

FINANCE NEW MEXICO, LLC
HIGHLIGHTS OF PROJECTS FINANCED
AUGUST 2012

Finance New Mexico was created in 2006 to help bolster the economy of the State of New Mexico. The limited liability company is owned by the New Mexico Finance Authority, a broad-based financing agency, and New Mexico Community Capital, a certified non-profit CDFI. The New Mexico Finance Authority acts as Managing Member and provides staff support to the Community Development Entity.

In 2007, Finance New Mexico made its first application for New Markets Tax Credits to the CDFI Fund and received a \$110 million allocation to finance job-creating businesses, particularly in rural communities, and downtown redevelopment projects. Since its initial award, Finance New Mexico has created a competitive, transparent process for selecting and structuring New Markets transactions and has successfully utilized more than half of the credits on projects that are expected to create more than 1,250 permanent jobs from for New Mexicans.

With this momentum, Finance New Mexico received a second allocation in 2011 for \$46 million, with three-quarters of it dedicated to New Mexico's rural communities. Finance New Mexico expects to have fully utilized this generous allocation of New Markets Tax Credits by Fall 2012.

PARQ CENTRAL HOTEL

FROM HISTORIC HOSPITAL TO BOUTIQUE HOTEL

806 Central Avenue SE
Albuquerque, NM 87102

Total Project Costs: \$19,874,296

NMTC Allocation: \$13,846,000

Developer: Memorial Ventures

Closing Date: November 2009

Status: Opened September 2010

With the help of New Markets Tax Credits, Memorial Ventures, LLC undertook a comprehensive renovation of the Memorial Hospital Complex, which consists of three historically significant structures totaling 42,500 square feet on a 2.27 acre site, and converted it into a high-quality, limited-service boutique hotel named *Hotel Parq Central*. In addition to 73 guest rooms, the hotel offers two conference rooms and recreational amenities, including a spa, exercise room and an outdoor whirlpool. The hotel also features *The Apothecary*, a roof-top lounge with a limited food-service menu, a full bar and breathtaking views.

The Memorial Hospital opened in 1926 as the hospital for the employees of the Atchison Topeka and Santa Fe Railroad. The property consists of three buildings which are listed on the National Register of Historic Places: a three-story main building and two smaller casitas. The hospital was closed in 1982 and has had various health-related tenants since, most recently serving as a 70-bed residential mental health treatment center for adolescents.

The conversion of Memorial Hospital into a boutique hotel is anticipated to have a significant positive impact on the community, providing jobs, economic benefits to the immediate area and redeveloping the vacant and functionally obsolete hospital facility. A mix of landmark historic structures, location, interior and exterior appointments, lush xeriscaped gardens available to guests, and quality personalized service will make this historic property a cornerstone of the Huning Highland National Historic Sub-district and the East of Downtown (EDo) organization's revitalization efforts.

The project provided 200 jobs during construction and at stabilization will employ 34 permanent, competitively paying hospitality jobs.

The transaction utilized \$13.846 million from Finance New Mexico NMTC financing which was combined with approximately \$2.649 million in Historic Tax Credits and equity to complete the financing. Additionally, the project utilized a \$14 million Industrial Revenue Bond issued by the City of Albuquerque, which provides certain tax advantages such as a 20-year abatement of property taxes.



Project Details

Rehabilitation of a 42,500 square-foot historic hospital complex into a 73-room boutique hotel

Distress Criteria

- NMTC Qualified Census Tract: 35001001500
- 40.3% Poverty rate
- 62.2% of Median Family Income
- Unemployment rate 1.22x the national average

Community Impacts

- Creating an estimated 200 construction jobs
- Creating an estimated 34 full-time permanent jobs
- Rehabilitating three historic structures



PROS RANCH MARKET

REAL ESTATE PURCHASE AND REHABILITATION

312-320 East Wyatt Drive
Las Cruces, NM 88001

Total Project Costs: \$13,252,884
NMTC Allocation: \$12,500,000
Developer: El Paseo Las Cruces Pros RE, LLC
Closing Date: July 2010
Status: Operating since Fall 2011

El Paseo Las Cruces Pros RE, LLC, a New Mexico limited liability company, purchased an aging and nearly vacant shopping center in 2008 in Las Cruces, New Mexico. With the help of Finance New Mexico, the company was able to complete a much-needed facelift for the facility and reinvigorate the area with a new grocery store and many new businesses.

“We are fortunate to have partnered with Bank of Albuquerque, US Bank and Finance New Mexico in completing our New Markets Tax Credit financing. The NMTC loan is part of a federal program which encourages investment in redeveloping needy inner city areas as well as creating new job opportunities for the local resident. This helps communities help themselves,” said Michael Provenzano, III, Chief Financial Officer of Pro’s Market Ranch. “It’s a new tool in the financial tool box that we can use to help rebuild our inner city neighborhoods and provide jobs to those neighbors near our store.”

El Paseo is leasing the majority of the center to Pro’s Ranch Market, a full-service grocer catering to the Hispanic market. The company offers fresh food and quality service in a festive environment. This is Pro’s 14th store in the southwest. The store includes a food court, tortilleria and panaderia (a tortilla factory and bakery), a carniceria (meat market) and the Agua Fresca bar, providing a wide variety of beverages prepared from scratch every day.

This project is particularly important to this low-income community. In addition to providing its customers with the variety, brands and authentic food they know and love in a warm, upscale environment, the company will provide a shuttle service to its customers.



Project Details

Complete rehabilitation of a shopping center to include:

- Renovation of 107,497 square-foot shopping center originally constructed in 1983
- Completion of a 66,000 square foot Pro’s Ranch Market, a full-service grocer serving the Hispanic market
- 41,500 square feet of additional retail space for businesses such as Melrose Fashions, La Casa de Vaquero Western Wear, Ranchie Wash Laundromat, Tip Top Nail, Milos Cuts, and Pho Saigon, a Vietnamese noodle restaurant.
- 473-space parking lot

Distress Criteria

- NMTC Qualified Census Tract: 35013000600
- 27.3% Poverty rate
- 69.6% of Median Family Income
- 10% unemployment rate

Community Impacts

- Creating 350 permanent jobs over 7 years
- Reinvigorating the downtown shopping center
- Purchasing locally made goods and produce
- Located in a CDFI targeted distressed area



VITALITY WORKS, INC.

HERBAL SUPPLEMENT MANUFACTURING EXPANSION

8500 Bluewater Road, Northwest
Albuquerque, NM 87113

Total Project Costs:

Finance New Mexico Allocation: \$8,000,000

QEI Closing Date: September 2010

QLICI Closing Date: September 2011

Status: Expansion Complete as of Spring 2012

Vitality Works is a New Mexico based-manufacturer of herbal medicinal supplements that has been in business for nearly 30 years. The company enjoys a good reputation for producing supplements with high quality, purity and potency. Vitality Works has sustained growth from 20-40% every year for the past 12 years. While its former 21,000 sq. ft. facility seemed enormous to them seven years ago, the company fully outgrew its location about three years ago when office and manufacturing space became increasingly cramped. With sales exceeding structure and production, there have been numerous challenges maneuvering in the existing limited space. As an interim solution, they began running double shifts and acquired three additional warehouse storage facilities, yet with parking located inconveniently from the workplace. Audits from companies interested in doing business with Vitality Works, Inc. expressed repeatedly that when the company's capacity could be increased, so would their purchase orders. The CEO was seeking a solution to expand facilities and workforce in order to respond to increased product demand.

Through NMTC financing, Vitality Works was able to accelerate its investment and infrastructure expansion for the production of high-quality medicinal herbs and supplements. With the funding, the company purchased, renovated and equipped the former Honeywell and Sparton Technology plant in Albuquerque. All manufacturing and administrative infrastructure was safely in its new quarters by March 2012.

The benefit provided by NMTC allowed Vitality Works to repurpose a large building, allowing them to bring energy and activity to the community, do business with other local businesses and create jobs. The infusion of cash received went back into the local economy and, importantly, the expansion project made it possible for employees to have a higher quality of work experience in a safer environment near public transportation.



Project Details

- Purchase, renovation and equipping of a 109,000 sq ft manufacturing plant
- Consolidation of business activities

Distress Criteria

- NMTC Qualified Census Tract: 35001004705
- 17% Poverty rate
- 71% of Median Family Income
- 10.3% unemployment rate

Community Impacts

- Renovation of a vacant manufacturing plant near public transportation
- 20 jobs

MOLINA HEALTHCARE DATA CENTER, INC.
CONSTRUCTION OF A STATE-OF-THE-ART DATA CENTER
Mesa Del Sol
Albuquerque, NM 87106

Total Project Costs:

Finance New Mexico Allocation: \$8,000,000

Leverage Lender: Molina, Inc.

NMTC Investor: Wells Fargo Community Investment Holdings

Closing Date: October 2011

Status: Expansion Complete as of Fall 2011
First Clinic Opened May 2012

Molina Healthcare was founded in 1980 by David Molina, an emergency room physician in Long Beach, California, who had seen patients use the emergency room for a sore throat or the flu. As a result of his emergency room work, Dr. Molina established his first primary care clinic with the goal of serving the most financially vulnerable patients, who get health care paid for by government programs, and to help those who were uninsured or non-English speaking.

For the past 30 years, Molina Healthcare has been providing medical services to some of the nation's most financially vulnerable populations. And because the Molina receives 100% of its funding from state and local governments, primarily Medicaid, it has been faced with providing care to more individuals while state and federal budgets have cut funding for these services.

Molina determined that diminishing the quality of care it provided was not an option, and instead focused on controlling administrative costs so that the dollars they receive can continue to go to quality care for its patients. As part of this effort, Molina decided to relocate a portion of its data center operations from its company headquarters in Long Beach, California, as the area had been frequented by floods, fires and earthquakes, to Albuquerque, New Mexico, an area known for its sunny weather and low cost of doing business.

Finance New Mexico paired with three other Community Development Entities to finance a portion of the \$28 million state-of-the-art data center which is expected to receive its LEED Gold certification. The 26,500 square foot center will consolidate the data requirements of the company and its subsidiary medical plans it offers in 16 states, including New Mexico, thereby providing savings to the company that can be channeled into healthcare.

Since coming to New Mexico in 2004, Molina has invested approximately \$70 million in its clinics and data center and currently employs approximately 175 New Mexicans. Through this project Molina expects to double the number of patients for whom they provide care.



Project Details

- Construction of a 26,500 sq ft state-of-the-art data center
- The \$28 million facility will consolidate operations of Molina Healthcare and its subsidiary medical plans that it operates in 16 states
- LEED Certified Gold

Distress Criteria

- NMTC Qualified Census Tract: 35001004001
- 17% Poverty rate
- 71% of Median Family Income
- 10.3% unemployment rate

Community Impacts

- Located in a CDFI targeted distressed area
- Creation of 25 jobs
- Opening of two health care clinics serving low-income New Mexicans

4POINTS LAGUNA, LLC
CONSTRUCTION WATER AND WASTEWATER
Laguna Pueblo
Cibola County, NM

Total Project Costs: \$71,000,000
NMTC Allocation: \$23,000,000
Developer: Laguna Water Authority
Closing Date: June 29, 2012
Status: Phase I Construction Expected to be completed in Fall 2013

The Laguna Indian Reservation is located in beautiful west-central New Mexico. High-desert plains, mesas, rolling foothills, and the mountainous and heavily forested area around Mount Taylor are part of the geographically diverse lands within the Laguna reservation. The reservation encompasses approximately 875 square miles and is made up six villages — Pagate, Encinal, Mesita, Seama, Paraje, and Laguna — that are located within a 25 mile radius.

Like many of New Mexico's communities, the Pueblo of Laguna lacks adequate water and wastewater systems to serve its members and support sustainable economic development. Historically, the Pueblo has utilized funding from the Indian Health Service and the USDA to replace and repair the water and wastewater systems. However, insufficient funding exists from those sources to complete the much-needed water and wastewater repairs.

The cost per person to provide adequate and safe water, fire protection and wastewater services is extremely high on the reservation. The Pueblo has a membership enrollment of 8,200, with approximately half of the members living on the Pueblo. Through its Laguna Utility Authority, the Pueblo currently serves 1,385 residential customers and 83 commercial customers spread throughout the reservation with very few areas of high density. The customers also live at various altitudes which require higher line pressure in order to get water to the higher elevation and remote homes.

Through a Finance New Mexico NMTC financing, the Pueblo is able to fill a portion of the gap not funded by other sources. Without NMTC, the Pueblo would be forced to build the project over a longer time period, taking an estimated 10 more years to complete the project, while incurring additional costs and be left with a debt service level that would force the Pueblo to reduce or eliminate other community service programs. In addition to completing the necessary improvements, the NMTC financing will create significant construction jobs for the five-year, \$70 million project.



Project Details

Water and wastewater system improvements throughout the Pueblo, including:

- Repair, replacement and construction of water and wastewater lines, wastewater lagoons and collection systems
- Rebuilding and expanding three current water sources to provide 60% additional capacity
- Additional pressure into the line to provide an appropriate fire protection system

Distress Criteria

- NMTC Qualified Census Tract: 35006941500
- 29.8% Poverty rate
- 73.8% of Median Family Income
- 17% unemployment rate

Community Impacts

- Creating 275 full time construction jobs over the five-year construction period
- Purchasing locally made goods and produce
- Located in a CDFI targeted distressed area

EMPRESA DEVELOPMENT, LLC

GROCERY STORE AND WATER SUPPLY PROJECT

176 Casa Blanca Road
Village of Paraje, NM 87007

Total Project Costs: \$10,000,000

NMTC Allocation: \$10,000,000

Developer: Laguna Development Corporation

Closing Date: June 29, 2012

Status: Under Construction -- expected to be complete December 2012

Laguna Development Corporation is a Pueblo of Laguna-owned business pursuing opportunities that improve and strengthen the Laguna community and its economy. Laguna Development Corporation, through its various businesses, is Laguna Pueblo's largest employer with an estimated 1,150 total employees, approximately 50% of whom are Native American. Over the past several years, the Laguna Development Corporation has been working to diversify its business holdings to reduce its reliance on gaming revenues, but these endeavors have been hampered by the lack a reliable water supply and of the critical infrastructure necessary to support the new businesses.

Unlike privately owned businesses, Laguna Development Corporation's income doesn't go to an individual, but rather to the well-being of the Pueblo of Laguna and its estimated 8,000 members. With revenues generated by Laguna Development Corporation, the Pueblo of Laguna is able to provide essential governmental services including community wellness services, education, natural and environmental resource protection, public and utility works, public safety and judicial services, and elderly care.

Through the NMTC financing, Laguna Development Corporation will be able to construct a water supply source to serve the village of Paraje and the new business enterprises it has attracted. These new businesses are expected to create as many as 525 full-time jobs.

Additionally, through the financing, the Laguna Development Corporation will be able to replace an antiquated grocery store that serves the Pueblo and adjacent low-income communities. The existing store was built more than 30 years ago and does not have adequate freezer and refrigeration space to serve its customers' needs, causing Pueblo members to travel 30 miles (one way) to the nearest modern grocery store to get many of their necessities. The new grocery store will provide Pueblo members with a variety of healthier foods from which to feed their families, including a greater selection of fresh produce, frozen foods and fresh deli items.



Project Details

- Construction of a new 30,000 square-foot modern grocer with a deli
- Construction of a new well and water tank to increase capacity for drinking water and fire suppression

Distress Criteria

- NMTC Qualified Census Tract: 35006941500
- 29.8% Poverty rate
- 73.8% of Median Family Income
- Unemployment rate of 17%

Community Impacts

- Creating 525 permanent jobs over 7 years
- Full-service grocer with fresh produce
- Increased supply of water for residents and fire suppression
- Located in a CDFI targeted distressed area