

**The New Mexico Finance Authority
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The NMFA administers a revolving loan fund known as the (Public Project Revolving Loan Fund (PPRF)). The NMFA makes low-cost, low-interest rate loans from this fund to local government entities to finance infrastructure projects and capital equipment purchases. This fund provides a number of benefits to local government borrowers, including: low triple-A insured interest rates for all borrowers due to the fact that the NMFA backs each borrower's loan with a portion of the Governmental Growth Receipts Tax; significantly lower up-front costs due to the fact that the NMFA is able to borrow in bulk and pass the savings along to local governments; and more loan structuring flexibility than a borrower would be able to obtain in the private market or through vendor financing. For a typical 5-year equipment financing, today's rate would be 4.4 percent. For a typical 20-year infrastructure financing, today's rate would be approximately 5.4 percent.

Disadvantage Funding Program

This is a program that helps qualified entities stretch their local infrastructure dollars even further. Qualified entities would qualify for lower interest rate loans based on a comparison of the entities' Median Household Income (MHI) to that of the state as a whole. Entities with MHI less than 90%, but greater than 75% of the statewide MHI would qualify for a cash loan(s) of up to \$200,000 at an interest rate of 3 percent. Entities with MHI at 75% of the statewide MHI would qualify for a cash loan(s) of up to \$200,000 at an interest rate of 0 percent. Individual cash loan amounts under this program would be limited to \$75,000 per equipment financing and \$200,000 per infrastructure financing. Funds needed in excess of this cap would be available at the NMFA's regular rates. Funds will be distributed on a first-come, first-served basis.

Emergency Funding Program

This program represents a new wrinkle to the NMFA's standard PPRF loan program. The program was created during the 1999 Legislative Session, and allows the NMFA to make a limited number of loans from the Public Project Revolving Fund to qualified local government entities for "emergency public projects." The NMFA can make up to \$3,000,000 in emergency loans per fiscal year. Individual loans for emergency projects may be for up to \$500,000.

The definition of "emergency public project" is similar to that used by the State Board of finance for emergency funding. In order for a project to qualify as an "emergency public project," the project would have to:

1. Be required by an unforeseen occurrence or circumstance threatening public health, safety or welfare;
2. Require the immediate expenditure of money; and
3. Not be within the available financial resources of the applicant.

Water And Wastewater Project Grant Program

This program was created with the passage of Senate Bill 662 during the 1999 Legislative Session. The program will be administered by the NMFA and will be used to combine the NMFA's low-cost, low-interest rate loan financing with grants for water and wastewater projects. For example, an entity with a water or wastewater project this otherwise unable to finance a project with 100% loan funds could apply to the NMFA and, under this program, receive a package that is a portion grant from the Water and Wastewater Project Revolving Fund. There would be a local match required for the grant, determined by a sliding scale based on the applicant's financial capability to pay a portion of the project from local resources. There will likely be a limit on maximum amount of grant funding available for any one project.

Each year, the NMFA will recommend to the NMFA Oversight Committee, a list of projects that the NMFA proposes to receive grants from the Water and Wastewater Project Grant Fund.