



Financing Infrastructure through the New Mexico Finance Authority

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We are dedicated to improving the lives of New Mexicans by planning and financing infrastructure, strengthening the economy through public/private partnerships and setting the standard for superior, diverse, innovative and solution-driven financing.

- ◆ Leverage state and local expertise along with that of the NMFA staff to resolve long-term infrastructure needs statewide
- ◆ Facilitate enhanced financial knowledge and capacity within NMFA and with our partner communities
- ◆ Since inception, the NMFA has financed over \$2 Billion in vital infrastructure, building and equipment projects across the State of New Mexico
- ◆ *To date, the NMFA has a zero default rate on its loans*

Programs offered by the NMFA



- ◆ *Public Project Revolving Fund (PPRF)*
- ◆ *Water Trust Board*
- ◆ *Drinking Water State Revolving Loan Fund (DWRLF)*
- ◆ *Local Government Planning Fund*
- ◆ *Primary Care Capital Fund (PCCF)*
- ◆ *Behavioral Health Capital Fund*
- ◆ *Child Care Facility Loan Fund*
- ◆ *Smart Money Initiative*
- ◆ *Local Transportation Infrastructure Fund*



Drinking Water Revolving Loan Fund

*NMFA's federally capitalized
drinking water program*



Created in 1996 by the Safe Water Drinking Water Act to fund projects that:

- ◆ Provide low cost financial assistance to water systems to fund water construction and rehabilitation projects
- ◆ Address present or prevent future violations of health-based drinking water standards
- ◆ Are necessary to maintain compliance with existing national primary drinking water regulations for contaminants with acute and chronic health effects
- ◆ Focus on the needs of small and disadvantaged water systems

Federally capitalized revolving loan fund that offers subsidized interest rates for water quality projects

- ◆ Standard Rate – 2%
- ◆ Disadvantaged Rate – 0% (up to the \$600k)
- ◆ Private: Non-For-Profit – 3%
- ◆ Private: For-Profit – 4%

To date NMFA has received nine capitalization grants from EPA to fund water quality projects:

- ◆ \$83.7 million in federal awards
- ◆ \$16.7 million in state match
- ◆ These funds have been committed to 31 projects throughout the state

Low Cost DWRLF loans can be used for the following water projects:

- ◆ Treatment
- ◆ Transmission/Distribution
- ◆ Source
- ◆ Storage
- ◆ Regionalization
- ◆ Refinancing:
 - ◆ only if project met environmental requirements
 - ◆ Financed after 6/1/93
- ◆ Planning and Design:
 - ◆ Project may include planning and design and other associated pre-project costs regardless of when they were incurred.



However, DWRLF loans cannot be used for the following water projects:

- ◆ Dams
- ◆ Acquisition of water rights
 - ◆ except as part of a system purchase for regionalization
- ◆ Reservoirs
 - ◆ except for finished water reservoirs that is part of the treatment process
- ◆ Projects primarily for fire protection
- ◆ Projects that primarily address growth
- ◆ Projects that have received assistance from the national set-aside for Indian Tribes and Alaska Native Villages

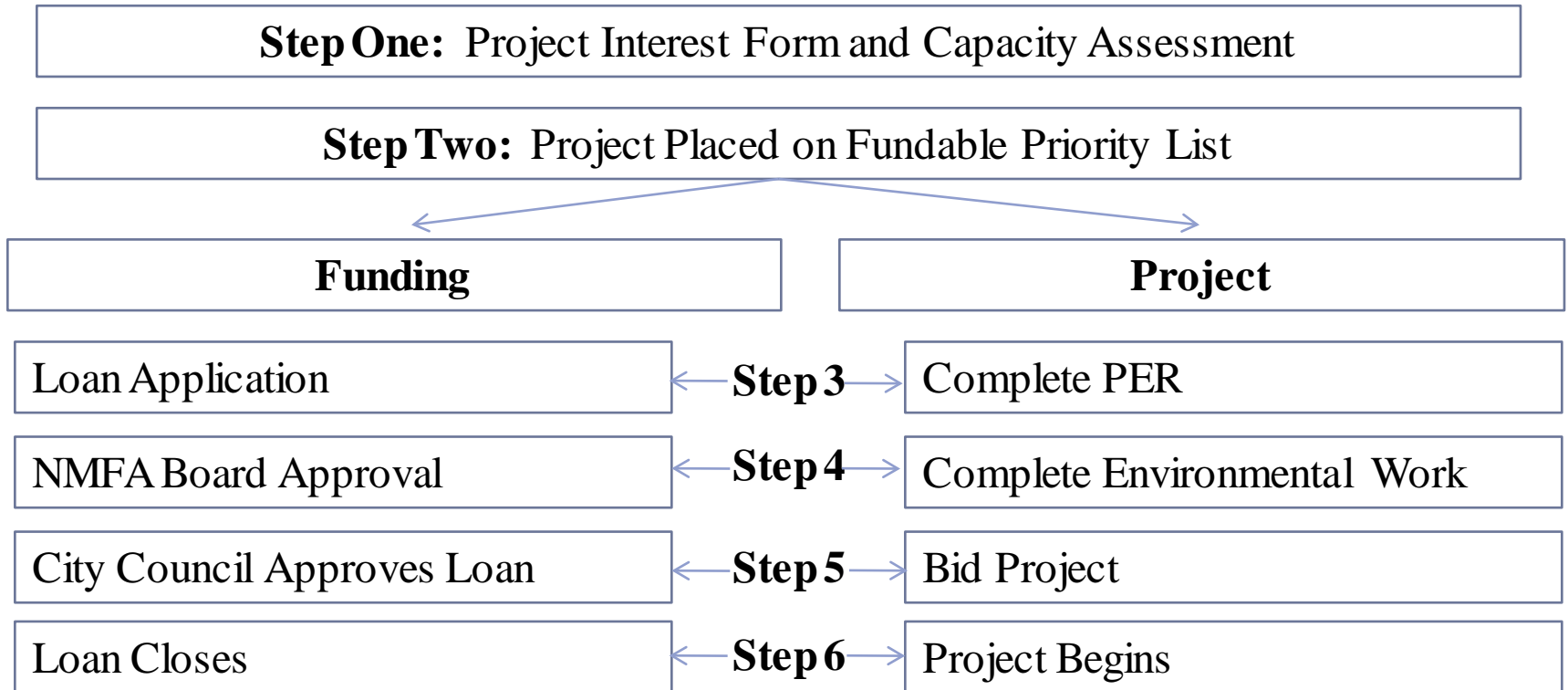
Grants available to fund for Preliminary Engineering Reports and Environmental Information Documents

Grant Eligibility Based on Median Household Income (MHI) of the Community

- ◆ Above 90% of MHI will not receive any assistance;
- ◆ $90\% > \text{MHI} \geq 75\%$ will receive 50% assistance from NMFA; and
- ◆ Less than 75% MHI will receive 100% assistance from NMFA.

Funds are very limited

DWRLF utilizes a federally mandated State Priority List to determine funding order





Local Government Planning Fund

*NMFA's ability to help Communities
with planning in the future*



Created by SB 40 from 2002 Legislature (Sen. Campos) provide upfront capital necessary to allow for proper planning of vital water and wastewater projects

- ◆ Feasibility Reports
- ◆ Preliminary Engineering Report (PER)

2005 Legislature (HB 304, Rep. Sandoval)

- ◆ Broadened project eligibility to include master plans, conservation plans & economic development plans
- ◆ Allows NMFA to “forgive” loan if entity finances project through NMFA

2009 Legislature (SB 23, Sen. MJ Garcia) funded \$2 million from the PPRF to the Local Government Planning Fund



Public Project Revolving Fund

“The NMFA’s flagship loan fund”



- ◆ Requires Legislative Authorization for projects over \$1 million
- ◆ Typical capital outlay projects, useful life of 3 years or more
- ◆ Interest rates are based on AA MMD – Tax Exempt bond market rates, set monthly by the NMFA Board and “locked-in” for 90 days
- ◆ Disadvantaged Entity Funding – State Average \$34,144
 - Above 90 MHI - Market Rates
 - 90% > MHI > 75% - 3%
 - 75% > MHI > - 0%
 - Up to \$200,000 per fiscal year
- ◆ Costs of issuance, up to \$200,000 per fiscal year, may be paid by the NMFA

Current Market Rates*

(AAA – insured, tax-exempt rates)

3 year – 1.382%

5 year – 1.921%

10 year – 2.896%

15 year – 3.714%

20 year – 4.318%

30 year – 4.958%

- ◆ Step 1: Application and resolutions are sent to the NMFA
- ◆ Step 2: Financial analysis is completed
- ◆ Step 3: NMFA Board approves project
- ◆ Step 4: Closing schedule is drafted
- ◆ Step 5: NMFA's legal counsel drafts loan documents
- ◆ Step 6: Local Government approves the loan documents
- ◆ Step 7: Funds are made available account on day of closing

Building Projects

- ◆ Renovations
- ◆ Convention Centers
- ◆ Municipal Complexes

Equipment Purchases

- ◆ Fire Trucks
- ◆ Maintenance Vehicles
- ◆ Police Vehicles

General Obligations

- ◆ School Bonds
- ◆ Municipal Bonds

Water projects

- ◆ Land Purchase
- ◆ Rehabilitation of Wells
- ◆ Water Infrastructure

Wastewater Projects

- ◆ Wastewater Infrastructure
- ◆ Land Purchase

Solid Waste Projects

- ◆ Solid Waste Equipment
- ◆ Recycling Plants
- ◆ Transfer Stations

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Financing your future, believing in New Mexico