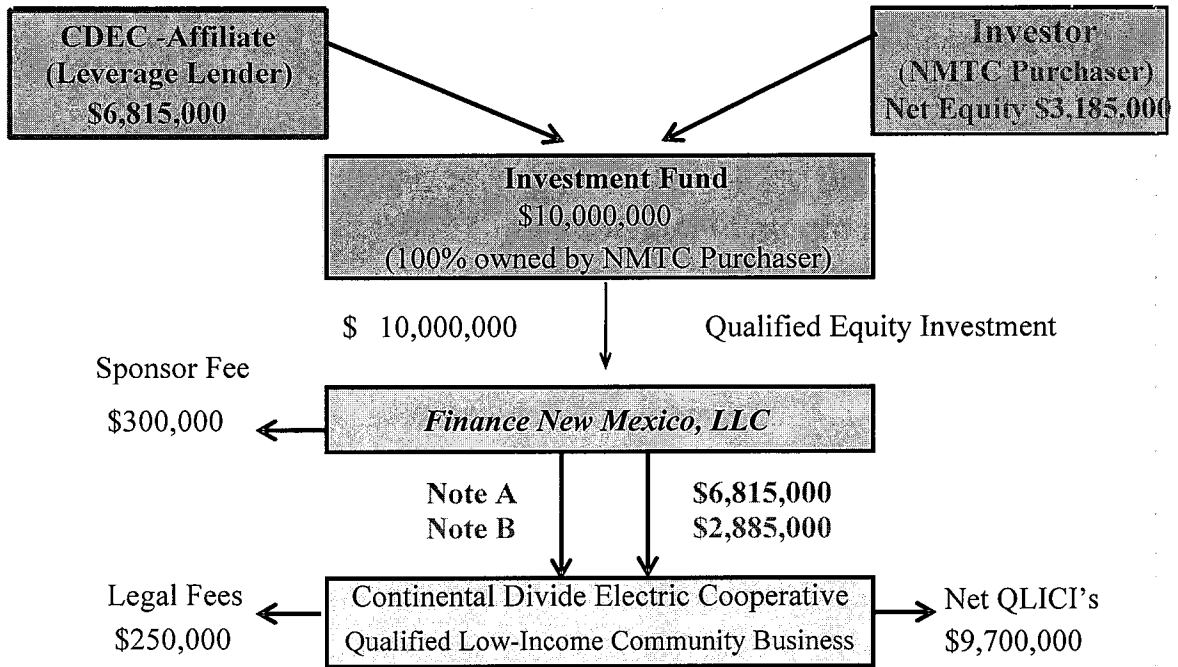


## Continental Divide Electric Cooperative Broadband Project – Phase I



Clawbacks written into loan agreement provide for a lower repayment of the “B Note” if Continental Divide Electric Cooperative, Inc. meets or exceeds agreed upon Community Impact Criteria at the end of the seven-year compliance period as follows:

<b>“B Note” Amount:</b>	<b>\$2,885,000</b>
Less Compliance Credit (20%)	(577,000)
Less Non-Metro Credit (5%)	(144,250)
Less Requirement for Job Retention (7.5%)	(216,375)
Less Availability of Broadband Connections (7.5%)	(216,375)
Less Quality of Broadband Service (30%)	(865,500)
Less Affordable Broadband Access (5%)	<u>(144,250)</u>
Net B Note Repayment	721,250
Less Legal Fees	<u>(250,000)</u>
<b>Total Estimated Exit Fees</b>	<b>\$471,250</b>

## Finance New Mexico, LLC New Markets Tax Credit Program

- The Statewide Economic Development Finance Act was amended in 2006 to explicitly allow NMFA to participate in the New Markets Tax Credit program. In June 2006, NMFA partnered with NM Community Capital to form Finance New Mexico, LLC, which was certified by the US Dept. of Treasury as a Community Development Entity
- Finance New Mexico has received four allocations of federal NMTCs totaling \$246 million; approximately \$57.5 million of available tax credit authority of which \$12.5 million is dedicated to projects located in qualified census tracts in “non-urban” counties
- NMTC financings leverage private capital and do not use any NMFA or state dollars. NMFA is reimbursed for all costs, including time and overhead
- Financings may only occur in federally designated low income census tracts as determined by the federal government
- The program uses an Advisory Board composed of community leaders from across the state to ensure investments benefit low income persons
- To date, Finance New Mexico has invested tax credits into seventeen projects, four of which have completed their compliance periods and been “unwound” and two of which are currently being “unwound”
- In July, the NMFA Board gave its preliminary approval for a \$10 million tax credit investment into Continental Divide Electric Cooperative, a member owned electric distribution coop that provides electric service to approximately 23,790 customers throughout Cibola and parts of McKinley, Sandoval, Bernalillo and Valencia counties
- Continental Divide Electric Cooperative will leverage its own capital with the tax credits to fund the development and installation broadband service for the community of Grants