Update from the Small Business Investment Corporation (SBIC)

Presented to the

Investments & Pensions Oversight Committee

August 5, 2026

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.
- NMSBIC is a non-profit corporation created by the State of Mexico.

New Mexico Small Business Investment Corporation (NMSBIC)

NMSBIC's purpose (NMSA 58-29-2):

- To create new job opportunities by providing capital for land, buildings, or infrastructure for facilities to support new or expanding businesses; and
- To make loans and investments to create new job opportunities to support new or expanding businesses in a manner consistent with the constitution of New Mexico.

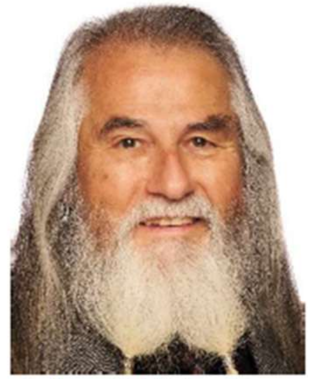
New Mexico Small Business Investment Corporation (NMSBIC), continued

- 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 NMSBIC's allocation from 1% to 2% of the Severance Tax Permanent Fund.
- NMSBIC currently has $225 million in assets.

NMSBIC Board of Directors

Joshua Smith (since 2022)
Board Chair & President
Cedar Crest, NM

Anne Beckett (since 2022)
Vice Chair & Vice President
Santa Fe, NM



Robert Valdiviez (since 2022)
Secretary/Treasurer
Albuquerque, NM

The Honorable Laura Montoya (since 2023)
NM State Treasurer

Sayuri Yamada (since 2023)
Santa Fe, NM

Kristina Alley (since 2023)
Santa Fe, NM

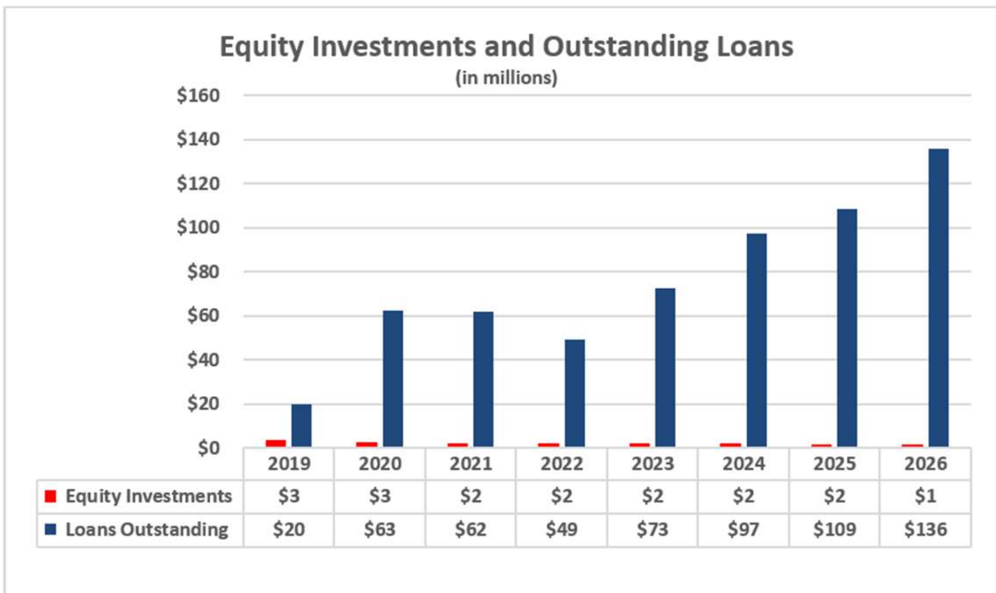
Joshua Grassham (since 2024)
Hobbs, NM

NMSBIC Executive Director/Investment Advisor

Russ Cummins (since 2012)
Tijeras, NM

NMSBIC Investment Focus

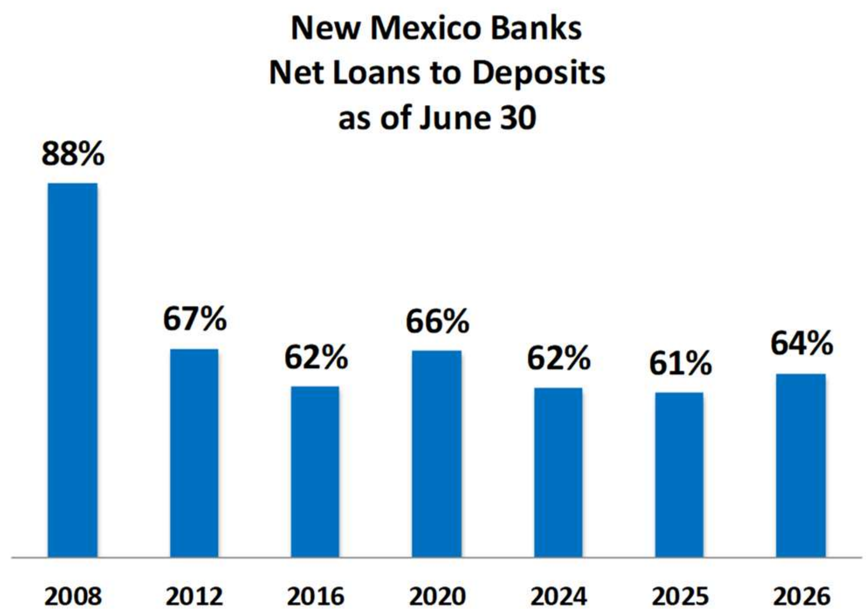
- NMSBIC has developed a lending program for small businesses that do not have access to loans from traditional banks.
- NMSBIC made venture capital equity investments in the past. However, the focus now is expanding its small business lending program. The lending program appears to provide a meaningful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



	2019	2020	2021	2022	2023	2024	2025	2026
Equity Investments	$3	$3	$2	$2	$2	$2	$2	$1
Loans Outstanding	$20	$63	$62	$49	$73	$97	$109	$136

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

2026 data is as of March 31, 2026, the most current data available.

NMSBIC Lending Partners

- NMSBIC is not a direct lender – it works with Lending Partners to originate and service small business loans. Lending Partners are primarily Community Development Financial Institutions, (CDFIs).
- CDFIs are typically 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, NMSBIC and CDFIs have partnered to partially fill the gap for small business loans.
- 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 Available Funds

June 30, 2026

	Amount Committed
Ventana Fund	$41,500,000
The Loan Fund	37,500,000
Homewise	31,000,000
Clearinghouse CDFI	30,000,000
RBC GAM	25,000,000
DreamSpring	7,750,000
Raza Development Fund	5,000,000
Housing New Mexico - MFA	3,500,000
Rural Community Assistance Corp (RCAC)	3,000,000
LiftFund	1,000,000
B:Side Fund	500,000
WESST	375,000
Totals	$186,125,000

NMSBIC has $225 million in total assets

$186 million are committed to lending partners

$39 million are available funds

NMSBIC Lending Partners

Loan Types and Average Loan Balances

Lending Partner	Types of Lending	Average Loan Size
B:Side	Small business loans	$40,000
Clearinghouse CDFI	Real estate, historic hotels, hotel conversions & charter school construction	$3,250,000
DreamSpring	Small business loans	$33,000
Homewise	Downtown Albuquerque commercial property renovation, charter school construction, nonprofits, real estate development	$750,000
LiftFund	Small business loans & Colonias lending	$20,000
MFA	Multifamily construction with Low Income Housing Tax Credits (LIHTC), development lots for single-family homes	$1,000,000
Raza Development Fund	Small business loans, charter schools, medical facilities	$1,300,000
RBC GAM	Impact investing in SBA and USDA guaranteed loans focused on Black, Indigenous, and People of Color (BIPOC) borrowers	$300,000
RCAC	Rural area small business, real estate development loans, and USDA guaranteed loans	$150,000
The Loan Fund	Small business loans	$250,000
Ventana Fund	Rehabilitation loans on multifamily properties with low- and moderate-income tenants	$675,000
WESST	Small business loans	$7,000

NMSBIC Lending Partners

Potential New Lending Partners and Programs

- **New Mexico Climate Investment Center (NMCIC)**. A New Mexico “green bank” investing in New Mexico projects that reduce greenhouse gas emissions, climate impacts, and energy cost burdens, prioritizing underserved communities.
- **Santa Fe Community Housing Trust.** A Santa Fe CDFI that provides homebuyer downpayment assistance and homebuyer education. NMSBIC is having discussions about possible funding for development of the Las Estrellas subdivision in Santa Fe.
- **Homewise**. An existing NMSBIC lending partner. NMSBIC is having discussions about partnering with Homewise to expand into funding for childcare centers.
- **Hexagon Housing Fund.** A new CDFI created to support New Mexico’s military missions. Its focus is to develop and refurbish multifamily properties near New Mexico’s military bases.

NMSBIC Businesses Funded

Middle College High School (MCHS) in Gallup has been operating from temporary trailers in lieu of a school building. MCHS focuses on increasing student involvement in post-secondary education.

NMSBIC provided $4.4 million in funding for construction of a new school building, through its partnership with **Clearinghouse CDFI**.

Clearinghouse CDFI

NMSBIC Businesses Funded

High County Air Services in Albuquerque was able to get through the pandemic with a Paycheck Protection Program (PPP) Loan from DreamSpring.

After the pandemic, **DreamSpring** helped the company grow and expand to new heights.

"I didn't even know I could have spelled CDFI seven years ago," said owner Dave Jesurun. "But now I'm like a little walking billboard for CDFIs."

DreamSpring

NMSBIC Businesses Funded

Ballet Taos Academy has helped over 100 students go on to professional dance companies or prestigious advanced training programs nationwide.

NMSBIC provided funding, through its partnership with **The Loan Fund.** Owner Megan Yackovich credits The Loan Fund with helping her learn the business side of art and giving her advice that helped the academy thrive.

NMSBIC Businesses Funded

Exceptional Community Hospital opened its first location in New Mexico, expanding healthcare options for residents in Farmington and the surrounding Four Corners area.

Global Asset Management

NMSBIC participated in the loan, through its **RBC Global Asset Management** (RBC GAM) program, with a $1.5 million investment (10% of the $15 million total USDA guaranteed loan).

NMSBIC Businesses Funded

Pop Pop's Italian Ice, based in Albuquerque, has grown into a statewide brand, serving communities through retail locations, food trucks, concession stands, and events.

Pop Pop's employs more than 40 people, operates eight mobile units, three retail locations, and three concession stands.

NMSBIC provided funding, through its partnership with **Homewise,** that allowed the company to purchase a new 10,000-square-foot headquarters.

Homewise™

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:

	Number of Loans	Amount Funded	Jobs Supported
• **NMSBIC COVID-19 Lending Program**. NMSBIC partnered with **The Loan Fund** to provide loans to small businesses during the pandemic.	179	$13.7 million	1,005
• **NMSBIC PPP Lending Program**. 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 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.

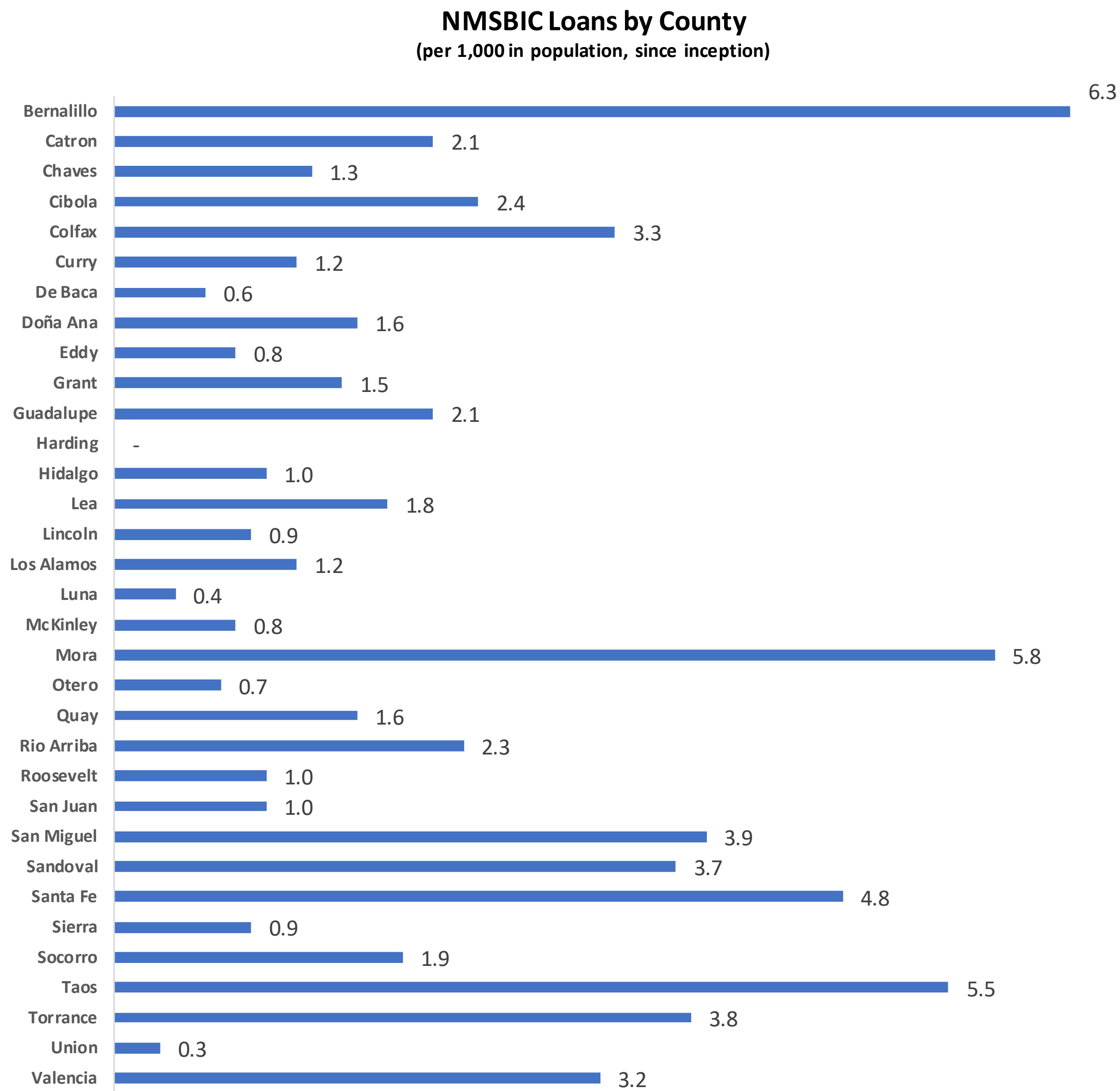
NMSBIC Impact is Throughout New Mexico

	Life-to-Date
Number of Loans Originated	7,456
Total Amount of Loans	$324,348,479
Jobs Supported	26,602

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

	Loans	Population (000) (1)	Loans per Capita
Bernalillo	4,223	671.6	6.3
Catron	8	3.8	2.1
Chaves	80	63.6	1.3
Cibola	63	26.8	2.4
Colfax	41	12.3	3.3
Curry	57	47.2	1.2
De Baca	1	1.7	0.6
Doña Ana	361	225.2	1.6
Eddy	47	60.3	0.8
Grant	40	27.5	1.5
Guadalupe	9	4.3	2.1
Harding	-	0.6	-
Hidalgo	4	4.0	1.0
Lea	133	72.1	1.8
Lincoln	18	20.0	0.9
Los Alamos	24	19.4	1.2
Luna	10	25.3	0.4
McKinley	55	68.8	0.8
Mora	24	4.1	5.8
Otero	47	68.8	0.7
Quay	14	8.5	1.6
Rio Arriba	90	39.9	2.3
Roosevelt	18	18.8	1.0
San Juan	117	120.7	1.0
San Miguel	105	26.7	3.9
Sandoval	571	155.9	3.7
Santa Fe	755	156.0	4.8
Sierra	10	11.5	0.9
Socorro	31	16.0	1.9
Taos	188	34.4	5.5
Torrance	59	15.6	3.8
Union	1	4.0	0.3
Valencia	252	79.1	3.2
Totals	7,456	2,114	3.53

(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, 2025*, NMSBIC funds were used for loans made to minority- and women-owned businesses as follows:

Minority-owned businesses	60%
Women-owned businesses	31%

*Most recent available, lending partners are still providing June 30, 2026, data.

NMSBIC Cost per Job

NMSBIC, Equity and Lending Program Cost per Job Supported

Equity Program Costs and Benefits, Life-to-Date, June 30, 2026 (1):	Net Investment	Fair Market Value	Gain (Loss)	Jobs Supported (2)	Profit (Cost) per Job Supported
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	$0	($1,688,976)	10	($168,898)
Verge Fund, 4 funds (4)	$2,900,104	$2,917,572	$17,468	136	$128
Adjustment for multiple funds invested in the same company (4 companies)				-70	
Total Equity Program (5)	$19,382,662	$2,917,572	($16,465,090)	348	($47,313)

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

(2) Jobs reported at December 31, 2025, or as of the date when a company was sold.

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

(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. Verge I II Combined terminated December 31, 2025 and shares in four companies were distributed to NMSBIC.

(5) $32.52 million was invested $13.14 million was returned, resulting in net investment of $19.38 million.

NMSBIC Cost per Job (continued)

Lending Program Costs and Benefits:	Interest Income	Loan Charge Offs	Net Interest Income (Loss)	Jobs Supported (8)	Profit (Cost) per Job Supported
Since Inception					
B:Side Fund	$1,296	$0	1,296	6	$216
Clearinghouse CDFI	$1,311,723	$0	$1,311,723	590	$2,223
DreamSpring 2003 Prior Agreement (6)	$1,013,665	($1,258,310)	($244,645)	4,516	($54)
DreamSpring 2013 Participation Agreement	$1,735,132	($408,741)	$1,326,391	5,065	$262
DreamSpring 2020 PPP Participation Agreement	$0	$0	$0	7,594	-
Homewise	$633,447	$0	$633,447	595	$1,065
LiftFund PPP and COVID-19 Lending Program	$97	$0	$97	36	-
New Mexico Mortgage Finance Authority	$120,789	$0	$120,789	450	$268
The Loan Fund Participation Agreement (7)	$77,631	($11,518)	$66,113	-	-
The Loan Fund	$3,018,497	$0	$3,018,497	5,949	$507
The Loan Fund COVID-19 Lending Program	$0	$0	$0	607	-
RBC Global Asset Management	$1,111,521	$0	$1,111,521	253	$4,393
Rio Vista Growth Capital Line of Credit (9)	$155,217	$0	$155,217	16	$9,701
Rural Communities Assistance Corp (RCAC)	$392	$0	$392	31	$13
Ventana Fund	$2,154,094	$0	$2,154,094	360	$5,984
WESST Participation Agreement	$49,141	($46,756)	$2,385	534	$4
Total Lending Program	$11,382,642	($1,725,325)	$9,657,317	26,602	$363
12 months ended June 30, 2026					
B:Side Fund	$1,296	$0	$1,296	6	$216
Clearinghouse CDFI	$422,556	$0	$422,556	58	$7,285
DreamSpring 2013 Participation Agreement	$112,322	($37,441)	$74,881	57	$1,314
Homewise	$284,804	$0	$284,804	184	$1,548
Housing New Mexico - MFA	$10,020	$0	$10,020	70	$143
RBC Global Asset Management	$400,778	$0	$400,778	66	$6,072
Rural Communities Assistance Corp (RCAC)	$392	$0	$392	31	$13
The Loan Fund	$124,645	$0	$124,645	146	$854
Ventana Fund	$727,208	$0	$727,208	61	$11,921
WESST Participation Agreement	$3,512	($29,061)	($25,549)	117	($218)
Total Lending Program	$2,087,533	($66,502)	$2,021,031	796	$2,539

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

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

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

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

NMSBIC Self-Sufficiency and Recycling of Funds

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

BBER Impact Study

- In 2025, NMSBIC engaged the Bureau of Business and Economic Research (BBER) to update and impact study done in 2017. The study covered NMSBIC loans made in 2024 and 2025.
- Since 2017, BBER noted:
  - NMSBIC's expansion into financing for affordable housing.
  - NMSBIC's reduced income from COVID-19 lending programs.

BBER Impact Study
Opportunity Cost Per Job

BBER compared:

- NMSBIC's interest income on loans (typically 2%, but lowered to 0% for COVID-19 pandemic lending programs), versus
- 6.75% targeted return for the Severance Tax Permanent Fund.

The result was compared to comparable data for the Jobs Training Incentive Program (JTIP) and the Local Economic Development Program (LEDA)

BBER Impact Study
Opportunity Cost Per Job

	2025	2017
NMSBIC	$18,059	$4,717
JTIP	$13,658	$5,941
LEDA	$13,937	$4,255

- Opportunity costs for all programs have increased.
- NMSBIC's opportunity cost increased more than JTIP or LEDA. NMSBIC was impacted by 0% interest rate on pandemic lending programs.
- NMSBIC's 2025 adjusted opportunity cost, taking into account fiscal impacts (income, property, and gross receipts taxes) was reduced to $9,860 per job. This is not shown above because comparable data was not available for JTIP or LEDA.
- NMSBIC's 2025 opportunity cost does not reflect the benefit of affordable housing units provided.

BBER Impact Study

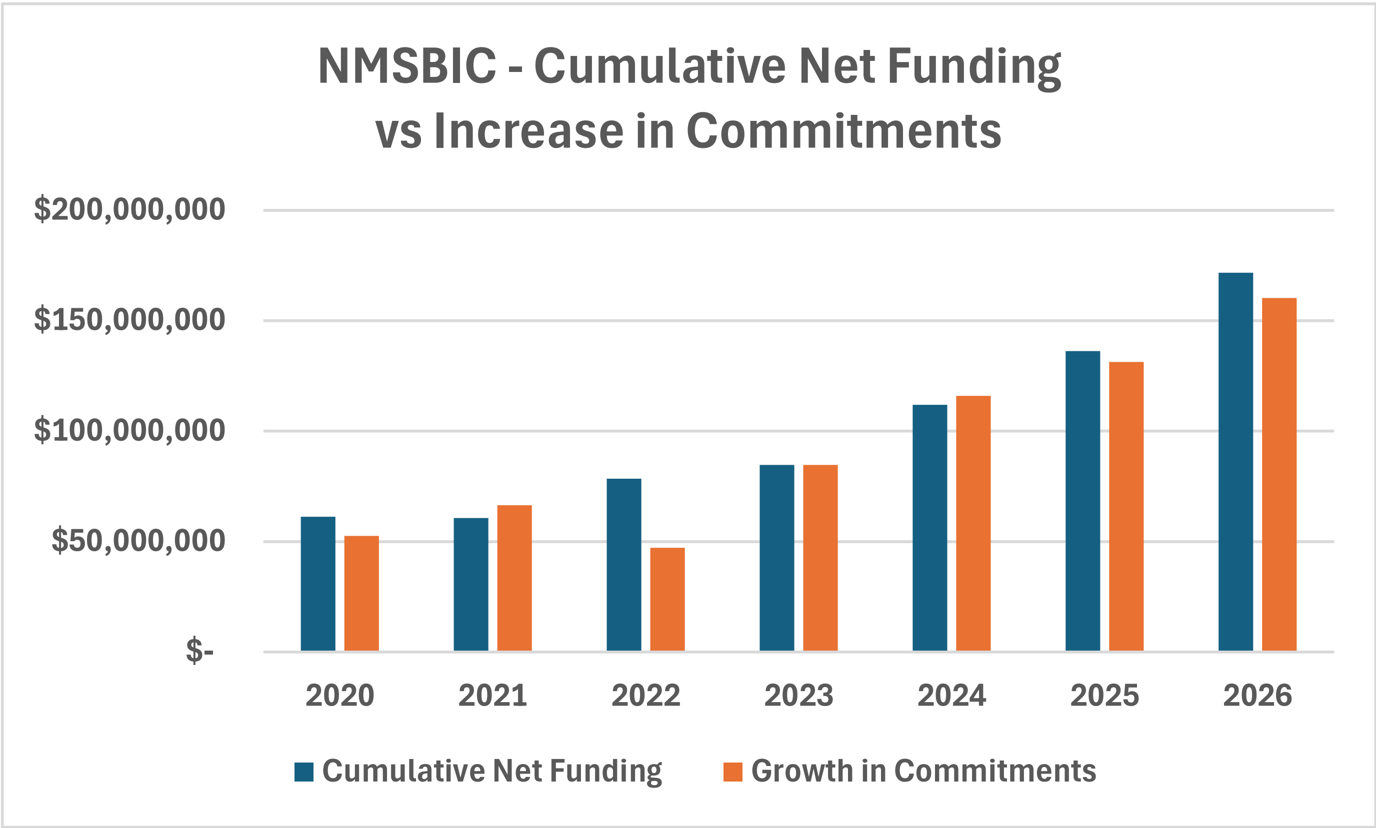
(continued)

	2024-2025
Output *	$68,213,260
Opportunity Cost	-$12,845,727
Output net of Opportunity Cost	$55,367,533
New jobs created	411
New housing units	67
Renovated housing units	493
Total housing units	560

* Output is the addition to Gross Domestic Product (GDP)

NMSBIC Funding Received versus Funds Committed

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



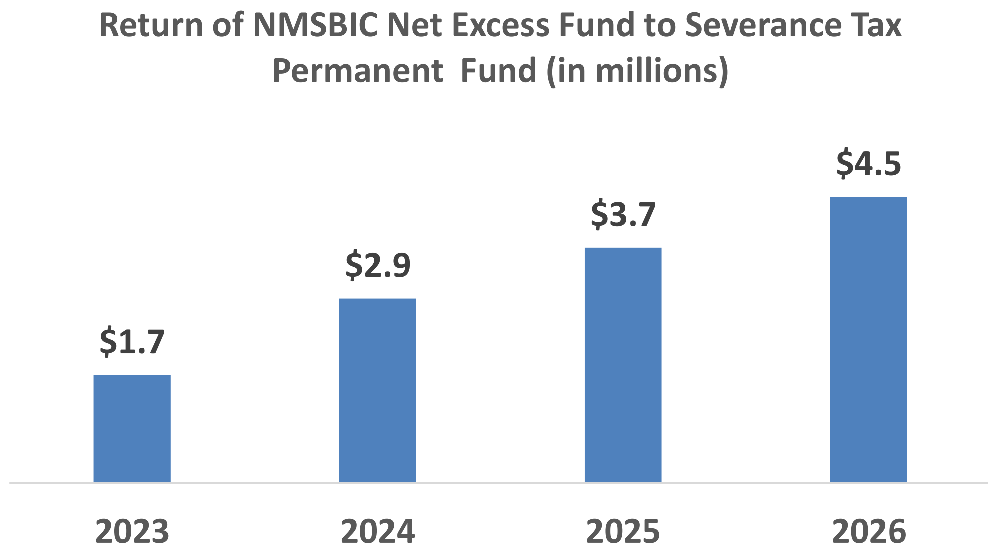
NMSBIC
Balance Sheet Projection (Estimated)
Projection Through 2030

Lending Partner	Actual 6/30/2026	Forecast Year 1 6/30/2027	Forecast Year 2 6/30/2028	Forecast Year 3 6/30/2029	Forecast Year 4 6/30/2030	Notes:
The Loan Fund (NMCDLF)	$28,747,879	$30,185,273	$31,694,537	$33,279,263	$34,943,227	Assumes 5% growth per year
Ventana Fund	$38,445,229	$39,945,229	$41,445,229	$42,945,229	$44,445,229	Partner forecast used
Clearinghouse CDFI	$26,000,000	$30,000,000	$35,000,000	$40,000,000	$45,000,000	Partner forecast used
Homewise	$17,199,028	$30,000,000	$32,500,000	$35,000,000	$37,500,000	Expansion, real estate dev. and childcare
RBC GAM	$20,093,466	$25,000,000	$25,000,000	$25,000,000	$25,000,000	Assumes $25M commitment utilized
DreamSpring	$3,882,918	$4,944,976	$5,923,038	$6,902,289	$7,882,121	Partner provided range, middle used
Housing New Mexico (MFA)	$1,000,000	$2,000,000	$2,500,000	$3,500,000	$3,500,000	Assumes $3.5M commitment utilized
WESST	$60,438	$66,482	$73,130	$80,443	$88,487	Assumes 10% growth per year
Rural Communities Assistance Corp (RCAC)	$439,142	$1,500,000	$2,000,000	$2,500,000	$3,000,000	New partner estimated growth
B:Side Fund (new	$75,512	$375,000	$425,000	$500,000	$575,000	New partner estimated growth
Raza Fund (new)	$0	$5,000,000	$10,000,000	$15,000,000	$20,000,000	New partner estimated growth
Hexagon Housing Fund (new)	$0	$500,000	$1,000,000	$1,500,000	$2,000,000	New partner estimated growth
NMCIC (new)	$0	$1,000,000	$3,500,000	$6,000,000	$8,500,000	New partner estimated growth
SF Community Housing Trust (new)	$0	$5,000,000	$7,500,000	$10,000,000	$10,000,000	New partner estimated growth
Other partners (new)	$0	$0	$5,000,000	$10,000,000	$15,000,000	New partner estimated growth
Loans outstanding	$135,943,612	$175,516,959	$203,560,934	$232,207,224	$257,434,064	
Committed, not drawn (1) (2)	$50,130,656	$75,221,554	$87,240,400	$99,517,382	$110,328,885	
Loans outstanding & committed	$186,074,268	$250,738,513	$290,801,334	$331,724,606	$367,762,949	
Direct loans (3)	$708,275	$764,937	$826,132	$0	$0	
Equity investments	$1,473,781	$1,473,781	$723,781	$0	$0	
Cash reserve (1)	$700,000	$700,000	$700,000	$700,000	$700,000	
Payable to Severance Tax Permanent Fund (1)	$4,532,262	$5,077,522	$6,059,864	$6,979,776	$7,898,863	
Other investments (1)	$31,633,826	$10,000,000	$10,500,000	$11,025,000	$11,576,250	
Cash, receivables, prepaids	$545,252	$572,515	$601,140	$631,197	$662,757	
Total assets (estimated)	$225,667,664	$269,327,268	$310,212,250	$351,060,579	$388,600,819	
Asset growth, projected		**$43,659,605**	**$40,884,982**	**$40,848,328**	**$37,540,240**	

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

NMSBIC Return of Net Excess Funds to the Severance Tax Permanent Fund

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



$4.5 million in net excess funds as of June 30, 2026, is estimated and has not yet been paid.

NMSBIC Recap

NMSBIC's 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.