



---

NEW MEXICO  
**FINANCE AUTHORITY**

---

2019 Annual Report



*Advancing New Mexico by financing impactful, well-planned projects.*

# TABLE OF CONTENTS

<b>I. Introduction</b>	
Chair and Chief Executive Officer Message .....	1
<b>II. General Information</b>	
Board Members.....	2
NMFA Staff .....	3
<b>III. NMFA Overview</b>	
History of Programs .....	4
<b>IV. NMFA Programs and Activity</b>	
Infrastructure & Capital Equipment Programs .....	6
Public Project Revolving Fund	
Local Government Planning Fund	
Colonias Infrastructure Project Fund	
Water Programs .....	8
Drinking Water State Revolving Loan Fund	
Water Trust Board	
Water Project Fund	
Community Facilities & Economic Development Programs.....	10
Primary Care Capital Fund	
Behavioral Health Capital Fund	
Statewide Economic Development Finance Act	
Smart Money Loan Participation Program	
New Markets Tax Credits Program	
<b>V. Total Operating Budget</b>	
Total Operating Budget by Category .....	13
Annual Budgets 2018– 2020.....	14



# I. Introduction

2019 Annual Report



*Advancing New Mexico by financing impactful, well-planned projects.*



**Governor Michelle Lujan Grisham and Members of the New Mexico State Legislature:**

On behalf of the New Mexico Finance Authority Board of Directors and staff, we are pleased to present our Fiscal Year 2019 Annual Report.

Your New Mexico Finance Authority provides financing to a wide variety of public entities to enable them to provide the best possible services to their communities. The Finance Authority is proud serve clients that include school districts, municipalites and counties, colleges and universities, tribal governments, volunteer fire departments, Colonias communities and small rural water systems. We offer loan forgiveness and below market interest rates to disadvantaged communitites.

At the heart of the organization is the Public Project Revolving Fund (PPRF). This program leverages annual Governmental Gross Receipts Taxes into a highly successful low-cost loan program funding a diversity of state and local projects. We are pleased to report that Standard & Poor’s has assigned its AAA rating for both the PPRF’s Subordinate and Senior lien bonds. The impact of the PPRF’s superior bond ratings enables the Finance Authority to issue bonds at lower interest rates and pass the savings to New Mexico’s communities, regardless of their underlying credit.

In additon to financing various projects for public entities, the Finance Authority also offers financing options to private projects in an effort to further New Mexico’s economic development. For example, a \$10 million New Markets Tax Credit financing will allow McKinley Paper to upgrade and modernize its recycled paper manufacturing plant located in Prewitt, New Mexico. This critical funding will allow the company to maintain its operations in New Mexico, and thereby continue to offer high-wage jobs in rural McKinley County, but it will also allow the company to do so in a much more environmentally friendly manner.

In FY 2019 the Finance Authority funded 146 projects pumping \$386.8 million into New Mexico’s economy. We are proud of our achievements and are grateful for our many partners and clients across New Mexico.

Sincerely,

A handwritten signature in black ink that reads "Katherine Miller".

Katherine Miller  
Chair of the Board of Directors

A handwritten signature in blue ink that reads "John Gasparich".

John Gasparich  
Chief Executive Officer



## II. General Information

2019 Annual Report



*Advancing New Mexico by financing impactful, well-planned projects.*



# NEW MEXICO FINANCE AUTHORITY

## BOARD MEMBERS

**Katherine Miller, *Chair***

County of Santa Fe

**William Fulginiti, *Vice-Chair***

Executive Director

New Mexico Municipal League

**Steve Kopelman, *Secretary***

Executive Director

New Mexico Counties

**Olivia Padilla-Jackson, *Member***

Cabinet Secretary

New Mexico Department of Finance & Administration

**Sarah Cottrell Propst, *Member***

Cabinet Secretary

New Mexico Energy, Minerals & Natural Resources Department

**Alicia Keyes, *Member***

Cabinet Secretary

New Mexico Economic Development Department

**James Kenney, *Member***

Cabinet Secretary

New Mexico Environment Department

**Andrew J. Burke, *Member***

Chief Financial Officer

New Mexico State University

**Martin Abran Suazo, *Member***

**David A. Martinez, *Member***

**Leslie Nathanson Juris, *Member***



## NMFA STAFF

Chief Executive Officer  
John Gasparich

Chief Financial Officer  
Oscar Rodriguez

Sr. Program Administrator  
Angela Quintana

Chief Administrative Officer  
Dora Mae Cde Baca

Senior Accountant  
Robert Spradley

Sr. Program Administrator  
Todd Johansen

Chief Compliance Officer  
Heather Boone

Senior Accountant  
Lucas Elliot

Water Resources Administrator  
Mary Finney

Executive Assistant/Records  
Mgr.  
Connie Marquez

Senior Accountant  
Glenn Gaylord

Water Resources Administrator  
Susan Rodriguez

Director of IT  
Floyd Trujillo

Senior Accountant  
Norman Vuylsteke

Water Resources Administrator  
Charlotte Larragoite

Information Security Analyst  
Mona Killian

Accountant  
Michael MacDougall

Administrative Assistant  
Andrea Sutor

IT Systems Analyst  
Frank Ibarra

Accountant  
Meca Broadway

Chief Lending Officer  
Zach Dillenback

Administrative Support  
Specialist III  
Mark Dalton

Accountant  
Romana Speight

Lending Officer  
Carmela Manzari

Administrative Support  
Specialist I  
Helen Poston

Chief of Programs  
Marquita D. Russel

Lending Officer  
Ron Cruz

General Counsel  
Dan Opperman

Director of Commercial  
Lending  
John Brooks

Lending Officer  
Joe Durr

Assistant General Counsel  
Bryan Otero

Commercial Lender  
Ryan Olguin

Loan Closing Coordinator  
Leslie Medina

Chief Financial Strategist  
Michael Zavelle

Commercial Credit Analyst  
LaRain Valdez

Program Analyst  
Maria Gallardo

Investment Director  
Mark Lovato

Sr. Administrative Assistant  
Theresa Garcia

Financial Analyst  
Shawna Johnson

Director of Water Resources  
Michael Vonderheide

Sr. Administrative Assistant  
Lisa Barela



# III. NMFA Overview

2019 Annual Report



*Advancing New Mexico by financing impactful, well-planned projects.*



## Overview

The New Mexico State Legislature created the New Mexico Finance Authority (“Finance Authority”) in 1992 as a mechanism for accessing low-cost capital for New Mexico cities, counties and certain departments of State government. The enabling statute created the Public Project Revolving Fund (“PPRF”), the Finance Authority’s flagship program, as the primary vehicle to accomplish this financing objective. As authorized by statute, the Finance Authority issues PPRF bonds to replenish the funds it loans to New Mexico governmental entities. The statute provided that a portion of the Governmental Gross Receipts Tax would be dedicated to the PPRF and would serve as additional credit enhancement for PPRF bondholders.

Through the years, the Finance Authority has become a reliable source of financing for a broad range of projects. Building upon the success with the PPRF, the Legislature has broadened the Finance Authority’s financing options to include targeted programs for vital water and wastewater projects as well as transportation, community facilities and economic development projects.

<b>Year Law Enacted</b>	<b>Program Name</b>	<b>Enabling Act</b>	<b>Statute</b>	<b>Sponsor</b>
1992	Public Project Revolving Fund	New Mexico Finance Authority Act	6-21-6.0	Sen. Edward Lopez (SB 172)
1994	Primary Care Capital Fund	Primary Care Capital Funding Act	24-1C-4	Rep. Michael Olguin (HB 702)
1997	Drinking Water State Revolving Loan Fund	Drinking Water State Revolving Loan Fund Act	6-21A-4	Rep. Gary King (HB 592)
1999	Water and Wastewater Grant Fund	New Mexico Finance Authority Act	6-21-6.3	Sen. Linda Lopez (SB 662)
2001	Water Project Fund	Water Project Finance Act	72-4A-9	Rep. Joseph Stell (HB 534)
2002	Local Government Planning Fund	New Mexico Finance Authority Act	6-21-6.4	Sen. Pete Campos (SB 40)
2003	Economic Development Revolving Fund (Smart Money)	Statewide Economic Development Finance Act	6-25-1	Sen. Manny Aragon (SB 943)
2003*	<i>Child Care Revolving Loan Fund</i>	<i>Child Care Facility Loan Act</i>	<i>24-24-4.0</i>	<i>Sen. Linda Lopez (SB 358)</i>
2004*	<i>Acequia Project Fund</i>	<i>Water Project Finance Act</i>	<i>72-4A-9.1</i>	<i>Sen. Carlos Cisneros (SB 87)</i>
2004	Behavioral Health Capital Fund	Behavioral Health Capital Funding Act	6-26-4	Sen. Mary Kay Papen (SB 284)
2005	Energy Efficiency & Renewable Energy Bonding Act	New Mexico Finance Authority Act	6-21D-5	Rep. Mimi Stewart (HB 32)
2005*	<i>Local Transportation Infrastructure Fund</i>	<i>New Mexico Finance Authority Act</i>	<i>6-21-6.8</i>	<i>Rep. Dan Silva (HB 979)</i>
2006	New Markets Tax Credit	Statewide Economic Development Finance Act	6-25-6.1	Rep. Patricia Lundstrom (HB 277)
2007*	<i>Local Government Transportation Fund</i>	<i>New Mexico Finance Authority Act</i>	<i>6-21-6.12</i>	<i>Rep. Dan Silva (HB 2)</i>
2010	Colonias Infrastructure Project Fund	Colonias Infrastructure Finance Act	6-30-1.0	Sen. Mary Kay Papen (SB 279)
2011*	<i>Collateral Support Participation Program</i>	<i>Statewide Economic Development Finance Act</i>	<i>6-25-13</i>	<i>Authority granted under SWEDFA and State Small Business Credit Initiative</i>

\*Inactive programs

**NMFA Program Activity FY 2019 and FY 2018**

<b>Public Lending Programs</b>	<b>2019</b>		<b>2018</b>	
Public Project Revolving Fund	98	\$ 292,065,615	109	\$ 240,740,847
Drinking Water State Revolving Loan Fund	12	\$ 19,308,157	12	\$ 11,789,905
Water Project Fund	14	\$ 17,305,000	3	\$ 4,415,442
Colonias Infrastructure Fund	17	\$ 9,519,823	12	\$ 4,479,976
Local Government Planning Fund	39	\$ 1,787,967	50	\$ 2,033,155
<b>Total Public Lending</b>	<b>141</b>	<b>\$ 338,198,595</b>	<b>136</b>	<b>\$ 261,426,170</b>
<b>Private Lending Programs</b>				
New Markets Tax Credits	4	\$ 47,000,000	1	\$ 15,000,000
Primary Care Capital Fund		\$ -		\$ -
Behavioral Health Capital Fund	1	\$ 1,600,000		\$ -
Economic Development Revolving Fund		\$ -		\$ -
State Small Business Credit Initiative	-	\$ -	-	\$ -
<b>Total Private Lending</b>	<b>5</b>	<b>\$ 48,600,000</b>	<b>1</b>	<b>\$ 15,000,000</b>
<b>TOTAL</b>	<b>146</b>	<b>\$ 386,798,595</b>	<b>137</b>	<b>\$ 276,426,170</b>



# IV. NMFA Programs and Activity

2019 Annual Report



*Advancing New Mexico by financing impactful, well-planned projects.*

# Infrastructure and Capital Equipment Programs

## ***Public Project Revolving Fund***

---

The Public Project Revolving Fund (“PPRF”) is the Finance Authority’s flagship program created in 1992 to assist a wide range of public entities in accessing the capital markets at low or below-market interest rates. The Finance Authority’s main purpose is to coordinate the planning and financing of state and local public projects, provide long-term planning based on state and local capital needs and to improve cooperation among the executive and legislative branches of state and local governments. These goals are achieved primarily through the PPRF.

The Finance Authority’s share of Governmental Gross Receipts Tax (“GGRT”) both enables the PPRF to maintain adequate lending capacity and to remain highly rated. GGRT is the tax levied on goods and services provided by local governments. In FY 2019, the PPRF’s share of the GGRT approximated \$37.2 million. The Finance Authority uses available funds to make loans to borrowers and then replenishes the PPRF by issuing tax-exempt bonds secured by the PPRF loans made to qualified entities and the annual GGRT receipts.

Since its inception, the Finance Authority has served a diversity of borrowers and project types. This diversity, coupled with the annual receipt of GGRT, helped the PPRF attain the highest bond ratings, low costs of issuance for borrowers, and subsidize interest rates on loans to disadvantaged entities. The PPRF’s advantage is the ability to offer all borrowers the PPRF’s ‘AAA’ interest rates regardless of the borrower’s underlying credit. The impact of the PPRF’s high bond rating means that Finance Authority is able to issue bonds at lower interest rates and pass along the savings to New Mexico’s communities, regardless of their underlying credit. Communities are then able to maximize limited public dollars to use in public projects due to lower interest rates.

In FY 2019, the Finance Authority closed 98 PPRF loans totaling \$292,065,615, representing an 18% increase in the amount of PPRF loans made in FY 2018. Since the inception of the program through June 30, 2019, the NMFA has made 1,656 loans totaling \$3.9 billion.

### ***Pubic Project Revolving Fund Eligibility:***

***Applicants:*** Local governments, including tribal entities and charter schools

***Projects:*** Infrastructure, building and capital equipment projects

***Terms:*** Loans of up to 30 years, based upon the useful life of the project, offered at low, fixed interest rates

***Other:*** Entities with median household incomes less than the State’s median household income are eligible to receive 0% or 2% interest rates for up to \$500,000 per entity per fiscal year subject to availability of funds

## ***Local Government Planning Fund***

---

The Local Government Planning Fund funds critical planning documents for a variety of public infrastructure projects. Eligible plans include Preliminary Engineering Reports, Feasibility Studies, Environmental Information Documents, Comprehensive Plans, Asset Management Plans, Water Conservation Plans, Master Plans, Local Economic Development Act Plans and Metropolitan Redevelopment Act Plans. Applications are accepted monthly and grants are made on a reimbursement basis. In FY 2019, the Finance Authority closed 39 grant agreements totaling \$1,787,967, a 14% decrease in the amount of grants made in FY 2018.

### ***Local Government Planning Fund Eligibility:***

**Applicants:** Local governments, including tribal entities and mutual domestic water consumers associations

**Projects:** Preliminary engineering reports, environmental information documents, water conservation plans, long-term water plans, energy efficiency audits and economic development plans

**Terms:** Grant eligibility is determined by project type and the applicant's ability to pay for all or a portion of the planning document

**Other:** Grants are made on a sliding scale

## ***Colonias Infrastructure Project Fund***

---

In 2010, the Legislature adopted the Colonias Infrastructure Act ("Act") to help certain communities in Southern New Mexico that lack basic infrastructure for water and wastewater, solid waste disposal, flood and drainage control, roads and housing. The purpose of the Act is to provide funding for infrastructure development for Colonia-recognized communities for projects that improve quality of life and encourage economic development. In FY 2019, the Finance Authority closed 17 projects totaling \$9,519,823, representing a 53% increase in loans and grants closed in FY 2018.

### ***Colonias Infrastructure Project Fund Eligibility:***

**Applicants:** Local governments, including counties, cities and mutual domestic water consumers associations. Qualified entities must be able to demonstrate adequate capacity to construct and operate the project over the long-term

**Projects:** Planning, design and construction

**Terms:** Funds are delivered as 90% grant, 10% loan, with provisions for loan waivers. The loans are structured with terms of up to 20 years at 0% interest

**Other:** Projects are selected by the Colonias Infrastructure Board and recommended to the Finance Authority for funding

# Water Programs

## ***Drinking Water State Revolving Loan Fund***

---

The Drinking Water State Revolving Loan Fund (“DWSRLF”) is operated in partnership with the New Mexico Environment Department (“NMED”). The DWSRLF provides low-cost financing for the construction of and improvements to drinking water facilities throughout New Mexico in order to protect drinking water quality and the public health.

This DWSRLF is a federal program, managed by the Finance Authority on behalf of the State of New Mexico, funded through a federal capitalization grant that have historically averaged \$8 million annually. The State is required to match 20 percent of the federal grant. The DWSRLF’s primary use is to provide below-market rate loans for vital water quality projects. As provided under the federal guidelines, NMED uses 27 percent of the capitalization grant to fund its duties under the federal Safe Drinking Water Act. Similarly, the Finance Authority uses 4 percent for management of the program. To date, the Finance Authority’s DWSRLF program has received \$172 million in federal Environmental Protection Agency capitalization grants, matched by the Finance Authority with \$36.6 million in state match and \$65 million in interest and loan repayments.

Since 2011, the terms of the federal capitalization grants required that the Finance Authority deliver a portion of the funds with additional subsidy. The Finance Authority provides the additional subsidy through low-cost loans with principal forgiveness determined on a sliding scale. In FY 2019, the Finance Authority closed awards totaling \$19,308,157 representing a 39% increase in the amount of loans made in FY 2018.

### ***DWSRLF Eligibility:***

***Applicants:*** Municipal and community water systems

***Projects:*** Water infrastructure and equipment

***Terms:*** Loans of up to 30 years are offered at below market, fixed interest rates

- Disadvantaged public entities: 0% for the first \$1 Million
- Community water systems: 1%
- Non-profit water systems: 3%

***Other:*** In addition to below-market interest rates, water systems operated by public entities may be eligible to receive additional subsidies such as principal forgiveness subject to funding availability

## ***Water Trust Board***

---

Pursuant to the Water Project Finance Act, the Finance Authority provides administrative support to the 16-member Water Trust Board and manages the Water Project Fund on its behalf.

## ***Water Project Fund***

---

The Finance Authority makes loans and grants for projects recommended by the Water Trust Board and authorized by the Legislature. With a reliable revenue stream to fund applications annually and a transparent set of policies that guide applicants, the Water Trust Board has become an increasingly sought-after source of funding for a variety of water projects statewide.

The Water Project Fund annually receives 9% of senior Severance Tax Bond (“STB”) proceeds as well as a distribution from the Water Trust Fund. These monies are used to fund a variety of water projects recommended by the Water Trust Board and authorized by the Legislature. In FY 2019, the Finance Authority closed 14 funding agreements totaling \$17,305,000 representing a 74% increase in grants and loans made in FY 2018. Water Trust Boards awards are a combination of grants and loans, based upon the financial capacity of the applicants.

### ***Water Project Fund Eligibility:***

***Applicants:*** State and local governments, including tribal entities and mutual domestic water consumers associations

***Projects:*** Planning and construction of qualified projects recommended by the Water Trust Board and authorized by the Legislature. Qualified projects include:

- Water treatment, conservation or reuse
- Flood prevention
- Endangered Species Act collaborative efforts
- Water storage, conveyance and delivery infrastructure improvements
- Watershed restoration and management initiatives

***Terms:*** Loan/Grant combinations with the loan component dependent on the repayment ability of the applicant; loans are offered at 0% interest for terms of up to 20 years

***Other:*** Applicants are required to demonstrate at the time of award the ability to fully expend the funds within 12-18 months from award

## Community Facilities & Economic Development Programs

The Finance Authority has been active in the financing of private facilities since 1994 with the establishment of the Primary Care Capital Fund. With the creation of the Statewide Economic Development Finance Act in 2003, the Legislature made the Finance Authority a key partner in economic development. Currently, the Finance Authority actively offers four funding programs in this area.

### ***Primary Care Capital Fund***

---

The Primary Care Capital Fund (“PCCF”) was created by the 1994 Legislature with an initial appropriation of \$5 million to be used as a revolving fund. In cooperation with the Department of Health (“DOH”), the Finance Authority makes low-cost loans to non-profit providers. In FY 2019, Governor Lujan Grisham signed into law the Local Government Primary Care Clinic Funding bill which allows primary care clinics owned by counties and municipalities to apply for funds as well. To date, the Finance Authority and DOH have funded 19 loans totaling more than \$12 million; no new loans were made in FY 2019.

#### ***PCCF Eligibility:***

***Applicants:*** 501(c) (3) non-profit primary care health providers

***Projects:*** Building and capital equipment acquisitions

***Terms:*** Loans of up to 20 years are offered at a 3% interest rate, fixed

***Other:*** Borrowers who provide care to indigent patients at free or reduced prices are eligible to receive up to 20% of their annual principal and interest payments reduced through a contract-for-services negotiated with DOH

### ***Behavioral Health Capital Fund***

---

Tailored after the successful Primary Care Capital Fund, this program was created in 2004 to provide low cost capital to non-profit behavioral health clinics in rural and underserved areas of the state. This small loan program was capitalized by the NMFA with \$2.5 million and provides below-market interest rate loans to non-profit behavioral health care providers. In FY 2019, Governor Lujan Grisham signed into law the Local Government Behavioral Health Clinic Funding bill which increased access to the fund by eliminating the asset cap on non-profits and allowing behavioral health clinics owned by counties and municipalities to apply for the funds as well. In FY2019, the Finance Authority made a \$1.6 million loan to La Clinica de Familia for an expansion to its Sunland Park facility and improvements to a Las Cruces clinic.



### ***BHCF Eligibility:***

**Applicants:** Behavioral care health providers owned by 501(3) non-profits, municipalities or counties.

**Projects:** Building and capital equipment acquisitions

**Terms:** Loans of up to 20 years are offered at a fixed interest rate of 3%

**Other:** Borrowers who provide care to indigent patients at free or reduced prices may be eligible to receive up to 20% of their annual principal and interest payments reduced through a contract-for-services negotiated with Human Services Department

## ***Statewide Economic Development Finance Act***

---

The Statewide Economic Development Finance Act (“SWEDFA”) was enacted into law in 2003 and authorizes the Finance Authority to issue bonds, make loans and provide loan and bond guarantees on behalf of private entities, including businesses and non-profit corporations, from the Economic Development Revolving Fund. SWEDFA partners the Finance Authority with the New Mexico Economic Development Department (“NMEDD”) in creating and operating finance programs that help stimulate the economy through job creation and business growth, particularly in rural and underserved areas of New Mexico. To date the Finance Authority has implemented several programs that help stimulate the economy and create jobs.

The first program implemented under SWEDFA was a loan participation program funded by a net appropriation of \$5.1 million in State funds. This program remains active and, due to a loan prepayment, funds are available for new investments.

From FY 2012 – FY 2017, through a Memorandum of Understanding with NMEDD, the Finance Authority administered the Collateral Support Participation program with approximately \$8 million in federal State Small Business Credit Initiative (“SSBCI”) funds made available through the federal Small Business Jobs Act. Through this program, the Finance Authority partnered with banks to support small business lending helping entrepreneurs start or expand their businesses, thereby creating and retaining jobs for New Mexicans. Under the Collateral Support Participation program, the Finance Authority invested approximately \$8.3 million through 16 loan participations.

## ***Loan Participation Program***

---

The Smart Money Loan Participation Program creates greater access to capital throughout rural and underserved areas of New Mexico by allowing the Finance Authority to purchase up to 49% of loans originated, underwritten and serviced by local banks at low, fixed interest rates. To date, the Finance Authority has purchased participations totaling \$6,420,705 in six loans across the State, with its latest participation made in September 2019.

### ***Smart Money Eligibility:***

***Applicants:*** Businesses and non-profit corporations

***Projects:*** Working capital, equipment and building projects

***Terms:*** Loans of up to 25 years are offered at low, fixed interest rates

***Other:*** The Finance Authority can purchase up to 49% of a bank's loan dependent on the maturity of the loan, job creation derived from the project, and lien position of the participation

### ***New Markets Tax Credits Program***

---

In 2007, with the explicit authorization of the Legislature, the Finance Authority formed a for-profit subsidiary called Finance New Mexico, LLC, to pursue an allocation of federal tax credits available under the New Markets Tax Credit ("NMTC") program. Since 2007, the US Department of Treasury has awarded Finance New Mexico five NMTC allocation awards totaling \$286 million, \$40 million of which was received in FY 2019. Under this program, subsidiaries of Finance New Mexico, LLC lend to private for-profit and not-for-profit organizations to spur job creation and development activities in low-income areas of the State.

The purpose of the NMTC Program is perfectly aligned with the goals of SWEDFA, which is to provide private businesses in rural or low-income communities across the State with greater access to capital. Under this program, Finance New Mexico leverages private capital with funds derived from the sale of tax credit to investors. The incentive to investors is a 39 percent federal income tax credit earned over seven years for every dollar invested in a qualified low-income community enterprise. The benefit to New Mexico businesses is very low-cost capital, with flexible lending criteria and the potential to convert portions of NMTC loans to equity.

In FY 2019, Finance New Mexico closed on four NMTC transactions totaling \$47 million, representing a 68% increase in total investments made in FY 2018.

### ***New Markets Tax Credit Eligibility***

***Applicants:*** For-profit and not-for-profit entities located in federally designated low-income census tracts

***Projects:*** Building, equipment and working capital

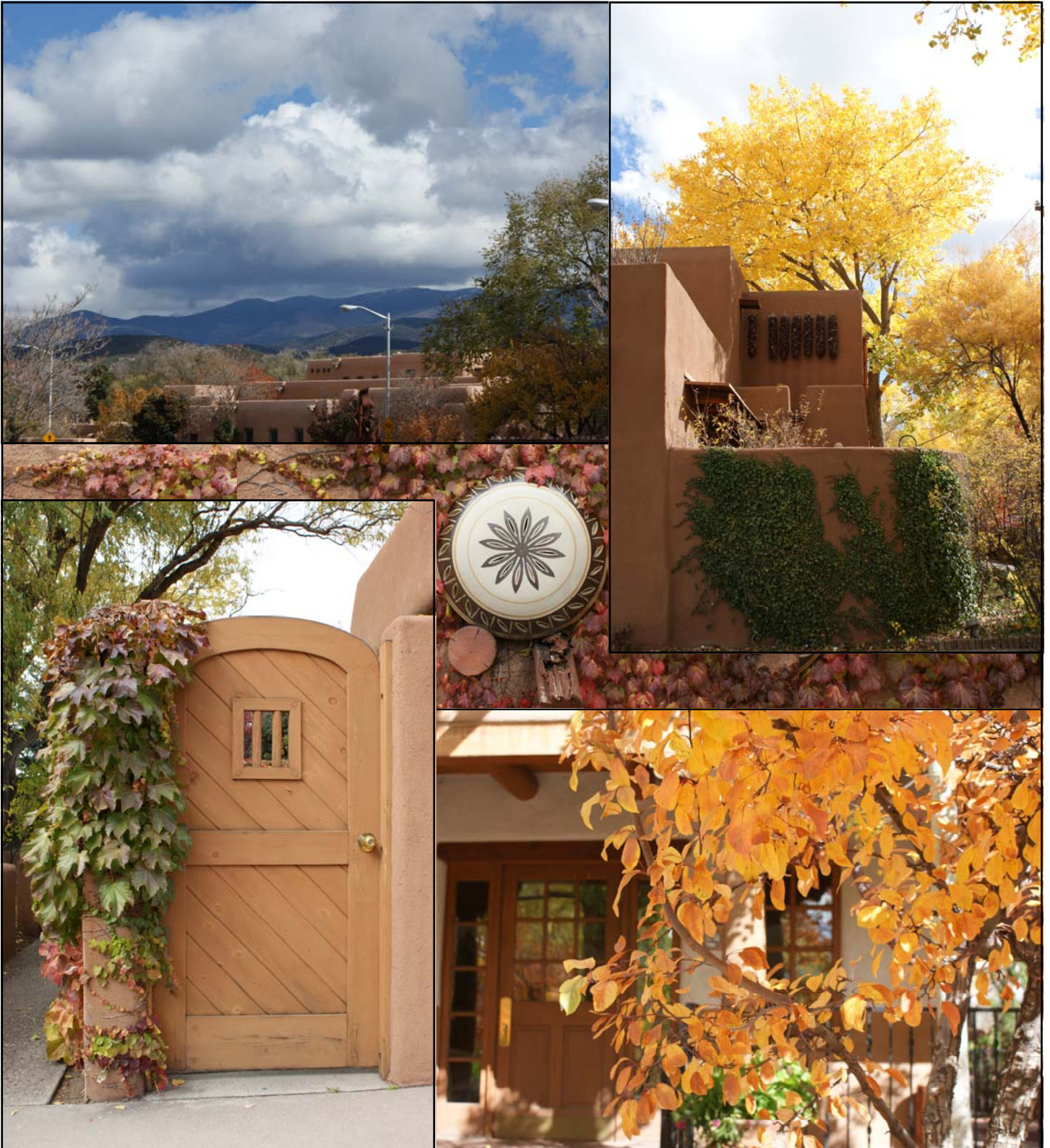
***Terms:*** Terms of up to 40 years are offered at below market interest rates, with interest only due for the first seven years

***Other:*** Successful applicants must secure a primary lender that is willing to leverage its loans through the NMTC program. Funding is offered through quarterly competitive application cycles and is subject to available funding



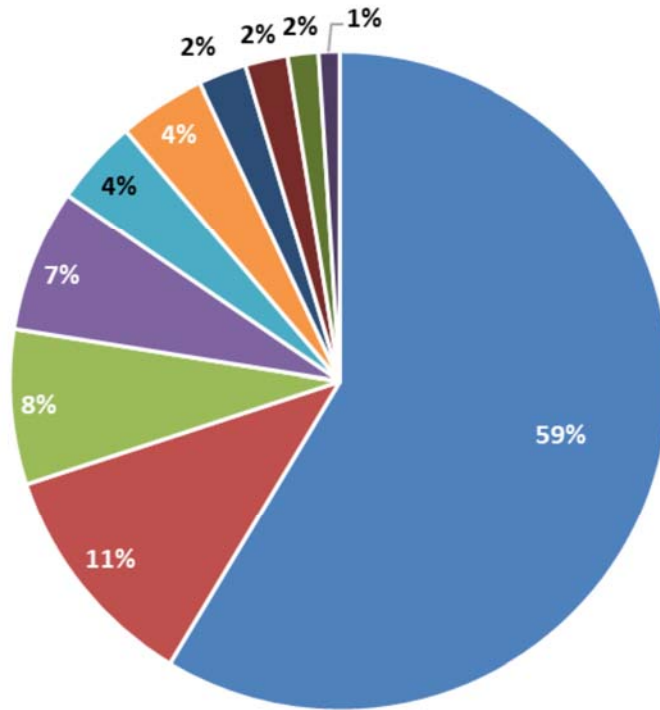
# V. Total Operating Budget

2019 Annual Report



*Advancing New Mexico by financing impactful, well-planned projects.*

# Operating Fund Allocation by Program



- PPRF
- Drinking Water
- Water Trust Board
- New Market Tax Credits
- Colonias
- Local Govt Planning
- GRIP
- Smart Money
- SSBCI
- Behavioral Health

Program	Budget	%
PPRF	5,781,014	59%
Drinking Water	1,119,147	11%
Water Trust Board	746,800	8%
New Market Tax Credits	693,635	7%
Colonias	415,233	4%
Local Govt Planning	420,021	4%
GRIP	232,215	2%
Smart Money	205,245	2%
SSBCI	148,856	2%
Behavioral Health	101,787	1%
Primary Care Capital	100,032	1%
	<b>9,863,953</b>	<b>100%</b>

Operating Budget by Category



- Personnel services (54%)
- Professional services (36%)
- Operating costs (11%)

## New Mexico Finance Authority

### Budget for Fiscal Years 2018 thru 2020

	FY 2018 Actual	FY 2019 Budget      Actual		FY 2020 Budget	FY 2020 Budget to FY19 Actual	FY 2020 Budget to FY19 Budget
<b>Revenues</b>						
Interest income from loans	\$ 52,732,085	\$ 50,600,000	\$ 50,625,953	\$ 51,600,000	2%	2%
Grant Revenue	40,589,738	44,338,400	31,452,200	44,600,000	42%	1%
Appropriation revenue	36,463,733	38,100,000	42,953,352	38,900,000	-9%	2%
Administrative fees revenue	5,460,694	3,488,000	6,403,922	3,500,000	-45%	0%
Interest income from investments	2,964,201	1,190,000	7,919,934	2,850,000	-64%	139%
<b>Total Revenues</b>	<b><u>\$ 138,210,451</u></b>	<b><u>\$ 137,716,400</u></b>	<b><u>\$ 139,355,361</u></b>	<b><u>\$ 141,450,000</u></b>	2%	3%
<b>Operating Expenses</b>						
Salaries and benefits	4,110,925	5,037,392	4,647,382	5,338,536	15%	6%
Professional services	2,155,028	3,267,697	2,800,189	3,556,750	27%	9%
Other operating costs	1,412,046	1,340,109	870,936	1,068,699	23%	-20%
<b>Total Operating Expenses</b>	<b><u>\$ 7,677,999</u></b>	<b><u>\$ 9,645,198</u></b>	<b><u>\$ 8,318,507</u></b>	<b><u>\$ 9,963,985</u></b>	20%	3%
<b>Non-Operating Expenses</b>						
Bond interest expense	45,522,536	47,000,000	57,138,658	47,000,000	-18%	0%
Bond issuance costs	1,971,034	2,000,000	1,640,333	2,000,000	22%	0%
Loan financing pass-through	7,059,254	7,000,000	12,943,547	7,000,000	-46%	0%
Grants to others	36,143,867	37,550,000	34,104,721	37,910,000	11%	1%
Provision for loan losses	534,614	-	(840,297)	-		
Other Expense		80,000	77,933	180,000	131%	125%
Capital Expenditures	21,024	75,000	420,759	276,000	-34%	268%
Interest expense	331,022	-	266,620	150,000	-44%	
<b>Total Non-operating Expenses</b>	<b><u>\$ 91,583,351</u></b>	<b><u>\$ 93,705,000</u></b>	<b><u>\$ 105,752,274</u></b>	<b><u>\$ 94,516,000</u></b>	-11%	1%
<b>Total Expenses</b>	<b><u>\$ 99,261,350</u></b>	<b><u>\$ 103,350,198</u></b>	<b><u>\$ 114,070,781</u></b>	<b><u>\$ 104,479,985</u></b>	-8%	1%
<b>Revenue Over Expenses</b>	<b><u>\$ 38,949,101</u></b>	<b><u>\$ 34,366,202</u></b>	<b><u>\$ 25,284,580</u></b>	<b><u>\$ 36,970,015</u></b>	46%	8%