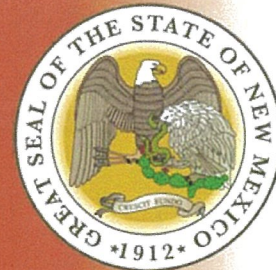


NEW MEXICO FINANCE AUTHORITY OVERSIGHT COMMITTEE QUARTERLY REPORT



OCTOBER 2018

Message from the Chair



Jacob Candelaria

Welcome to the first issue of the New Mexico Finance Authority Oversight Committee Quarterly Report. We hope this publication will serve to inform the reader about the various programs of the New Mexico Finance Authority, provide information on recent topics heard by the Committee, and report on developments affecting the NMFA and the programs they are charged with administering on behalf of the people of the land of enchantment.

Last month, Robert Coalter, Chief Executive Officer of the NMFA announced his resignation effective August 26, 2018. The New Mexico Finance Authority Board announced to the Oversight Committee that John Gasparich accepted the offer to be the Interim CEO until a search and selection of a permanent CEO can be conducted in the months ahead. We wish Robert well and thank him for his steady leadership over the last several years. We also want to congratulate the Board for talking John Gasparich out of retirement once again to serve the State of New Mexico.

THE NEW MEXICO FINANCE AUTHORITY WHO ARE THEY?

The New Mexico State Legislature created the New Mexico Finance Authority (Finance Authority) in 1992 as a mechanism for accessing low-cost capital for the state's cities, counties and certain departments of state government. 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. The Public Project Revolving Fund ("PPRF") is the Finance Authority's primary vehicle to accomplish this financing objective.

The PPRF is funded from the Governmental Gross Receipts Tax (GGRT) —an excise tax of 5% imposed on certain activities of governmental entities. The PPRF receives 75% of the tax revenue, the Energy Minerals and Natural Resources Department 24% , and the Office of Cultural Affairs the remaining 1% of the GGRT revenue.

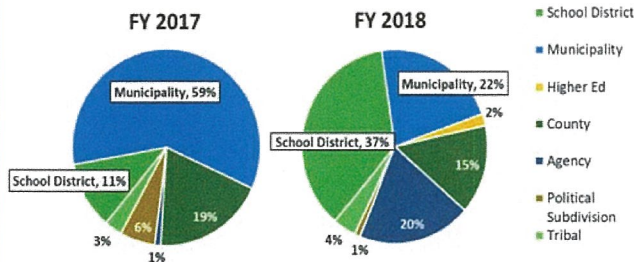
Prudent management of the PPRF earned the fund a AAA rating from the rating agency Standard and Poor's for both the senior and subordinate loan programs. The impact of the PPRF's high bond rating means that the Finance Authority is able to float its bonds at lower interest rates and pass along the savings to New Mexico's communities.

Public Project Revolving Fund FY18 Highlights

- Closed on 103 loans totaling over \$241 million the highest quantity of loans closed in any one year;
- PPRF subordinate lien bonds rating upgraded to AAA by Standard & Poor's;
- Most noteworthy bond was for NMDOT - 2018A \$420,090,000 sold 6/7/18. All NMDOT debt is now fixed rate debt with an average life of 5.5 years.

PPRF CONTINUED

PPRF loan activity in FY 2018 was highest among public school districts. In contrast, municipalities, more than any other category of borrower, took the most advantage of the program in FY 2017.



WATER PROJECT FUND

The 2001 Legislature enacted the Water Project Finance Act which created the Water Project Fund. Annual project funding originates from the sale of Severance Tax Bonds (STB's) and \$4 million is distributed from the Water Trust Fund managed by the State Investment Council.

FY18 Highlights

- For the first time since its inception, all prior year awards have been closed and are available for construction
- In FY 2018, awards were made to 22 projects statewide totaling \$27 million.

	Water Project Fund	
	Awards	Transfers Out
2002-06	\$ 63,915,407	
2007	\$ 34,597,680	
2008	\$ 31,178,611	
2009	\$ 33,664,530	
2010	\$ 29,695,268	
2011	\$ 33,243,844	
2012	\$ 26,795,507	
2013	\$ 36,571,680	
2014	\$ 29,318,195	
2015	\$ 32,401,474	\$ 6,420,000
2016	\$ 13,407,324	\$ 11,078,572
2017	\$ 16,380,000	
2018	\$ 27,031,836	\$ 5,825,000
2019 (est) ⁽¹⁾	\$ 26,400,000	
2020 (est) ⁽¹⁾	\$ 30,100,000	
2021 (est) ⁽¹⁾	\$ 31,500,000	
2022 (est) ⁽¹⁾	\$ 31,500,000	
	\$ 527,701,356	\$ 23,323,572

Source: Water Trust Board FY2017 Annual Report
 (1) Board of Finance August 2018 Forecast.

TRIBAL INFRASTRUCTURE FUND

The Tribal Infrastructure Project Fund (TIF) was created by the Tribal Infrastructure Act in 2005 to develop infrastructure, improve quality of life and encourage economic development in Native American communities. The state Infrastructure Capital Improvement Plan (ICIP) identifies over \$1.7 billion in funding needs in Native American communities.

Tribal FY19 ICIPs by Category

Category	Requested Amount
Transportation	\$338,957,664
Water	\$505,438,788
Quality of Life	\$428,790,488
Public Safety	\$105,728,329
Environment	\$76,346,243
Econ. Development	\$86,280,930
Housing	\$63,939,009
Health	\$95,655,067
Education	\$16,733,985
Total	\$1,717,870,183

Source: DFA

The Tribal Infrastructure Board consists of nine voting members and four nonvoting members. NMFA staff is represented on the Board as a voting member but the project application process and project oversight function is performed by the Indian Affairs Department (IAD).

For the 2018 award cycle, the IAD received 58 applications. Awards were made to 9 projects totaling \$8.8 million for Water and Wastewater system improvements and road improvements.

	Tribal Infrastructure Fund	
	Awards	Transfers Out
2012	\$ 13,207,965	
2013	\$ 16,640,011	
2014	\$ 14,235,640	
2015	\$ 14,000,875	\$ 2,000,000
2016	\$ 11,958,058	
2017	\$ 4,992,950	
2018	\$ 8,831,925	
2019 (est) ⁽¹⁾	\$ 13,200,000	
2020 (est) ⁽¹⁾	\$ 15,000,000	
2021 (est) ⁽¹⁾	\$ 15,800,000	
2022 (est) ⁽¹⁾	\$ 15,700,000	
	\$ 143,567,424	\$ 2,000,000

Source: Tribal Infrastructure Fund Update to NMFA
 July 6, 2018.

(1) Board of Finance August 2018 Forecast.

Of Note:

Tribal entities were not initially eligible for PPRF funding. In 1996, the law was amended to allow lending to tribal borrowers but the first PPRF loan was not made until 2004. Since that time, The NMFA has made 22 loans to 12 tribes totaling of \$215.6 million.

COLONIAS INFRASTRUCTURE FUND

The Colonias Infrastructure Act (ACT) was adopted in 2010 to develop basic infrastructure for water and wastewater systems, solid waste disposal facilities, flood and drainage control, roads and housing infrastructure to improve quality of life and encourage economic development.

The Colonias Infrastructure Board consists of seven voting members and five advisory members. NMFA staff is represented on the Board as a voting member. The Colonias Infrastructure Project Fund is administered by the NMFA and annually receives an earmark of senior STB proceeds (4.5% of capacity—same as the Tribal Infrastructure Fund).

COLONIAS INFRASTRUCTURE FUND 2018 AWARD RECOMMENDATIONS

Benefiting Colonia	Project Description	Award (000's)
Flood Control		
Columbus	NE Channel from NM11 to NM9	\$247.5
San Antonio	7 water retention/drainage projects	\$928.9
Roads/Drainage		
Carrizozo	Street improvements and waterline replacement	\$824.7
Reserve	Road/drainage improvements to Foster Road	\$535.1
Cider Mill Farms	Design improvements and access to maintenance roads	\$50.0
Grant County	Improvements between Mesa Rd and Rosedale in Silver City	\$1,078.8
Wastewater Infrastructure		
Columbus	Design additional facultative pond	\$86.0
Deming	Construct/replace sewer piping	\$458.0
Chaparral	Phase 1C of Golden Eagle Road	\$965.5
San Ysidro	New wastewater collection system	\$1,078.8
Ruidoso Downs	New wastewater collection system at North Parker Road	\$757.2
Water Infrastructure		
Bayard	Construct/rehabilitate & equip well #3	\$171.0
Hanover	Final design/construction & equip well #2	\$50.0
Lake Arthur	Design/construction water system, lines, new meters and readers	\$819.2
La Luz	Design/construct new well to replace existing well #5	\$669.6
Lordsburg	Construct/replace water mains, 71 new service lines and new hydrants	\$554.0
Vado	Well improvements and create interconnection w/Vista Del Rey	\$145.9
Vado	Water system improvements and interconnection w/High Valley	\$87.2
		\$9,527.4

Colonias Infrastructure Fund

	Awards	Transfers Out
2012	\$ 12,801,965	
2013	\$ 16,640,461	
2014	\$ 13,079,904	
2015	\$ 15,562,611	\$ 2,000,000
2016	\$ 11,958,068	
2017	\$ 5,365,208	
2018 (est)	\$ 9,527,442	
2019 (est) ⁽¹⁾	\$ 13,200,000	
2020 (est) ⁽¹⁾	\$ 15,000,000	
2021 (est) ⁽¹⁾	\$ 15,800,000	
2022 (est) ⁽¹⁾	\$ 15,700,000	
	\$ 144,635,659	\$ 2,000,000

Source: Colonias Infrastructure Board 2017 Annual Report and 2018 Funding Cycle Recommendations

(1) Board of Finance August 2018 Forecast.

NEW MEXICO SPACEPORT AUTHORITY

NEW MEXICO BORDER AUTHORITY

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