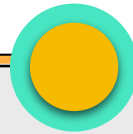


NEW MEXICO
FINANCE AUTHORITY



Presentation to the NMFA Oversight Committee

Overview of NMFA Healthcare Projects

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Statutory Authority

Active?	Funded?	FY	Program Name	Enabling Act	Statute
✓	✓	1992	Public Project Revolving Fund	New Mexico Finance Authority Act	6-21-6.0
✓		1994	Primary Care Capital Fund	Primary Care Capital Funding Act	24-1C-4
✓	✓	1997	Drinking Water State Revolving Loan Fund	Drinking Water State Revolving Loan Fund Act	6-21A-4
		1999	Water and Wastewater Grant Fund	New Mexico Finance Authority Act	6-21-6.3
✓	annually	2001	Water Project Fund	Water Project FinanceAct	72-4A-9
✓	✓	2002	Local Government Planning Fund	New Mexico Finance Authority Act	6-21-6.4
✓		2003	Economic Development Revolving Fund (Smart Money)	Statewide Economic Development Finance Act	6-25-6.1
		2003	Child Care Revolving Loan Fund	Child Care Facility Loan Act	24-24-4.0
		2004	Acequia Project Fund	Water Project FinanceAct	72-4A-9.1
✓		2004	Behavioral Health Capital Fund	Behavioral Health Capital Funding Act	6-26-4
		2005	Energy Efficiency & Renewable Energy Bonding Act	New Mexico Finance Authority Act	6-21D-5
		2005	Local Transportation Infrastructure Fund	New Mexico Finance Authority Act	6-21-6.8
✓		2006	New Markets Tax Credit	Statewide Economic Development Finance Act	6-25-6.1
		2007	Local Government Transportation Fund	New Mexico Finance Authority Act	6-21-6.12
✓	annually	2010	Colonias Infrastructure Project Fund	Colonias Infrastructure Finance Act	6-30-8
✓		2011	Collateral Support Participation Program	Statewide Economic Development Finance Act	6-25-13
✓		2021	Essential Services Working Capital Program	Statewide Economic Development Finance Act	6-25-13
✓	✓	2021	New Markets Tax Credit Small Loan Pool	Statewide Economic Development Finance Act	6-21-6.12
✓	✓	2021	Small Business Recovery Loan Fund	Small Business Recovery and Stimulus Act	6-32-3
✓		2021	New Mexico LEDA Recovery Grants	Local Economic Development Act	5-10-16
✓	✓	2022	Cannabis Microbusiness Program	Local Economic Development Act	6-25-13
✓	✓	2022	Venture Capital Fund	Venture Capital Program Act	6-33-3
✓	✓	2022	Charter School Facility Revolving Fund	Charter School Facility Improvements Act	6-21-6.16
✓	✓	2022	Opportunity Enterprise Fund	Opportunity Enterprise Act	6-34-12

Primary Programs that Support Health Care

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- ◆ NMFA has been an active lender to health care providers since the 1990s
 - Primary Care Capital Fund (1994)
 - Behavioral Health Capital Fund (2004)
- ◆ Eligible entities include non-profit providers and clinics owned by public bodies
- ◆ Eligible uses include the repair, renovation, construction and equipping of health care facilities
- ◆ Terms:
 - Fixed interest rate of 3%
 - Loan terms of 10 years for equipment
 - 20 years for infrastructure
 - Clients may enter into a Contract for Services Agreement which provides 20% of the loan to be repaid through the provision of care at free or reduced prices to sick and medically indigent patients
- ◆ NMFA is teamed with Policy Partners in administering these programs
 - PCCF: Department of Health
 - BHCF: Human Services Department
- ◆ These partner agencies are responsible for programmatic elements of the programs, including:
 - Vetting and recommending qualifying projects for funding
 - Entering into and monitoring compliance with borrower clinics' compliance with Contract For Service Agreements
- ◆ NMFA is responsible for financial aspects of the programs, including:
 - Underwriting and originating loans
 - Portfolio servicing and monitoring
 - Compliance reporting and enforcement

The PCCF provides low-cost financing for the acquisition, renovation and construction of clinics owned by non-profit providers or public bodies. Loan terms provide for a fixed interest rate of 3%, up to 20% of which can be repaid through the provision of services to indigent patients at free or reduced prices. The PCCF was capitalized with \$5 million and to date, NMFA and the Department of Health have made 19 loans totaling \$11,524,659

Mesilla Valley Hospice – Las Cruces

Loan Amount: \$2 million

Project: Expansion and Renovation of its current hospice facility, New Mexico's only freestanding hospice house at the time, to provide for current and projected need for end-of-life care in Southern New Mexico.

Community Benefit: The project expand the La Posada in-patient facility, Constructing an in-home care center; and completion and enhancement of landscaping.





Solace Rape Crisis Center – Santa Fe
(f/k/a Santa Fe Rape Crisis & Trauma
Treatment Center, Inc.)

Loan Amount: \$480,000

Projec: Refinancing of a portion of the construction financing of its facility. The facility provides for medical, legal, educational and psychotherapeutic support to New Mexicans experiencing trauma, regardless of the source.

Community Benefit: Solace Rape Crisis Center added a trauma unit to benefit anyone suffering from trauma, including expanded services for veterans, police officers, firemen, and violent crime victims.

The BHCF provides low-cost financing for the acquisition, renovation and construction of clinics owned by non-profit providers or public bodies. Loan terms provide for a fixed interest rate of 3%, up to 20% of which can be repaid through the provision of services to indigent patients at free or reduced prices. The BHCF was capitalized with \$2.5 million and to date, NMFA and the Human Services Department have made six loans totaling \$3,615,000

Other NMFA Funding Programs

- ◆ In addition to the Primary Care Capital Fund and Behavioral Health Capital Fund, NMFA has provided funding to hospitals and health care providers through other loan programs
 - **Essential Services Working Capital Loans** – emergency loan program operated during FY 2021 to help critical care providers with covid related short-term cash flow difficulties. Eight loans totaling \$2,254,800 were made to health care providers
 - Eight loans represents nearly half of the ESWCL made (8 of the 17)
 - 40% of the ESWCL funded health care facilities
 - With the increase of state and federal funding made available through other avenues, this program was discontinued and the remainder of the funds were directed to the NMFA Cannabis Microbusiness loan program.
 - **New Markets Tax Credits** – federal tax credit program that incentivizes investment in low-income communities. To date, Finance New Mexico has invested approximately \$42 million of its \$321 million in health care projects. Federal tax credit allocation is highly competitive and once awarded, credits must be invested expeditiously
 - **Public Project Revolving Fund** – To date, the PPRF has funded several community owned hospitals in Union, Roosevelt and Sierra Counties as well as state-supported hospitals in Albuquerque, Bayard, Las Vegas, Lovington, and Silver City.

Tax Credit investors make equity investment into a Community Development Entity (CDE) such as Finance New Mexico. In return for its equity investment, a Tax Credit investor receives a 39% tax credit, taken over 7 years. The Tax Credit equity is paired with owner equity, other borrowed funds, or other grant/public funds which are also invested into the CDE

CDEs use the proceeds of the investment to make flexible loans to high impact projects undertaken by businesses and non-profits

Tax Credit proceeds typically fund 20-25% of a project and the borrower is responsible for securing the remaining funds which in total must equal or exceed the amount of New Markets Tax Credit authority allocated to a deal

The borrower benefits from flexible loan terms, including a below market interest rate, interest-only terms for 7-years and the ability retain a portion of the Tax Credit equity at maturity

Since 2008, Finance New Mexico has received allocations of federal NMTCs totaling \$321 million



Laguna Health Care Complex

Completion of a 15,051 square foot health clinic to be located on the Pueblo of Laguna to serve the Native American population located on the Pueblo of Laguna and surrounding communities

Public Project Revolving Fund

- ◆ The PPRF, NMFA’s flagship program, makes low-cost loans to State, local and Tribal governments to finance public infrastructure and equipment
 - Borrowers receive the PPRF’s AAA interest rates regardless of the borrower’s credit or size
 - NMFA’s approval includes a 90-day interest rate cap
 - No adjustment to interest rate for risk
 - No fees since January 2020
 - NMFA absorbs underwriting, rating, legal and other issuance costs, and produces the Official Statements, resulting in savings of time, effort, and costs to the borrower.

- ◆ In addition to low ‘AAA’ interest rates, clients with Median Household Incomes (“MHI”) below the State’s MHI may receive 0% or 2% Disadvantaged Entity interest rates



Nor-Lea Hospital District in Lovington

- ◆ NMFA could provide greater support to these critical health care providers through the following legislative actions:
 - Amend the Primary Care Capital Act (NMSA 24-1C-4) to:
 - Expand definition of eligible use to include working capital ; and
 - Move the Fund from the Treasury to the NMFA
 - Amend the Behavioral Health Capital Act (NMSA 6-26-4) to include working capital as an eligible use.
 - Increase program capitalization:
 - Appropriation of \$10 million to the Primary Care Capital Fund
 - Appropriation of \$10 million to the Behavioral Health Capital Fund