



**207 Shelby Street  
Santa Fe, New Mexico 87501  
Toll free: 1-877-275-6632  
Phone: 505-984-1454  
fax: 505-922-9644**

## **PUBLIC PROJECT REVOLVING FUND**

The Public Project Revolving Fund (PPRF) was established to coordinate the planning and financing of State and local public projects, provide for long-term planning and assessment of State and local capital needs and to improve cooperation among the executive and legislative branches of State government and local governments by financing public projects.

The New Mexico Finance Authority (NMFA) administers the Public Project Revolving Loan Fund. The NMFA makes low-cost, low-interest rate loans from this fund to local government entities to finance infrastructure projects and capital equipment purchases.

The strength of the PPRF program results from an uninterrupted pledge of Governmental Gross Receipts Tax by the State of New Mexico. The NMFA receives each year 75% of the Governmental Gross Receipts Tax derived by the State to be used as capital for the PPRF. NMFA is able to leverage this capital base to borrow funds in the public bond markets at highly competitive rates consistent with NMFA's AA+ rating. In turn, NMFA passes the low rates it receives on to New Mexico communities. The NMFA charges a below market 1.5% fee for loans and absorbs costs of issuance over the 1.5%. This fee is capped at \$75,000 for loans of \$5 million or more. Additionally, NMFA provides a three month guarantee, without cost to the borrower, which caps the amount that interest rates can increase between loan approval and loan closing. The cap is 0.75% (75 basis points). NMFA can also provide more loan structuring flexibility than most borrowers can obtain in the private market or through vendor financing as well.

At year end 2009, the NMFA's all-in blended interest rate for a typical 5-year equipment loan was 1.375%. For a 25-year infrastructure loan, the all-in rate was 3.775%.

NMFA posts information about the PPRF, current pricing for PPRF loans and loan advisor contact information, as well as, information about NMFA's other loan programs on its web site ([www.nmfa.net](http://www.nmfa.net)).

NMFA is also able to assist some New Mexico communities with subsidized financing through the PPRF's Disadvantaged Funding program.

## Disadvantaged Funding

An additional benefit to borrowers from the PPRF is the opportunity to receive “disadvantaged funding”, which helps qualified entities stretch their local infrastructure dollars even further. Qualified entities are eligible to receive 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 qualify for a cash loan(s) of up to \$200,000 at an interest rate of three percent (3%). Entities with MHI at 75% of the statewide MHI qualify for cash loan(s) of up to \$200,000 at an interest rate of zero percent (0%). Individual cash loan amounts under this program are limited to \$75,000 for equipment financing and \$200,000 for infrastructure financing, per entity per fiscal year. Funds needed in excess of this cap are available at the NMFA’s regular rates.

### Funding History:

As of December, 2009, the NMFA has:

- ◆ Made more than 840 PPRF loans totaling more than \$1.6 billion
- ◆ 603 PPRF loans still outstanding totaling more than \$1.3 billion
- ◆ About 1 out of every 6 of its PPRF loans secured by Fire Protection Funds
- ◆ Provided \$ 44 million in disadvantaged funding