



Presentation to NMFA Oversight Committee

Economic Development Revolving Fund Report

Fernando Martinez, Deputy Director, NMFA
John Brooks, *Chief of Programs*, NMFA

August 11, 2025

Statewide Economic Development Finance Act

- ◆ The Statewide Economic Development Finance Act (“SWEDFA”) was established in 2003 to help stimulate the economy, particularly in rural and underserved areas of the state, by creating financing tools that put New Mexico on par with neighboring states.
- ◆ One of the primary tools under SWEDFA is the Economic Development Revolving Fund (EDRF) from which NMFA can make loans and purchase loan participations if funding is available.
- ◆ Prior to 2011, projects funded from the EDRF under SWEDFA required prior legislative authorization before NMFA could close a transaction. In anticipation of receiving federal funding, the Legislature passed in 2011 a temporary provision that allowed NMFA to make loans in a business-friendly manner (without prior legislative authorization) and has extended that temporary provision three additional times.
- ◆ The current temporary provision sunsets on June 30, 2026.
- ◆ In lieu of providing prior legislative authorization, NMFA is required to provide two reports to the NMFA Oversight Committee during the interim. This is the NMFA’s first report for 2025

- ◆ The Economic Development Revolving Fund (“EDRF”) is the Fund created under SWEDFA from which NMFA makes loans. EDRF is currently segregated into six sub-accounts:
 - ❑ **Smart Money** is a State funded loan participation program.
 - ❑ **Essential Services Working Capital Program** provided direct working capital loans to essential service providers during pandemic. (NMFA funded)
 - ❑ **Cannabis Microbusiness Program** (CMP) provided start up capital to licensed cannabis micro-businesses (NMFA funded).
 - ❑ **Collateral Support Participation** was Federally funded State Small Business Credit Initiative (SSBCI 1.0) loan participation program.
 - ❑ **Loan Participation Program** is Federally funded State Small Business Credit Initiative (SSBCI 2.0) loan participation program.
 - ❑ **Capital Access Program** is a Federally funded pooled guarantee fund program.
 - ❑ **Energy Efficiency Revolving Loan Fund** is a Federally funded loan program to offer low-costs loans to commercial entities for energy efficiency upgrades.

- ❑ Lending alongside banks and credit unions to lower borrowing costs and share risk
- ❑ Interest rates based on Treasury rates (e.g., Treasury rate + risk adjustment of typically 1.5% - 2%)
- ❑ Loan amounts up to \$2,000,000 or 49% of total financing

| Description | Location (County) | Participating Bank | Maturity Date | Total Project Financing | NMFA Portion | NMFA % | Loan Balance | Status as of 7.31.25 | # of Jobs Created |
|-------------------------------------|-------------------|---------------------------|---------------|-------------------------|--------------------|------------|--------------------|----------------------------|-------------------|
| Younger Enterprise, LLC | Dona Ana | Century Bank | 9/4/2029 | \$1,533,533 | \$ 751,431 | 49% | \$ 0 | Paid in Full 10-04-2024 | 10 |
| Memorial Ventures, LLC | Bernilillo | Enterprise Bank and Trust | 10/30/2025 | \$12,220,831 | \$ 1,200,000 | 10% | \$ 1,044,688 | Current | 24 |
| PreCheck | Otero | Bank 54 | 7/14/2026 | \$4,418,750 | \$ 849,592 | 19% | \$ 0 | Paid in Full 10-25-2012 | 95 |
| Western Woods* | Colfax | International Bank | 12/10/2036 | \$2,202,500 | \$ 1,274,000 | 58% | \$ 0 | Settled 4-29-2019 | 56 |
| Plaza Hotel** | San Miguel | Valley National Bank | 8/31/2024 | \$5,517,944 | \$ 1,650,000 | 30% | \$ 0 | Foreclosure 7-9-2013 | 14 |
| Landmark at Desert Gardens | Lea | Western Commerce Bank | 4/1/1933 | \$3,840,000 | \$ 576,000 | 15% | \$ 0 | Paid in Full 11-6-2017 | 10 |
| Resources for Children & Youth Inc. | Dona Ana | Bank of the Rio Grande | 11/20/2022 | \$2,800,000 | \$ 1,319,570 | 47% | \$ 0 | Paid in Full 4-13-2021 | 28 |
| Total Portfolio | | | | \$ 32,533,558 | \$7,620,593 | 32% | \$1,044,688 | | 237 |



- ❑ Established in April 2020 to provide emergency funding for essential services providers during the COVID pandemic
- ❑ Direct working capital loans up to \$ 1 million to fund operating expenses (payroll, utilities, supplies, rent/mortgage payments)
- ❑ Eligible entities are for-profit and non-profit essential services providers including:
 - Rural hospitals, behavioral health and substance abuse providers
 - Dentists
 - Childcare operators
 - Walk-in healthcare facilities and residential healthcare facilities offering medical services
 - Pharmacies
 - Medical supply and equipment manufacturers and distributors
 - Research facilities
- ❑ Line of credit for one year that may be converted to term loans up to five years
- ❑ Secured by business assets, requires personal guarantees for owners of >20%
- ❑ Interest rates of 1%
- ❑ No application fee, no closing fees, no prepayment penalties

Essential Services Working Capital Program

6

| Client | Location (County) | Sector | Essential Services | Original Amount | Loan Balance | Status as of 7-31-2025 |
|--|-------------------|--|---|---------------------|------------------|------------------------|
| Reliance Medical Group LLC | San Juan | 62 - Health Care and Social Assistance | Rural medical center | \$ 150,000 | \$ 59,956 | Past Due |
| Ponderosa Montessori Inc | Los Alamos | 62 - Health Care and Social Assistance | Childcare provider | \$ 250,000 | \$ 70,271 | Current |
| Build with Robots Inc | Bernalillo | 31-33 - Manufacturing | Production of sanitizing robots for large areas | \$ 618,750 | \$ 0 | Paid in Full |
| RingIR Inc | Bernalillo | 31-33 - Manufacturing | Viral detection and screening | \$ 58,300 | \$ 0 | Paid in Full |
| Santa Fe Recovery Center Inc | Santa Fe | 62 - Health Care and Social Assistance | Substance abuse treatment center | \$ 874,000 | \$32,297 | Current |
| Covenant Schools of America LP | Bernalillo | 62 - Health Care and Social Assistance | Childcare provider | \$ 375,000 | \$ 0 | Paid in Full |
| Las Cruces Machine Manufacturing and Engineering Inc | Dona Ana | 31-33 - Manufacturing | Machine shop converting to meet demand for medical components | \$ 100,000 | \$ 0 | Paid in Full |
| Net Medical Xpress Solutions Inc | Bernalillo | 62 - Health Care and Social Assistance | Teleneurology/surgery provider to rural hospitals and UNM | \$ 100,000 | \$ 0 | Write-off |
| First Choice Community Healthcare Inc | Bernalillo | 62 - Health Care and Social Assistance | Medical services clinic | \$ 900,000 | \$ 0 | Paid in Full |
| David J Ortega DDS PC | Santa Fe | 62 - Health Care and Social Assistance | Dental care | \$ 100,000 | \$ 0 | Paid in Full |
| Las Cumbres Community Services Inc | Rio Arriba | 62 - Health Care and Social Assistance | Non-profit serving developmentally disabled children, adults and families | \$ 320,000 | \$ 0 | Paid in Full |
| Rio Grande Hematology and Oncology LLC | Dona Ana | 62 - Health Care and Social Assistance | Cancer specialist serving immune compromised patients | \$ 150,000 | \$ 0 | Paid in Full |
| Rhino Health Inc | McKinley | 31-33 - Manufacturing | Neutrite glove manufacturer | \$ 1,000,000 | \$ 0 | Paid in Full |
| Albuquerque Speech Language and Hearing Center | Bernalillo | 62 - Health Care and Social Assistance | Nonprofit speech therapy service provider | \$ 65,000 | \$ 0 | Paid in Full |
| Telshor Family Clinic LLC | Dona Ana | 62 - Health Care and Social Assistance | Primary healthcare services | \$ 200,000 | \$ 0 | Paid in Full |
| Childrens Choice Child Care Services | Bernalillo | 62 - Health Care and Social Assistance | Childcare provider | \$ 250,000 | \$ 0 | Paid in Full |
| Well Life ABQ LLC | Bernalillo | 62 - Health Care and Social Assistance | Primary healthcare for under and uninsured | \$ 73,800 | \$ 0 | Paid in Full |
| | | | Total | \$ 5,584,850 | \$162,524 | |

- ❑ Pilot program created to improve access to capital for the smallest agricultural producers in the emerging cannabis industry
- ❑ Provided direct working capital loans to licensed microbusinesses of up to \$250,000 at interest rates of 2-3% and terms from 3-5 years
- ❑ No longer accepting applications due to high underwriting costs, borrower challenges meeting collateral requirements and industry volatility
- ❑ We are restructuring all the loans in the portfolio for management debt payments

| Client | Year | Location (County) | Original Amount | Loan Balance | Status as of 7-31-2025 |
|----------------------------|------|-------------------|---------------------|-------------------|------------------------|
| Carver Family Farm | 2022 | Bernalillo | \$ 150,000 | \$ 28,079 | Current |
| Herban Oasis, LLC | 2022 | Bernalillo | \$ 250,000 | \$ 0 | Settled |
| Serrano Springs Ranch, LLC | 2022 | Doña Ana | \$ 160,000 | \$ 164,843 | Restructuring |
| Grey Moon Operations, LLC | 2022 | Lea | \$ 250,000 | \$ 231,528 | Restructuring |
| The Mem-o, LLC | 2022 | Sandoval | \$ 250,000 | \$ 252,625 | Restructuring |
| High There, LLC | 2023 | Doña Ana | \$ 250,000 | \$ 252,159 | Restructuring |
| | | Total | \$ 1,310,000 | \$ 929,234 | |

- ◆ Established by the Small Business Jobs Act of 2010, the State Small Business Credit Initiative (SSBCI) is a federal program that seeks to increase the flow of capital to small business. ~\$1.5 billion to small business financing programs throughout the country in 2011
- ◆ New Mexico Economic Development Department (NMEDD) is the State's recipient of the SSBCI funding. In May 2011, NMEDD and NMFA entered into a Memorandum of Agreement to operate the ~\$13 million award overseen by the Department of Treasury
 - NMFA administered a Loan Participation Program that facilitated ~\$10 million in lending to 16 economic development projects throughout the state
 - Three projects were in rural communities with average total project sizes of \$3.2 million.
 - NMFA purchased subordinated interests in loans with an average ~16% of project costs.
 - All loans made under that program have performed as expected; several have prepaid
 - SIC re-deployed \$5 million in a subordinated tranche to catalyze \$15 million of investment (\$10 public and \$5 million private) into eight venture capital funds investing in local start-ups
- ◆ SSBCI gives states significant flexibility to design programs that meet local market conditions and small business needs seeking to increase access to capital to small businesses so long as \$1 federal dollar leverage \$10 private dollars

- NMFA purchases subordinated interest in loans underwritten by banks to lower borrowing costs

| Description | Location (County) | Participating Bank | Maturity Date | Total Project Financing | NMFA Portion | NMFA % | Loan Balance | Status as of 6.30.2024 | # of Jobs Created |
|--|-------------------|-----------------------------------|---------------|-------------------------|---------------------|------------|--------------|-------------------------|-------------------|
| MW Holdings, LLC (Permanent - BOK) | Santa Fe | Bank of Albuquerque | 3/24/2024 | \$ 5,248,000 | \$ 1,145,000 | 22% | \$ 0 | Paid in Full 6-26-24 | 36 |
| Permian I, LLC (Permanent) | Eddy | First National Bank of Alamogordo | 7/15/2026 | \$ 4,438,200 | \$ 1,593,081 | 36% | \$ 0 | Paid in Full 3-14-24 | 21 |
| Los Alamos Cooperative Market | Los Alamos | Washington Federal | 12/15/2023 | \$ 1,113,750 | \$ 119,000 | 11% | \$ 0 | Paid in Full 12/28/2023 | 8 |
| Ambience Hospitality | Bernilillo | Wells Fargo | 5/27/2025 | \$ 3,500,000 | \$ 450,000 | 13% | \$ 0 | Paid in Full 11-29-2022 | 25 |
| Greater Albuquerque Habitat for Humanity | Bernilillo | Wells Fargo | 5/28/2023 | \$ 1,425,000 | \$ 241,000 | 17% | \$ 0 | Paid in Full 5-5-2021 | 31 |
| NEAR, LLC | Dona Ana | Wells Fargo | 5/1/2023 | \$ 3,710,570 | \$ 1,000,000 | 27% | \$ 0 | Paid in Full 4-15-2016 | 18 |
| MW Holdings, LLC (Construction - Wells) | Santa Fe | Wells Fargo | 10/23/2013 | \$ 5,248,000 | \$ 1,256,000 | 24% | \$ 0 | Paid in Full 3-28-2014 | 36 |
| Cantor Properties (StarCryo Construction) | Santa Fe | Los Alamos National Bank | 10/23/2013 | \$ 180,000 | \$ 120,000 | 67% | \$ 0 | Paid in Full 1-31-2014 | 0 |
| Star Cryoelectronics (P.O. LOC) | Santa Fe | Los Alamos National Bank | 10/23/2013 | \$ 120,000 | \$ 80,000 | 67% | \$ 0 | Paid in Full 1-2-2014 | 5 |
| Haciendas at Grace Village, LLC - Mtg | Dona Ana | Western Bank of Alamogordoo | 7/25/2033 | \$ 2,024,802 | \$ 357,318 | 18% | \$ 0 | Paid in full 4-27-2017 | 41 |
| Haciendas at Grace Village, LLC - LOC | Dona Ana | Western Bank of Alamogordoo | 5/14/2016 | \$ 300,000 | \$ 200,000 | 67% | \$ 0 | Paid in Full 6-6-2016 | 0 |
| ELRC Properties, LLC | Dona Ana | Wells Fargo | 10/30/2020 | \$ 753,824 | \$ 331,678 | 44% | \$ 0 | Paid in Full 3-5-2019 | 6 |
| NME Enterprises | McKinley | First American Bank | 10/20/2017 | \$ 5,184,000 | \$ 1,296,000 | 25% | \$ 0 | Paid in Full 10-20-2017 | 20 |
| Mesa Quemado dba Don Juan Auto Body | Santa Fe | Bank of Albuquerque | 12/22/2034 | \$ 832,500 | \$ 89,500 | 11% | \$ 0 | Paid in Full 12-8-2021 | 5 |
| Bugman, Inc. | Santa Fe | Century Bank | 10/9/2029 | \$ 180,625 | \$ 31,875 | 18% | \$ 0 | Paid in Full 3-6-2020 | 10 |
| Gallup Pipeline & Compliance Services, LLC | McKinley | Pinnacle Bank | 3/20/2025 | \$ 145,452 | \$ 25,668 | 18% | \$ 0 | Paid in full 2-3-2022 | 10 |
| Total Portfolio | | | | \$ 34,404,723 | \$ 8,336,120 | 26% | \$ 0 | | 215 |

- ◆ Congress recently reauthorized and expanded SSBCI and provided ~\$10 billion to state small business financing programs to support small businesses and entrepreneurship, with a focus on socially and economically disadvantaged individuals (SEDI) and Very Small Businesses (VSBs)
 - SEDI businesses are located in distressed communities (as defined by the Dept. of Treasury) or owned by individuals with historically diminished access to credit
 - Very Small Businesses are defined as businesses with fewer than 10 employees
- ◆ In the fall of 2022 NMEDD received an award of up to \$74 million with funding to be disbursed in three equal tranches of ~\$22 million over ten years. The total award amount includes ~\$6 million of SEDI incentive which is granted if New Mexico deploys at least 57% to SEDI-owned small businesses
- ◆ Department of Treasury has approved New Mexico to operate four programs:
 - Collateral Assistance Program operated by NMEDD
 - Loan Participation Program operated by NMFA
 - Capital Access Program operated by NMFA
 - Venture Capital Program operated by NMFA

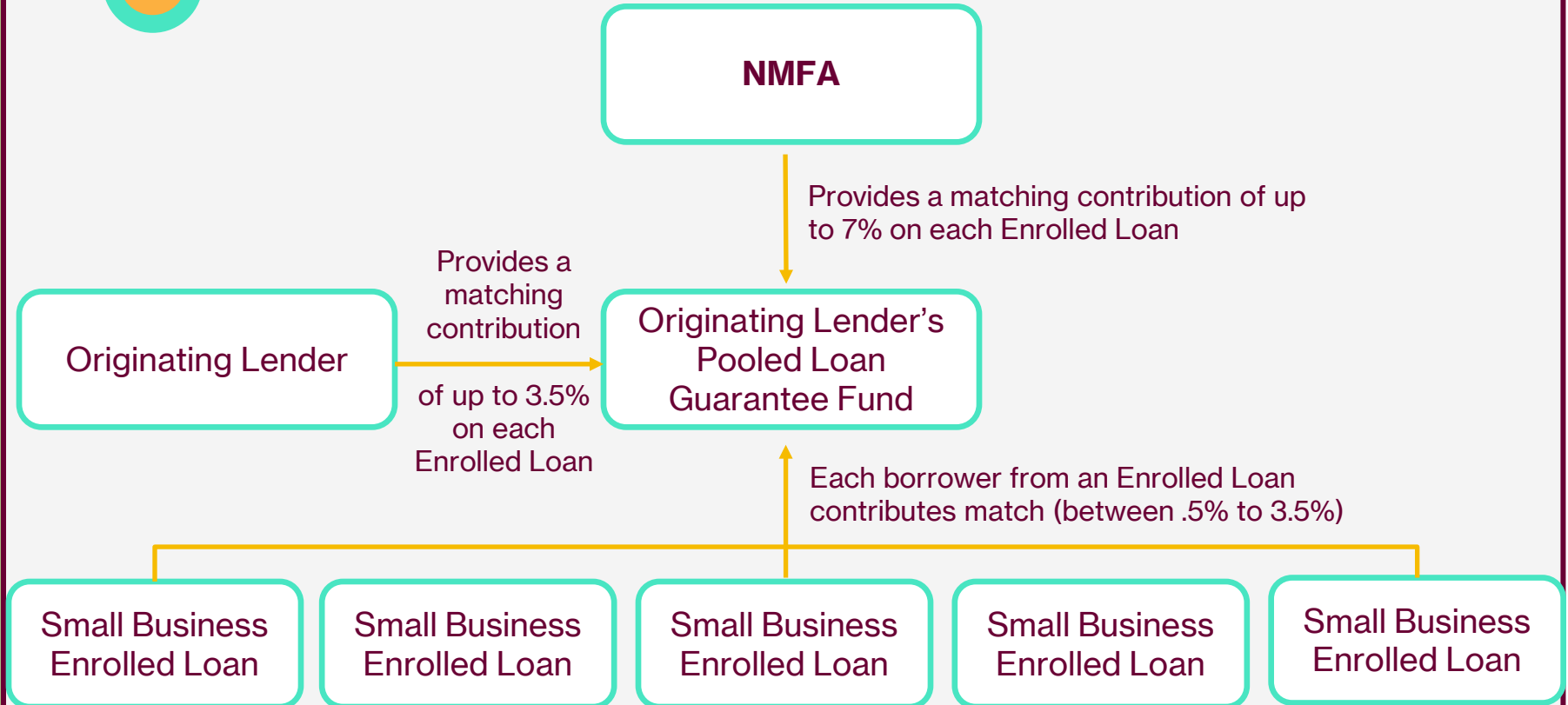


SSBCI Program Parameters

| | NMFA Venture Capital | SSBCI Capital Access | SSBCI Loan Participation |
|---------------------------------|--|--|--|
| Target capital providers | Venture private equity funds | CDFIs, credit unions, banks | Banks, credit unions, CDFIs (direct co-lending) |
| Target enterprises | Early-stage businesses 1 to 50 employees | For and non-profit with < 100 employees | For and non-profit with < 500 employees |
| Transaction sizes | \$50,000 to \$2,000,000 | \$10,000 to \$1,500,000 | \$7,500,000 |
| Participation percentage | Up to 60% | 7% | 10-40% |
| Product types | Equity or debt investment | Line of credit, term loans | Line of credit, term loans |
| Typical term | 4 to 12 years | 1 to 7 years | 1 to 25 years |
| Use of proceeds | Start-up, expansion, business development | Buildings (purchase, construction & renovation), equipment, working capital | |

- ❑ NMFA purchases subordinated interest in loans underwritten by banks to lower borrowing costs
- ❑ \$27 million is allocated to this program from MOU with NMEDD

| Proposed Participating Bank | Short Project Description | Total Project Costs |
|---------------------------------|---|---------------------|
| Western Commerce Bank | Fuel/Convenience Center Expansion | 2,500,000 |
| US Bank | Working Capital | 600,000 |
| Washington Federal | Working Capital | 1,000,000 |
| Washington Federal | Equipment | 2,500,000 |
| Washington Federal | Working Capital | 1,000,000 |
| Enterprise Bank & Trust | Purchase Real Estate | 1,600,000 |
| TBD | Commercial Real Estate | 2,000,000 |
| First New Mexico Bank in Deming | New Building Construction/Permanent | 1,000,000 |
| Enterprise Bank & Trust | Construction-Reno-Hotel-Rest | 4,000,000 |
| Nusenda | Renovation/Purchase | 5,500,000 |
| Nusenda | Building expansion, equipment and Working Capital | 1,500,000 |
| Enterprise Bank & Trust | Refi current debt and new money | 250,000 |
| Bank of Clovis | Refi and building renovation | 450,000 |
| Enterprise Bank & Trust | Building Renovation | 350,000 |
| | Estimated Project Cost | 24,250,000 |



Structure Provides Additional Incentives to Make Certain Loans: Each approved Originating Lender will hold and grow its own Pooled Loan Guarantee Fund that will be available to cover losses from any Enrolled Loan.

Business Friendly Process: NMFA approves each Originating Lender (Bank, Credit Union or CDFI) and then ensures each enrolled loan meets the program guidelines.

- ◆ The Energy Conservation and Management Division (ECAM) of the Energy Minerals and Natural Resources Division (EMNRD) has received over \$5 million in funding from the U.S. Department of Energy to create a loan program and has partnered with the New Mexico Finance Authority (NMFA) to offer low-cost loans to eligible commercial entities for energy efficiency upgrades. which NMFA makes loans.
 - ❑ **Eligible Entities** include private nonprofit and for-profit New Mexico businesses with buildings that are used for a public or community benefit examples: health care, educational, recreational or cultural facilities
 - ❑ **Use of funds** Energy efficiency audit costs, upgrades and retrofits that improve overall energy consumption, windows and doors, insulation, heating systems, air sealing, lighting and building envelope upgrades and relevant, targeted roof repairs. **Solar and electric panels are not eligible uses on a standalone basis but are eligible as part of a comprehensive energy efficiency upgrade.*
- ◆ ECAM is soliciting loan application and will review them for technical feasibility and will help review the applications. NMFA will structure and originate loans with the following terms:
 - ❑ Loans may be for amounts between \$250,000 and \$1,000,000.
 - ❑ Loan terms cannot exceed the useful life of the project or 15 years.
 - ❑ Loans are offered at a fixed interest rate of 2%