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Presentation to NMFA Oversight Committee

# Economic Development Revolving Fund Report

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# Statewide Economic Development Finance Act

- 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.

- The Act initially authorized the NMFA to enter into loan participations and to issue conduit bonds.

- The Act was expanded in 2005 to include new financing tools, provide the methodology and mechanics to implement the purposes of the Economic Development Act in accordance with Article 9, Subsection D of Section 14 of the Constituition, grant IPRA exceptions, and require that the legislature approve any project financed from the Economic Development Revolving Rund. (EDRF)

# Legislative Authorization History

- From 2006 to 2011, the NMFA Oversight Committee endorsed six authorization bills for projects to be funded from the EDRF. A total of 343 projects appeared on the authorization bills.
- Three projects listed on the 2006 authorization bill were financed, and the program gained momentum. The 2007 authorization bill listed 158 projects seeking financing.
- Though the 2007 authorization bill passed both houses without negative votes or controversy. The bill ultimately died on the Senate Floor.
- Momentum on the program slowed significantly and funding for the program was ultimately returned to the state for solvency.
- In 2011, in anticipation of receiving $13.2 million federal funds, Sen. Munoz sponsored SB 454 which suspended legislation authorization for 2 years. With federal funds in hand, Sen. Munoz sponsored in 2013 a bill to extend the legislative authorization through the end of the federal reporting period.
- In 2019 and 2023, Sen. Padilla sponsored bills to extend for four years each the legislative authorization suspension.
- **The current legislative authorization suspension expires on June 30, 2027**.

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# Economic Development Revolving Fund

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

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# Energy Efficiency Revolving Loan Fund (EERLF)

- 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.

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# EERLF Potential Impacts and Loan Terms

- The Energy Conservation and Management Division (ECAM) is the office leading the state's charge toward clean energy adoption and will help review the applications. They are expecting to see some of the following impacts:
  - Projected energy cost savings
  - Reduction in energy consumption (megawatt-hours, gallons, cubic feet)
  - Financing cost savings relative to traditional financing
  - Direct and indirect jobs
  - Private $ leveraged
- The proposed loan terms for the EERLF
  - 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%

## Smart Money Loan Participation

- Lending alongside banks and credit unions to lower borrowing costs and share risk
- Interest rates are fixed at 3%
- 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 7-01-26 | # 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 | Bernalillo | Enterprise Bank and Trust | 8/28/2026 | $12,220,831 | $ 1,200,000 | 10% | $ 1,009,384 | 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%** | **$1,009,384** | | **237** |

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# Essential Services Working Capital Program

**Essential Services** – Bridge Capital

- 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%
- **This is program has been closed because it was COVID era program**

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# Essential Services Working Capital Program

| Client | Location (County) | Sector | Essential Services | Original Amount | Loan Balance | Status as of 7-01-2026 |
|---|---|---|---|---|---|---|
| Reliance Medical Group LLC | San Juan | 62 - Health Care and Social Assistance | Rural medical center | $ 150,000 | $ 24,741 | Current |
| Ponderosa Montessori Inc | Los Alamos | 62 - Health Care and Social Assistance | Childcare provider | $ 250,000 | $ 6,751 | 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 | $0 | Paid in Full |
| 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 | Neutrile 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 |
| Children's 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** | **$31,492** | |

**Cannabis Microbusiness** – Access to Start-Up Capital

- **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
- All the loans have been restructured and borrowers are making tradition interest and principal payments

| Client | Year | Location (County) | Original Amount | Loan Balance | Status as of 7-01-2026 |
|---|---|---|---|---|---|
| Carver Family Farm | 2022 | Bernalillo | $ 150,000 | $ 27,303 | Current |
| Herban Oasis, LLC | 2022 | Bernalillo | $ 250,000 | $ 0 | Received Judgement |
| Serrano Springs Ranch, LLC | 2022 | Doña Ana | $ 160,000 | $ 169,362 | Past Due |
| Grey Moon Operations, LLC | 2022 | Lea | $ 250,000 | $ 224,743 | Current |
| The Mem-o, LLC | 2022 | Sandoval | $ 250,000 | $ 248,230 | Current |
| High There, LLC | 2023 | Doña Ana | $ 250,000 | $ 251,367 | Past Due |
| | | **Total** | **$ 1,310,000** | **$ 921,005** | |

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# SSBCI 2.0 Loan Participation Program

## SSBCI Collateral Support Participation Program 2.0 – Loan Participation Program

- NMFA purchases subordinated interest in loans underwritten by banks to lower borrowing costs
- $27 million is allocated to this program from MOU with NMEDD
- Below are projects approved by the NMFA Board of Directors

| Description | County | Participating Bank | Total Project Financing | NMFA Portion | NMFA Percentage | Retained Jobs | New Jobs Created | Closed/Board Approved |
|---|---|---|---|---|---|---|---|---|
| 2021 Girard Blvd SE/NMELA Gateway, LLC | Bernalillo | Capra Bank | $ 2,838,520 | $ 1,390,875 | 49.0% | N/A | 10 | Closed |
| Henning Property Group LLC / Impact Jiu Jitsu Albuquerque, LLC | Bernalillo | Southwest Capital Bank | $ 641,250 | $ 314,212 | 49.0% | 3 | 5 | Closed |
| Independent Electrical Contractors of America, Inc. Southern NM Chapter | Dona Ana | Pioneer Bank | $ 1,341,417 | $ 657,294 | 49.0% | 4 | 0 | Closed |
| La Abudancia LLC / Children's Adventure Company | Santa Fe | Century Bank | $ 1,140,000 | $ 558,600 | 49.0% | 8 | 10 | Closed |
| Santa Fe Conservation Trust | Santa Fe | Century Bank | $ 495,000 | $ 242,000 | 48.9% | 10 | 0 | Closed |
| The Forest Stewards Guild | Santa Fe | WaFd Bank | $ 1,028,000 | $ 503,720 | 49.0% | 44 | 10 | Closed |
| Watkins Property Holding, LLC | Bernalillo | Citizens Bank of Las Cruces | $ 1,120,500 | $ 498,000 | 44.4% | 7 | 5 | Closed |
| Caspar LLC / S and P LLC dba Champion Ford | McKinley | Pinnacle Bank | $ 5,388,500 | $ 2,640,365 | 49.0% | 55 | 0 | Board Approved |
| ELRC Properties LLC | Dona Ana | Westar Bank | $ 3,000,000 | $ 1,470,000 | 49.0% | 10 | 10 | Board Approved |
| Jamnaba Hospitality LLC | Rosevelt | The Bank of Clovis | $ 1,170,000 | $ 573,300 | 49.0% | 5 | 0 | Board Approved |
| Tayzel Investments, LLC - The Movement Temple, LLC | Bernalillo | Southwest Capital Bank | $ 351,000 | $ 171,990 | 49.0% | 8 | 6 | Board Approved |
| | | **Totals** | **$ 18,514,187** | **$ 9,020,356** | **48.6%** | **154** | **56** | |

# Contact Us

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