

**NEW MEXICO  
FINANCE AUTHORITY**

**NMFA BONDING OVERVIEW FOR CAPITAL PROJECTS**

**NEW MEXICO FINANCE AUTHORITY LEGISLATIVE OVERSIGHT COMMITTEE**

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## **NMFA has Two Major Bond Programs for Infrastructure Purposes**

### **NMFA'S flagship program is the Public Project Revolving Fund (PPRF)**

- Senior Lien is rated AAA/Aa1
- Subordinate Lien is rated AAA/Aa2

### **The PPRF issues bonds quarterly**

- 2019B Exempt (\$45.2M) - June 2019
- 2019C1 Exempt (\$18.7M) - June 2019
- 2019C2 Taxable (\$11.7M) - June 2019

### **NMFA is the issuer for the**

#### **NM Department of Transportation debt**

- Senior Lien is rated AA+/Aa1
- Subordinate Lien is rated AA/Aa2

### **NMDOT/NMFA last issued bonds in May 2018**

- 2018A Exempt (\$425.2M)
- Bonds Issued in 2010 can be Refunded in 2020

**There are no Stand Alone PPRF  
or NMDOT bonds - multiple  
revenues and assets are pledged  
to all bond repayments and all  
bonds are fixed rate**



## All NMFA Bonds are Issued into the Municipal Bond Market

- Municipal Bonds can be either Taxable or Tax-Exempt
- Municipal Fixed Rate Bonds are priced at a Spread over the MMD Index
- For Both Taxable and Tax-Exempt Bonds, there are Four Indexes
 

• MMD AAA {	RATINGS ARE THE KEY TO PRICING	{	CREDIT ENHANCEMENTS ARE THE KEY TO RATINGS	{	LOW PRICING STRENGTHENS CREDIT ENHANCEMENT
• MMD AA {		{		{	
• MMD A {		{		{	
• MMD BAA {		{		{	
- For Tax-Exempt Bonds, a 5% Coupon and a 10-Year Call are Standard
  - Shorter Calls are Not Unusual
  - Premiums and Discounts to Par are Standard for Tax-Exempt Municipal Bonds
- For Taxable Bonds, Par Pricing and a 10-Year Call are Standard
  - Shorter Calls May Require Make Whole Provisions
- Municipal Bonds are Heavily Regulated by the SEC and IRS
  - Compliance Surveillance by Banks and Other is at an All Time High



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**20-Year Loans vs. MMD Index**

Total Debt Service Cost for \$1,000,000 in Project Funds

NMFA Budgeted Annual Bond Issuance = 200,000,000

As of Date	AAA	AA	% Extra	A	% Extra	BAA	% Extra
05/31/2019	1,294,750	1,309,500	1.3%	1,326,500	2.6%	1,357,500	5.0%
PPRF GGRT 75%							
Net PPRF GGRT							
	32,000,000	16,750	33,750	6,750,000	12,950,000	64,750	12,950,000
	25,000,000	3,350,000	6,750,000				
12/28/2018	1,357,500	1,373,750	1.2%	1,395,250	2.8%	1,436,500	5.8%
Total Debt Service							
Versus AAA							
AAA Savings per \$200M							
	31,332,545	16,250	37,750	7,550,000	15,800,000	79,000	15,800,000
	20,132,545	3,250,000	7,550,000				
12/30/2016	1,357,500	1,373,750	1.2%	1,413,250	4.1%	1,441,750	6.2%
Total Debt Service							
Versus AAA							
AAA Savings per \$200M							
	28,146,217	16,250	55,750	11,150,000	16,850,000	84,250	16,850,000
	11,946,217	3,250,000	11,150,000				
12/25/2015	1,318,000	1,341,250	1.8%	1,371,750	4.1%	1,413,250	7.2%
Total Debt Service							
Versus AAA							
AAA Savings per \$200M							
	26,465,641	23,250	53,750	10,750,000	19,050,000	95,250	19,050,000
	7,565,641	4,650,000	10,750,000				
12/25/2014	1,332,750	1,357,500	1.9%	1,381,750	3.7%	1,430,250	7.3%
Total Debt Service							
Versus AAA							
AAA Savings per \$200M							
	27,297,697	24,750	49,000	9,800,000	19,500,000	97,500	19,500,000
	23,997,697	4,950,000	9,800,000				
12/26/2012	1,299,500	1,323,250	1.8%	1,364,000	5.0%	1,446,000	11.3%
Total Debt Service							
Versus AAA							
AAA Savings per \$200M							
	26,204,289	23,750	64,500	12,900,000	29,300,000	146,500	29,300,000
	20,804,289	4,750,000	12,900,000				
12/31/2010	1,453,500	1,475,750	1.5%	1,549,750	6.6%	1,654,250	13.8%
Total Debt Service							
Versus AAA							
AAA Savings per \$200M							
	23,053,051	22,250	96,250	19,250,000	40,150,000	200,750	40,150,000
	23,053,051	4,450,000	19,250,000				
12/26/2008	1,516,000	1,533,250	1.1%	1,685,500	11.2%	1,893,750	24.9%
Total Debt Service							
Versus AAA							
AAA Savings per \$200M							
	21,431,489	17,250	169,500	33,900,000	75,550,000	377,750	75,550,000
	21,431,489	3,450,000	33,900,000				

The Pricing Table Shows, for Representative Dates, the Difference in Cost for a \$1 million Project at Different Index Pricing Levels Depending on the Borrower's Rating

As an AAA/Aa1 Borrower, the PPRF Prices to the Tables's Left and its Borrowers to the Table's Right PPRF Charges No Credit Premium on Loans

The PPRF Borrower Pool Per the Rating Agencies is:  
\* A Rated in the Senior Pool  
\* BAA Rated in the Subordinate Pool

Credit Enhancements Determine PPRF Ratings

The PPRF Plans to Issue \$200 million in bonds/year Significant Savings Accrue to PPRF Borrowers



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**The PPRF Bond Issuance Record from 1995 - 2019**

Fiscal Year Year End	PPRF Bonds Outstanding at Fiscal Year End			Fiscal Year Year End	Cumulative New Issues of PPRF Bonds by Fiscal Year			
	Subordinate	Senior	Combined		Subordinate	Senior	Combined	Change
1996	-	39,740,000	39,740,000	1996	-	45,230,000	45,230,000	45,230,000
1997	-	58,145,000	58,145,000	1997	-	66,355,000	66,355,000	21,125,000
1998	-	63,560,000	63,560,000	1998	-	74,940,000	74,940,000	8,585,000
1999	-	82,380,000	82,380,000	1999	-	98,240,000	98,240,000	23,300,000
2000	-	81,925,000	81,925,000	2000	-	102,955,000	102,955,000	4,715,000
2001	-	112,130,000	112,130,000	2001	-	139,475,000	139,475,000	36,520,000
2002	-	101,300,000	101,300,000	2002	-	139,475,000	139,475,000	-
2003	-	167,755,000	167,755,000	2003	-	260,400,000	260,400,000	120,925,000
2004	-	237,357,000	237,357,000	2004	-	353,340,000	353,340,000	92,940,000
2005	56,510,000	381,770,000	438,280,000	2005	59,055,000	522,230,000	581,285,000	227,945,000
2006	149,875,000	412,313,000	562,188,000	2006	154,180,000	593,005,000	747,185,000	165,900,000
2007	220,045,000	431,059,000	651,104,000	2007	228,050,000	649,405,000	877,455,000	130,270,000
2008	381,400,000	623,304,000	1,004,704,000	2008	398,385,000	870,315,000	1,268,700,000	391,245,000
2009	366,355,000	699,042,000	1,065,397,000	2009	398,385,000	984,650,000	1,383,035,000	114,335,000
2010	352,015,000	818,799,000	1,170,814,000	2010	398,385,000	1,156,995,000	1,555,380,000	172,345,000
2011	338,200,000	828,536,000	1,166,736,000	2011	398,385,000	1,228,580,000	1,626,965,000	71,585,000
2012	323,000,000	842,528,000	1,165,528,000	2012	398,385,000	1,363,600,000	1,761,985,000	135,020,000
2013	305,090,000	825,853,000	1,130,943,000	2013	398,385,000	1,407,885,000	1,806,270,000	44,285,000
2014	331,245,000	669,225,000	1,000,470,000	2014	444,620,000	1,424,245,000	1,868,865,000	62,595,000
2015	282,785,000	724,190,000	1,006,975,000	2015	508,010,000	1,527,805,000	2,035,815,000	166,950,000
2016	273,690,000	775,205,000	1,048,895,000	2016	546,315,000	1,692,890,000	2,239,205,000	203,390,000
2017	203,430,000	955,000,000	1,158,430,000	2017	614,330,000	1,986,760,000	2,601,090,000	361,885,000
2018	248,835,000	936,695,000	1,185,530,000	2018	707,615,000	2,173,810,000	2,881,425,000	280,335,000
2019	358,735,000	913,200,000	1,271,935,000	2019	845,770,000	2,272,165,000	3,117,935,000	236,510,000

## Governmental Gross Receipts Tax (GGRT) is a unique credit strength and credit enhancement for the Public Project Revolving Fund (PPRF)

- By statute, the PPRF receives 75% of all Governmental Gross Receipts Taxes (GGRT) generated in New Mexico each year
- GGRT is a 5% tax on some government services most notably water and wastewater
- PPRF GGRT distributions for the 12 months ending Jan 2019 total ~\$32 million
- GGRT is available for debt service shortfalls until after June 15<sup>th</sup> of each year after all bond principal and interest payments are made – in essence, GGRT generated in one year is only available to make new loans or to retire bonds in the next year

The legislature appropriates some GGRT flow thru for other purposes each year

- **For the Rating Agencies, GGRT is the Key PPRF Credit Enhancement – see Reports**



Hey now!

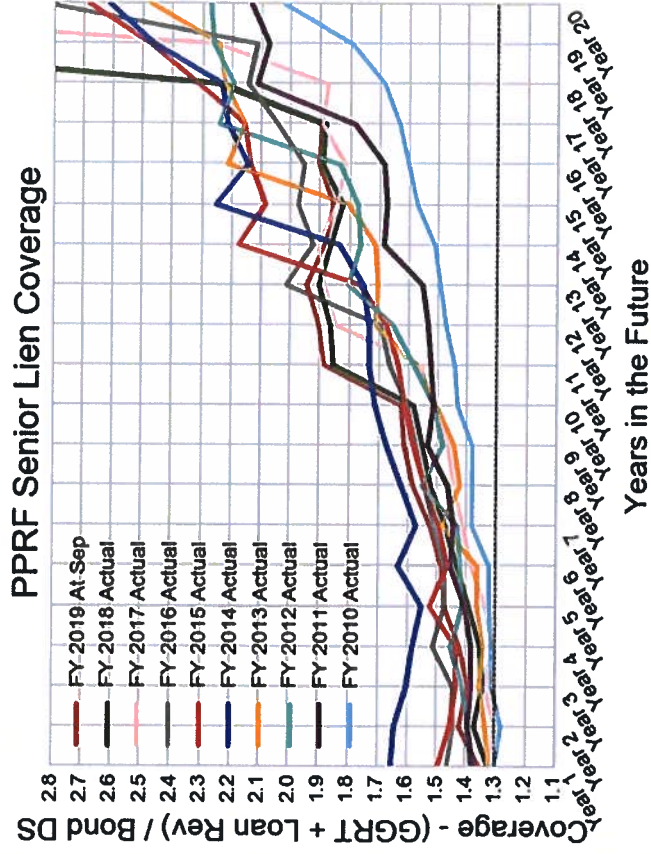
The PPRF's 75% share of GGRT is a PPRF Bond Indenture requirement

The Indenture also requires the PPRF loan portfolio to be risk rated (by Moody's) – the resulting coverage must exceed 1.0 for NMFA to be able to issue PPRF bonds

**Excluding GGRT, the PPRF risk rated coverage is .88 and with GGRT 1.02**

On a non risk rated basis, the Rating Agencies look for a senior lien coverage of at least 1.30 – to which the PPRF portfolio is managed

With unaltered GGRT, given coverage targets, the PPRF has a long-term capacity to add \$200 million per year in new lending



**Risk Adjusted Revenues (annual loan principal + interest)**

- A and Above Credits – Revenues count at 100% ( 471 )
- B Level Credits – Revenues count at 80% ( 83 )
- Below B Level – Revenues count at 50% ( 11 )
- Not Risk Rated – Revenues count at 0% ( 311 )

## GGRT enhances coverage, liquidity and new lending capacity

- Full PPRF GGRT Goes to Enhance Required Coverages
- GGRT Provides Liquidity on June 1<sup>st</sup> when PPRF bond principal is paid and 68% of loan revenues are due
- GGRT flow thru on June 16<sup>th</sup> is reduced by legislative appropriations; only net GGRT is available for loan portfolio management
- GGRT leverages loan capacity given 1.30 minimum coverage
  - Start – \$915m Loans O/S
  - No Net GGRT to PPRF – \$854m Loans O/S
  - 65% Net GGRT to PPRF – \$954m Loans O/S
  - 11% Capacity difference

Begin with 1.30 Coverage 915 Loans Outstanding		Loan Revenue		Total Coverage Revenue		Bond Debt Service		Coverage	
Maturity	GGRT	Revenue	Revenue	Revenue	Revenue	Debt Service	Debt Service	Coverage	Coverage
2020	30.0	100	100	130	100	100	100	1.30	1.30
2021	30.0	100	100	130	100	100	100	1.30	1.30
2022	30.0	100	100	130	100	100	100	1.30	1.30
2023	30.0	100	100	130	100	100	100	1.30	1.30
2024	30.0	100	100	130	100	100	100	1.30	1.30

**Scenario 1 - 0% of GGRT Flows Thru = 0**  
GGRT Increases by 4% / Year  
New Lending of 25 - New Bonding of 25  
854 Loans & Bonds Outstanding  
Loans Outstanding Changes by (61)

Maturity	GGRT	Revenue	Revenue	Revenue	Revenue	Debt Service	Debt Service	Coverage	Coverage
2021	31.2	102.5	102.5	133.7	102.5	102.5	102.5	1.30	1.30
2022	31.2	102.4	102.4	133.6	102.4	102.4	102.4	1.30	1.30
2023	31.2	102.1	102.1	133.3	102.2	102.2	102.2	1.30	1.30
2024	31.2	102.7	102.7	133.9	102.7	102.7	102.7	1.30	1.30
2025	31.2	102.4	102.4	133.6	102.4	102.4	102.4	1.30	1.30

**Scenario 2 - 65% of GGRT Flows Thru = 19.5**  
GGRT Increases by 4% / Year  
New Lending of 120 - New Bonding of 100 - Equity Lending of 20  
949 Loans & 929 Bonds Outstanding  
Loans Outstanding Changes by 34

Maturity	GGRT	Revenue	Revenue	Revenue	Revenue	Debt Service	Debt Service	Coverage	Coverage
2021	31.2	112.9	112.9	144.1	110.7	110.7	110.7	1.30	1.30
2022	31.2	112.7	112.7	143.9	110.6	110.6	110.6	1.30	1.30
2023	31.2	112.4	112.4	143.6	110.2	110.2	110.2	1.30	1.30
2024	31.2	113.2	113.2	144.4	111.0	111.0	111.0	1.30	1.30
2025	31.2	112.8	112.8	144.0	110.6	110.6	110.6	1.30	1.30

**19.5 of GGRT translates to 95 in additional lending capacity**

Bond Debt Service Bonds Outstanding = 915				Total Debt Service			
Maturity	Principal	Interest	Total	Maturity	Principal	Interest	Total
2020	86.0	14.4	100	2020	89.3	13.2	102.5
2021	87.0	13.2	100	2021	90.4	12.0	102.4
2022	88.0	12.0	100	2022	91.5	10.7	102.2
2023	89.0	10.7	100	2023	93.4	9.3	102.7
2024	91.0	9.3	100	2024	94.5	7.9	102.4

Bond Debt Service Bonds Outstanding = 854				Total Debt Service			
Maturity	Principal	Interest	Total	Maturity	Principal	Interest	Total
2020	89.3	13.2	102.5	2020	89.3	13.2	102.5
2021	90.4	12.0	102.4	2021	90.4	12.0	102.4
2022	91.5	10.7	102.2	2022	91.5	10.7	102.2
2023	93.4	9.3	102.7	2023	93.4	9.3	102.7
2024	94.5	7.9	102.4	2024	94.5	7.9	102.4

Bond Debt Service Bonds Outstanding = 929				Total Debt Service			
Maturity	Principal	Interest	Total	Maturity	Principal	Interest	Total
2020	96.3	14.4	110.7	2020	96.3	14.4	110.7
2021	97.5	13.1	110.6	2021	97.5	13.1	110.6
2022	98.6	11.6	110.2	2022	98.6	11.6	110.2
2023	100.8	10.2	111.0	2023	100.8	10.2	111.0
2024	101.9	8.7	110.6	2024	101.9	8.7	110.6



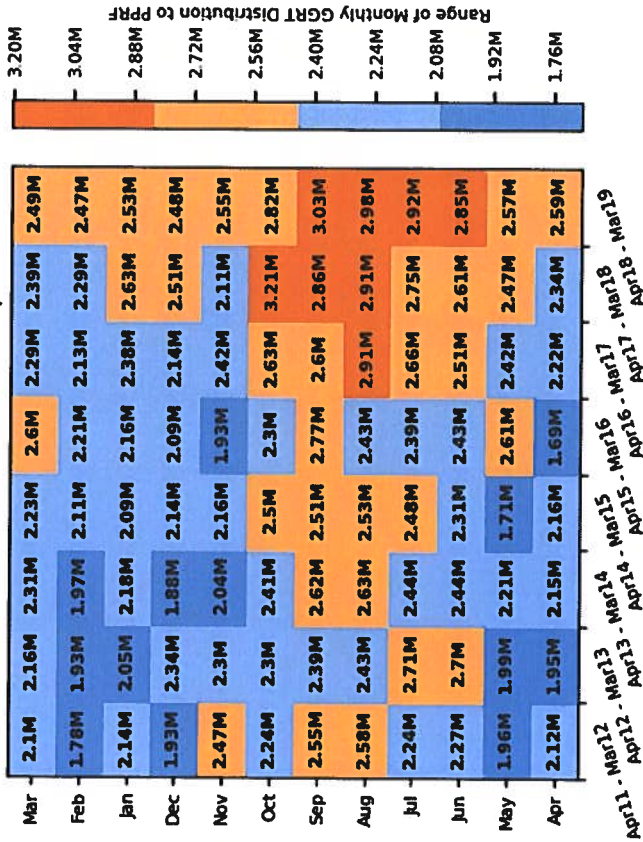


# NEW MEXICO FINANCE AUTHORITY

Fiscal Year Year End	PPRF 75% Share of GGRT	PPRF GGRT Legislative Appropriations	Net GGRT
1996	12,044,591		12,044,591
1997	12,283,833		12,283,833
1998	12,734,232		12,734,232
1999	13,572,772		13,572,772
2000	14,529,670		14,529,670
2001	15,745,916		15,745,916
2002	15,462,325		15,462,325
2003	16,743,101		16,743,101
2004	18,368,369		18,368,369
2005	18,445,414		18,445,414
2006	19,689,576		19,689,576
2007	21,335,908		21,335,908
2008	21,431,489		21,431,489
2009	21,493,438		21,493,438
2010	23,053,051		23,053,051
2011	24,518,214		22,518,214
2012	26,204,289		20,804,289
2013	27,451,328		21,051,328
2014	27,297,697		23,997,697
2015	26,465,641		7,365,641
2016	28,146,217		11,946,217
2017	29,413,964		10,713,964
2018	31,332,545		20,132,545
2019	32,000,000		25,000,000

## GGRT PPRF Distribution 7 Year increase is 23%. Varies month to month within a \$1.6 to \$3.2 million range.

GGRT Monthly PPRF Distribution Normalized from Apr 2011 to Mar 2019





**The PPRF is Credit Enhanced both by Credit Standards and the Ability to Absorb a High Level of Defaults**

- No Payment Defaults in the PPRF's History – Strong Credit Standards are Codified in Rules and Policies
- GGRT of **\$32 million** is Coverage beyond Excess Loan Revenues
- Loan Revenues Exceed Bond Debt Service by **\$7.9 million** in FY19 - **\$168.7 million** versus **\$160.8 million**
  - Disadvantaged Loans at 0% and 2% are Equity Funded
  - Loans Under \$100,000 are Equity Funded
  - Orphan Loans of **\$101M** Remain Outstanding while the Underlying Bonds have been Retired
  - From 2019 to 2048, Loan Revenues Exceed Bond Debt Service by **\$205.9 million**
- **61.1%** of PPRF Loan Revenues can be Intercepted by NM Tax & Rev or DFA – **675** of **876** Loans
  - FY19 Loan Revenues Subject to Intercept Total **\$103 million** vs. **\$168.7 million** of Loan Revenues
- Individual Loan Debt Service Reserves Total **\$63.7 million** – Available for Shortfalls of Lowest Rated Loans
  - In FY19, **\$38.3 million** of Loan Debt Service Reserves are for Loans without an Intercept
- Common Debt Service Reserve Funds Total **\$63.4 million**
  - **\$31.7 million** – Available for Senior Lien Shortfalls – the Common Debt Service Reserve Fund (CDSRF)
  - **\$31.7 million** – Available for Subordinate Lien Shortfalls – the Supplemental Credit Reserve Fund (SCRF)
- Pledged Revenues are Diversified and Mostly Tax Based – Out of **876** Loans, **100** are System Revenue Loans
- Quantifiable FY19 Credit Enhancements Total **\$244.6 million** versus **\$160.8 million** in Bond Debt Service
- NMFA Maintains a **\$100 million line-of-credit with Wells Fargo Bank for Short-Term PPRF Liquidity Purposes**

## Demand for PPRF Loans has been Increasing throughout the State

### New Mexico Finance Authority New PPRF Loans by Fiscal Year 7 Years - FY2013 to FY2019

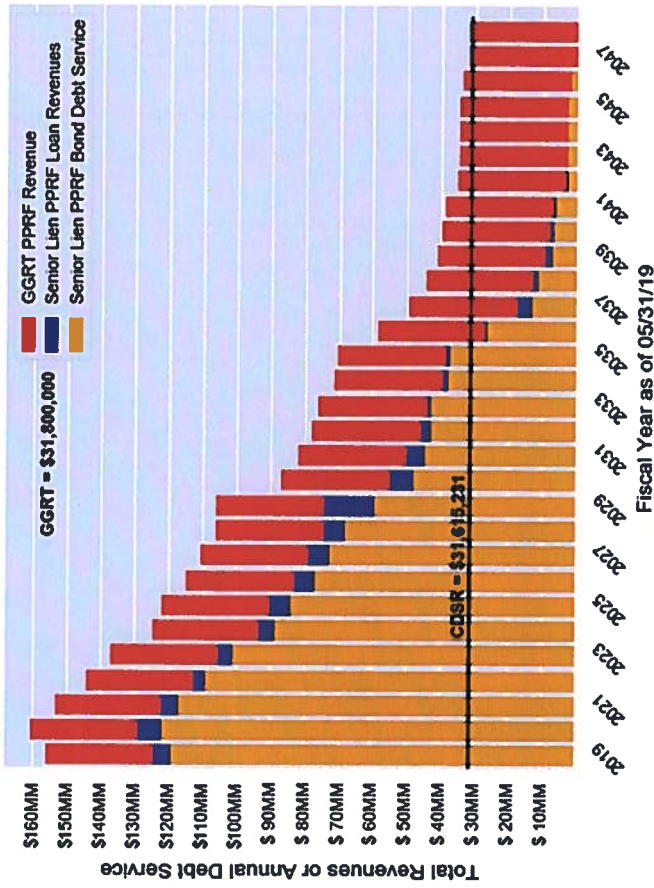
Council of Governments District	Population 2010	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019
		Amount	Amount	Amount	Amount	Amount	Amount	Amount
Eastern Plains Council of Governments	89,216	2,227,141	13,728,601	24,685,010	4,895,025	11,243,666	19,610,680	15,418,914
Mid-Region Council of Governments	887,077	11,478,301	45,719,356	37,394,172	31,045,206	82,148,695	18,435,618	40,587,281
North Central NM Economic Development District	283,327	19,294,292	14,694,512	71,709,018	90,665,202	98,309,515	44,322,828	36,986,181
Northwest New Mexico Council of Governments	228,749	449,284	6,770,831	213,222	23,396,306	32,283,999	63,266,932	36,652,228
South Central Council of Governments	242,812	11,548,624	9,926,275	12,036,502	33,413,599	13,252,759	26,339,788	67,620,925
Southeastern NM Economic Development District	268,495	6,981,870	5,510,191	2,785,423	9,451,347	66,616,735	16,980,491	11,916,812
Southwest New Mexico Council of Governments	59,503	9,100,891	7,258,088	423,049	40,109,054	147,882	4,978,629	6,500,000
State of New Mexico	2,059,179	61,080,403	103,607,854	149,246,396	237,367,551	307,035,923	240,964,966	280,037,341

	7-Year Total		Population	
	Amount	% of Loans	Amount	% of Total
Eastern Plains Council of Governments	91,809,037	6.7%	94	4.3%
Mid-Region Council of Governments	266,808,629	19.3%	78	43.1%
North Central NM Economic Development District	375,981,548	27.3%	134	13.8%
Northwest New Mexico Council of Governments	163,032,802	11.8%	41	11.1%
South Central Council of Governments	174,148,472	12.6%	102	17.0%
Southeastern NM Economic Development District	120,242,869	8.7%	99	16.5%
Southwest New Mexico Council of Governments	32,800,351	2.4%	41	6.8%
State of New Mexico	154,516,725	11.2%	10	2.9%
<b>Total</b>	<b>1,379,340,433</b>	<b>100.0%</b>	<b>599</b>	<b>100.0%</b>

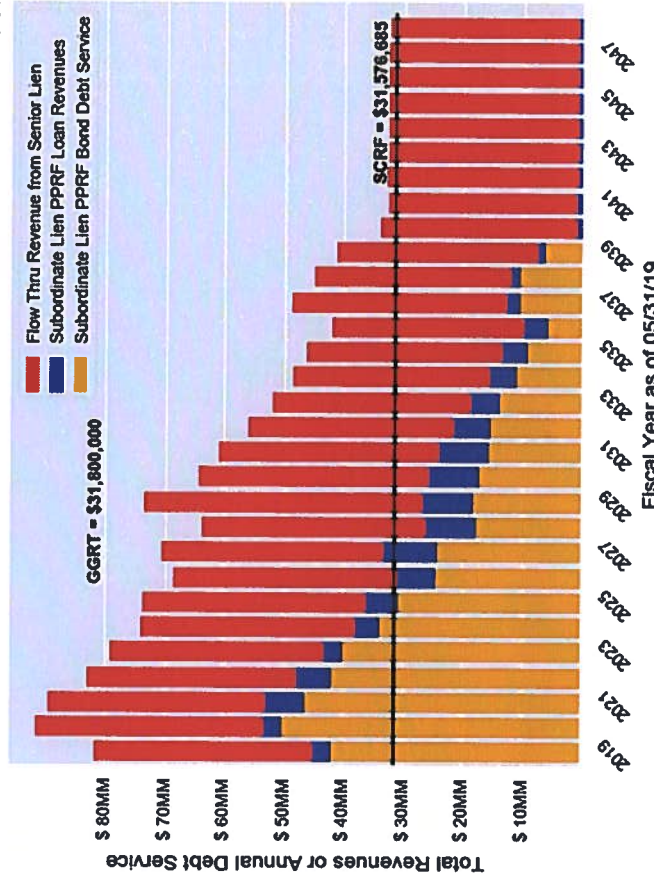
	7-Year Total		Population	
	Amount	% of Loans	Amount	% of Total
Eastern Plains Council of Governments	94	15.7%	94	4.3%
Mid-Region Council of Governments	78	13.0%	78	43.1%
North Central NM Economic Development District	134	22.4%	134	13.8%
Northwest New Mexico Council of Governments	41	6.8%	41	11.1%
South Central Council of Governments	102	17.0%	102	11.8%
Southeastern NM Economic Development District	99	16.5%	99	13.0%
Southwest New Mexico Council of Governments	41	6.8%	41	2.9%
State of New Mexico	10	1.7%	10	2.9%
<b>Total</b>	<b>599</b>	<b>100.0%</b>	<b>599</b>	<b>100.0%</b>



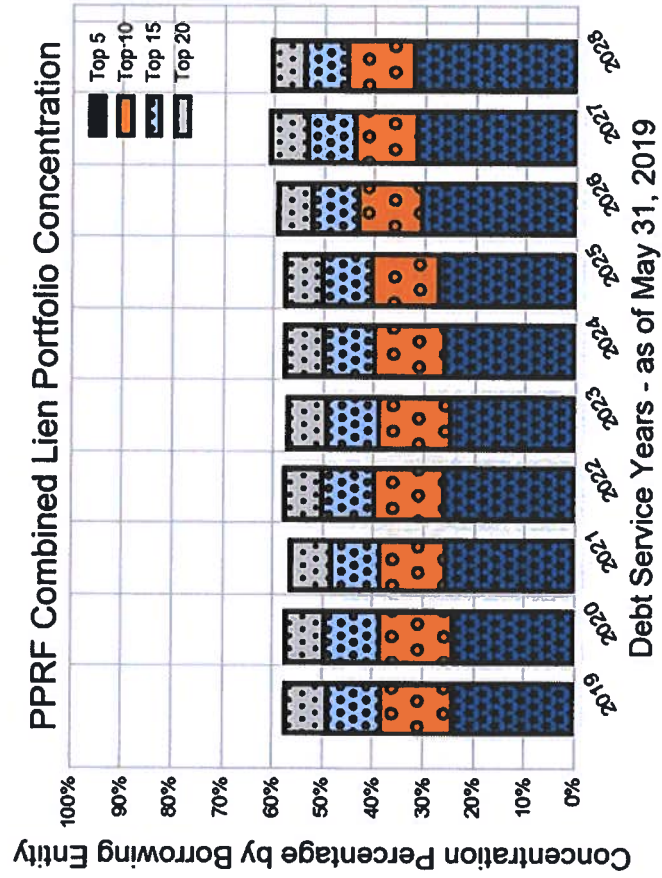
**PPRF Senior Revenues and Senior Bond Debt Service**



**PPRF Subordinate Revenues and Subordinate Bond Debt Service**



Concentration of Loan Revenues	2019	2018
Santa Fe	7.742%	13,062,346
General Services Department	4.699%	7,928,789
Rio Rancho	4.651%	7,846,906
Albuquerque	3.753%	6,332,452
New Mexico Spaceport Authority	3.347%	5,647,402
ABCWUA	3.244%	5,473,231
Farmington Schools	2.867%	4,837,482
Jicarilla Apache Nation	2.810%	4,741,650
Las Cruces	2.650%	4,470,854
Alamogordo	2.546%	4,294,756
Los Alamos County	2.504%	4,224,368
Bernalillo Cty Metro Court	2.321%	3,916,250
Gadsden Schools	2.168%	3,658,464
Farmington	1.835%	3,095,507
Santa Ana Pueblo	1.799%	3,034,890
Eastern New Mexico U	1.787%	3,014,796
UNM Health Sciences Center	1.749%	2,950,745
Gallup McKinley Schools	1.729%	2,917,608
Taos County	1.659%	2,798,777
Sandoval County	1.395%	2,353,583



Concentration by Entity & Pledge	2019	2019
Santa Fe - GRT	6.049%	168,717,726
General Services Department - State GRT	3.663%	10,204,962
New Mexico Spaceport Authority - GRT	3.347%	6,179,395
ABCWUA - Sys Rev	3.244%	5,647,402
Rio Rancho - Sys Rev	3.160%	5,473,231
		5,331,165
Farmington Schools - GO	2.867%	4,837,482
Jicarilla Apache Nation - Sys Rev	2.810%	4,741,650
Bernalillo Cty Metro Court - Sys Rev	2.321%	3,916,250
Los Alamos County - Sys Rev	2.313%	3,901,629
Gadsden Schools - GO	2.168%	3,658,464
Albuquerque - Sys Rev	1.894%	3,195,075
Farmington - GRT	1.802%	3,040,302
Albuquerque - GRT	1.800%	3,036,335
Santa Ana Pueblo - Sys Rev	1.799%	3,034,890
Las Cruces - GRT	1.780%	3,003,542
UNM Health Sciences Center - Local Spec	1.749%	2,950,745
Alamogordo - GRT	1.606%	2,709,466
Taos County - GRT	1.576%	2,658,358
Santa Fe - Local Spec	1.503%	2,536,194
San Juan County - GRT	1.376%	2,321,109

