

July 2017

NMFA Oversight Committee

Santa Fe, NM

Impact of State Bond Ratings on Local Governments in New Mexico

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George K. Baum & Company
INVESTMENT BANKERS SINCE 1928



1 GKB Overview

- ❖ George K. Baum & Company is a privately held and client focused full-service investment bank with 25 offices nationwide including public finance offices in 23 cities. GKB is made up of approximately 200 professionals across the nation.
- ❖ Public finance is the focus of our company's business, generating more than 80% of the firm's revenues.
- ❖ GKB has a proven record of more than 85 years providing investment banking services to our clients.
- ❖ George K. Baum & Company has had public finance offices in the Southwest going back to the early 1980's. In this time, GKB has consistently been ranked among the **top five** investment banks for New Mexico municipal bond issuers*.
- ❖ Since 2000, George K. Baum & Company has been involved with more than 6,061 municipal bond issues, totaling more than \$223.4 billion across the country. In New Mexico, GKB has served as underwriter or financial advisor on more than 550 bond financings, totaling more than \$11 billion in par amount. Our public finance professionals provide a wide range of services to our public finance clients.



*Source: Thomson Reuters



JOHN D. ARCHULETA is a Senior Vice President and Manager of George K. Baum & Company's New Mexico Public Finance Office in Albuquerque, who joined the Firm in July of 1998 and is responsible for financial advisory and underwriting services for educational institutions, municipal and county general obligation bonds, and structured revenue debt issues in New Mexico.

Mr. Archuleta has been involved in public finance in New Mexico for more than 35 years. In the last five years, he has structured and managed more than \$2 billion of municipal obligations for a variety of issuers throughout the state of New Mexico. He has specialized in New Mexico financing and has performed underwriting and/or financial advisory services for counties, cities, school districts, state universities, special authorities and the state of New Mexico. Additionally, Mr. Archuleta has extensive experience in legislative matters and was instrumental in the drafting and passage of legislation affecting the issuance of revenue bonds for counties and the Education Technology Equipment Act. He continues to work closely with the legislature. Mr. Archuleta holds a BBA from New Mexico State University.



MARK F. VALENZUELA joined the Firm in 2010 as a Vice President. Mr. Valenzuela brings more than 18 years of experience in public finance to the George K. Baum & Company Albuquerque Office. His experience with government entities has helped him to gain valuable insight to the comprehensive finance alternatives offered by local, state and federal government bodies. Mr. Valenzuela has excelled at fashioning financing structures that marry an individual government's ability to finance projects with that of other subsidized programs, all in an effort to produce the lowest financing cost for taxpayers.

Much of his experience has been at the executive level of state or local government. Prior to joining GKB, Mr. Valenzuela served as Chief Financial Officer for the City of Albuquerque, where he advised the Mayor on all matters of finance. In addition to leading several bond issues for the City, Mr. Valenzuela was the architect of the City of Albuquerque's renewable energy finance district, which allows homeowners to secure financing for renewable energy improvements through the City.



BRADLEY C. F. ANGST first joined George K. Baum & Company ("GKB" or "the Firm") in 2008, and rejoined in 2014 as a Vice President working with the Firm's New Mexico and Texas Public Finance Groups. Mr. Angst recently opened GKB's Austin, TX, office and is responsible for providing comprehensive investment banking and financial advisory services, which include the transaction execution and quantitative structuring of tax-exempt and taxable debt financings. He has experience working with states, municipalities, special districts, utilities, school districts, colleges and universities, independent schools, and other non profit entities. Mr. Angst has been involved with more than 175 debt issuances totaling more than \$14 billion in par amount using structures which include general obligation bonds, revenue bonds, lease-backed obligations and short-term notes amongst others.

Prior to rejoining GKB, Mr. Angst worked in Wells Fargo Bank's Government and Non Profit Group registered as a Solicitor of Municipal Finance professional. He was the primary public finance banker to more than 75 relationship managers across a 15-state region. Mr. Angst holds a BS in Business Administration with a Finance concentration from Colorado State University.



RAHEEL HIRJI is an associate with George K. Baum & Company's New Mexico Public Finance Group. Mr. Hirji joined the Firm in November of 2015 and is involved in the transaction, execution and quantitative structuring of both tax-exempt and taxable debt financings for counties, cities, school districts and other municipal entities. He also works on both general obligation and revenue-driven financings. Prior to joining GKB, Mr. Hirji worked as an Associate in Thornburg Investment Management's Institutional Group. Before Thornburg, Mr. Hirji worked as a Trade Support Analyst for Goldman Sachs in Salt Lake City, UT.

Mr. Hirji holds a BBA in Finance with a Minor in Economics from the University of New Mexico.

New Mexico Public Finance



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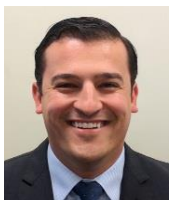
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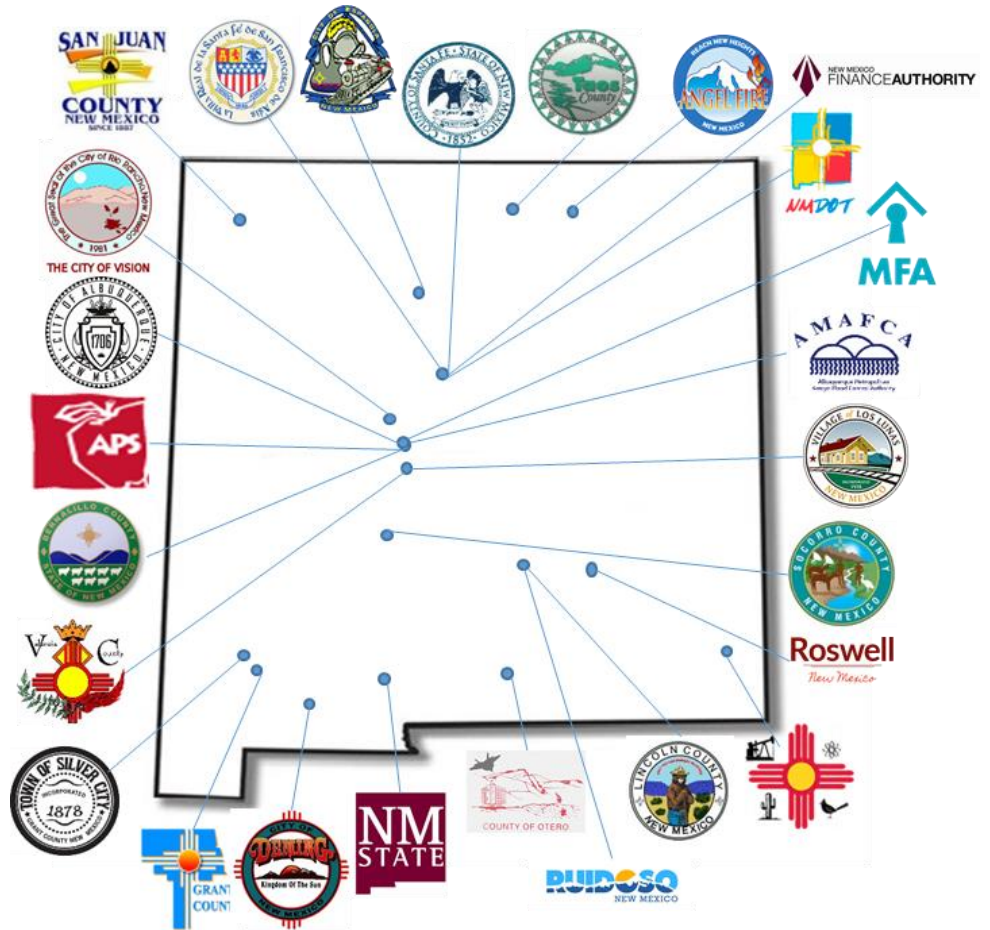
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Since 2000, GKB has advised on or underwritten more than 560 New Mexico bond issuances totaling more than \$11 billion in par amount.



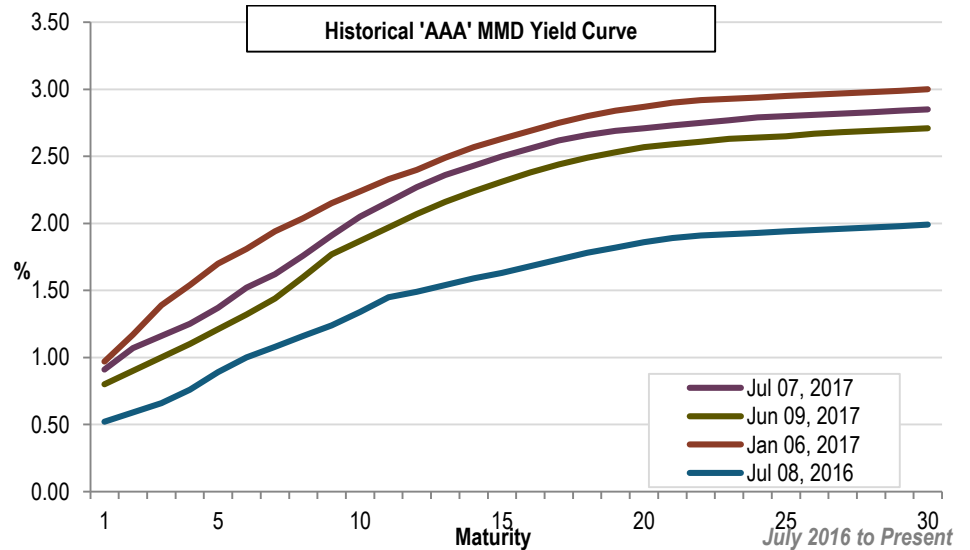
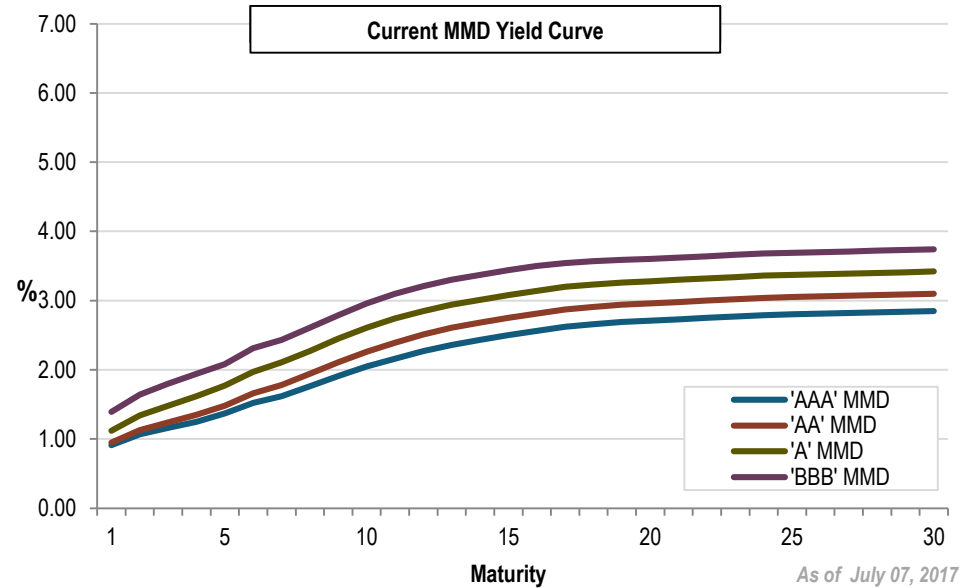
2 Bond Ratings Overview

- A bond rating is a credit rating for local governments.
- Investors view the bond rating as an indication of risk (i.e. likeliness to default on payments).
- Investors make pricing valuations based in large part on bond rating.
 - Of 100+ cities in New Mexico, only 35% have bond ratings.
 - Of 33 counties in New Mexico, roughly 75% have bond ratings.
 - Of 89 school districts in New Mexico, approximately 57% have a bond rating.


Rating Scale

Investment Grade ↑ Speculative Grade ↓	'AAA'	Extremely strong capacity to meet financial commitments. Highest rating
	'AA'	Very strong capacity to meet financial commitments
	'A'	Strong capacity to meet financial commitments, but somewhat susceptible to adverse economic conditions and changes in circumstances
	'BBB'	Adequate capacity to meet financial commitments, but more subject to adverse economic conditions
	'BBB-'	Considered lowest investment grade by market participants
	'BB+'	Considered highest speculative grade by market participants
	'BB'	Less vulnerable in the near-term but faces major ongoing uncertainties to adverse business, financial and economic conditions
	'B'	More vulnerable to adverse business, financial and economic conditions but currently has the capacity to meet financial commitments
	'CCC'	Currently vulnerable and dependent on favorable business, financial and economic conditions to meet financial commitments
	'CC'	Currently highly vulnerable
	'C'	A bankruptcy petition has been filed or similar action taken, but payments of financial commitments are continued
	'D'	Payment default on financial commitments

Ratings from 'AA' to 'CCC' may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within the major rating categories.



Investment Grade Rating Scales

MOODY'S	 STANDARD & POOR'S RATINGS SERVICES McGRAW HILL FINANCIAL	FitchRatings	<u>Definition</u>
Aaa	AAA	AAA	Highest rating assigned. Very strong security.
Aa1	AA+	AA+	Very strong security. Only slightly below best rating.
Aa2	AA	AA	
Aa3	AA-	AA-	
A1	A+	A+	Average security but more subject to adverse financial and economic developments.
A2	A	A	
A3	A-	A-	
Baa1	BBB+	BBB+	Adequate capacity to secure debt. Adverse developments may affect ability to meet debt service requirements.
Baa2	BBB	BBB	
Baa3	BBB-	BBB-	

Sample Credit Rating Criteria (Moody's) – General Obligation Bonds:

MOODY'S INVESTORS SERVICE							U.S. PUBLIC FINANCE
Appendix A: US Local Government General Obligation Scorecard							
	Very Strong	Strong	Moderate	Weak	Poor	Very Poor	
	Aaa	Aa	A	Baa	Ba	B & Below	Weight
Economy/Tax Base (30%)							
Tax Base Size: Full Value	> \$12B	\$12B ≥ n > \$1.4B	\$1.4B ≥ n > \$240M	\$240M ≥ n > \$120M	\$120M ≥ n > \$60M	≤ \$60M	10%
Full Value Per Capita	> \$150,000	\$150,000 ≥ n > \$65,000	\$65,000 ≥ n > \$35,000	\$35,000 ≥ n > \$20,000	\$20,000 ≥ n > \$10,000	≤ \$10,000	10%
Socioeconomic Indices: MFI	> 150% of US median	150% to 90% of US median	90% to 75% of US median	75% to 50% of US median	50% to 40% of US median	≤ 40% of US median	10%
Finances (30%)							
Fund Balance as % of Revenues	> 30% > 25% for School Districts	30% ≥ n > 15% 25% ≥ n > 10% for SD	15% ≥ n > 5% 10% ≥ n > 2.5% for SD	5% ≥ n > 0% 2.5% ≥ n > 0% for SD	0% ≥ n > -2.5% 0% ≥ n > -2.5% for SD	≤ -2.5% ≤ -2.5% for SD	10%
5-Year Dollar Change in Fund Balance as % of Revenues	> 25%	25% ≥ n > 10%	10% ≥ n > 0%	0% ≥ n > -10%	-10% ≥ n > -18%	≤ -18%	5%
Cash Balance as % of Revenues	> 25% > 10% for School Districts	25% ≥ n > 10% 10% ≥ n > 5% for SD	10% ≥ n > 5% 5% ≥ n > 2.5% for SD	5% ≥ n > 0% 2.5% ≥ n > 0% for SD	0% ≥ n > -2.5% 0% ≥ n > -2.5% for SD	≤ -2.5% ≤ -2.5% for SD	10%
5-Year Dollar Change in Cash Balance as % of Revenues	> 25%	25% ≥ n > 10%	10% ≥ n > 0%	0% ≥ n > -10%	-10% ≥ n > -18%	≤ -18%	5%
Management (20%)							
Institutional Framework	Very strong legal ability to match resources with spending	Strong legal ability to match resources with spending	Moderate legal ability to match resources with spending	Limited legal ability to match resources with spending	Poor legal ability to match resources with spending	Very poor or no legal ability to match resources with spending	10%
Operating History: 5-Year Average of Operating Revenues / Operating Expenditures	> 1.05x	1.05x ≥ n > 1.02x	1.02x ≥ n > 0.98x	0.98x ≥ n > 0.95x	0.95x ≥ n > 0.92x	≤ 0.92x	10%

Sample Credit Rating Criteria (Moody's) – Special Tax (Revenue Bonds):

MOODY'S INVESTORS SERVICE

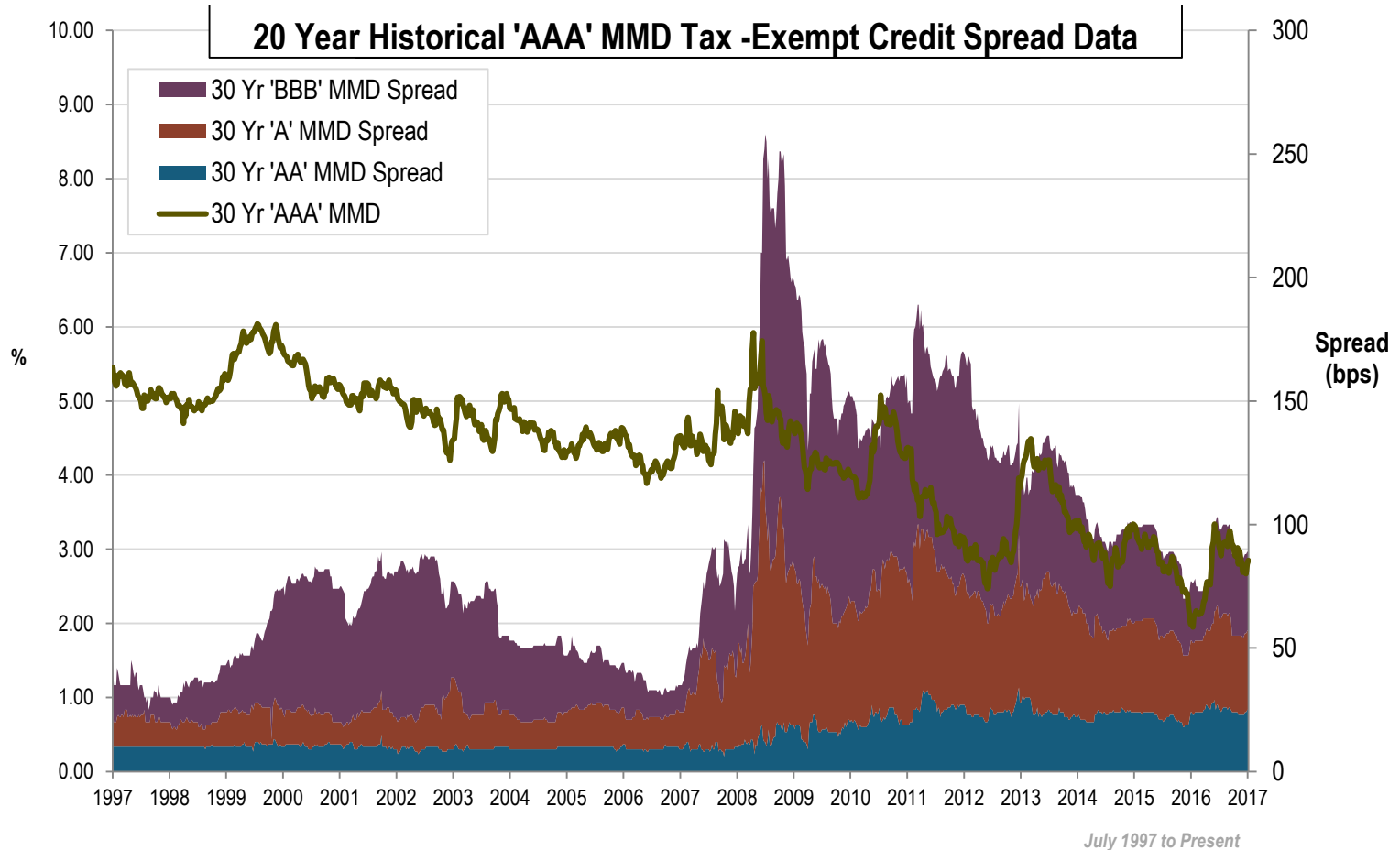
U.S. PUBLIC FINANCE

Appendix I: Scorecard

Rating Factors	Sub-Factors		Aaa	Aa	A	Baa	SG
1. TAXABLE BASE AND PLEDGE - 30%	Economic Strength	15%	Very strong and very well diversified economic base with solid growth OR PCI/MFI is 200% or greater of national median for primarily residential bases	Strong and well diversified economic base with solid growth OR PCI/MFI is 125% - 200% of national median for primarily residential bases	Developed and reasonably diversified economic base with average growth OR PCI/MFI is 75% - 125% of national median for primarily residential bases	Small to evolving economy with modest diversification and some concentration with slow to declining growth OR PCI/MFI is 50% to 75% of national median for primarily residential bases	Deteriorating economic base with very little diversification or significant concentration with declining growth OR PCI/MFI is 50% or below of national median for primarily residential bases
	Nature of the Special Tax Pledge	15%	Very Broad (e.g. Sales, Utility, Income, and Gas Taxes, Motor Vehicle Registration Fees; Fixed Payments from the State depending on State's Rating)	Broad (e.g. Sales, Utility, Income, and Gas Taxes, Motor Vehicle Registration Fees; Fixed Payments from the State depending on State's Rating)	Average (e.g. Sales, Utility, Income, and Gas Taxes, Motor Vehicle Registration Fees)	Narrow (e.g. Hotel, Car Rental, Meals, Lottery, Liquor, and Cigarette Taxes)	Very Narrow (e.g. Document Stamp, Hotel, Car Rental, Meals, Lottery, Liquor, and Cigarette Taxes)
2. LEGAL STRUCTURE - 30%	Additional Bonds Test (ABT)	20%	3.0x or higher OR a closed lien	1.76x to 2.99x	1.26x to 1.75x	1.0x to 1.25x	NO LIMIT
	Debt Service Reserve Fund Requirement	10%	DSRF funded at level greater than 1-year of MADS	DSRF funded at 1-year of MADS	DSRF funded at lesser of standard 3-prong test	DSRF funded at level less than 3-prong test or a springing DSRF	NO DSRF (or DSRF funded with low rated to below investment grade surety provider)
3. FINANCIAL METRICS - 40%	Maximum Annual Debt Service Coverage	20%	Over 4.5x	2.51x to 4.5x	1.51x to 2.5x	1.1x to 1.5x	Less than 1.1x
	Revenue Trend	10%	Significantly improving with one to no historic declines	Generally improving with few historic declines	Stable with some historic declines	Declining	Rapidly Declining
	Revenue Volatility	10%	Has never declined	Negative fluctuations generally within 0% to 5%	Negative fluctuations generally within 5% to 10%	Negative fluctuations generally within 10% to 15%	Negative fluctuations greater than 15%

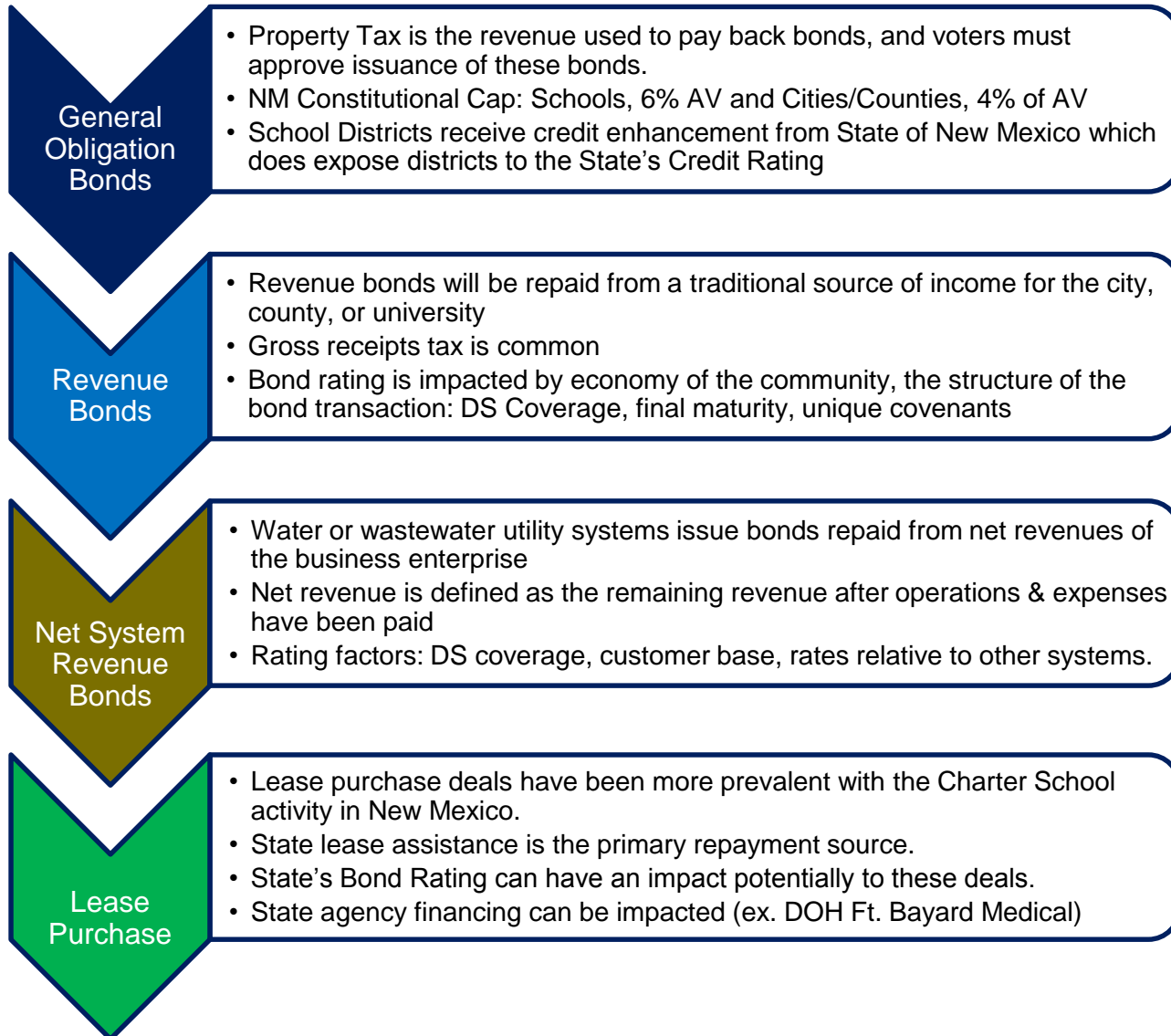
Why Do Credit Ratings Matter? Credit Spreads!

- Current Tax Exempt Credit Spreads are 25, 57, and 89 basis points for 'AA', 'A', and 'BBB' respectively.





3 Actual Transactions





**Silver Schools Consolidated District
General Obligation Bonds
Impact of State Rating: Yes
Rating: Moody's Baa2**

**Town of Silver City, NM
Gross Receipts Tax Bonds
Impact of State Rating: No
Rating: Standard & Poor's A+**

**Grant County, NM
General Obligation Bonds
Impact of State Rating: No
Rating: Moody's A1**

BOOK-ENTRY ONLY

BANK QUALIFIED

The delivery of the Bonds is subject to the opinions of *Boyer, Dickinson, Sloan, Akim, & Robb, P.A.*, Bond Counsel. On the initial date of delivery of the Bonds, *Boyer, Dickinson, Sloan, Akim, & Robb, P.A.* will render its opinion that, under existing laws, regulations, rulings, and judicial decisions, and assuming compliance with the covenants described herein, interest on the Bonds is excluded from gross income for federal income tax purposes and is not a specific preference item for purposes of the federal alternative minimum tax. The interest on the Bonds may be subject to certain federal taxes imposed only on certain corporations, including imposition of the corporate alternative minimum tax on a portion of that interest. Also on the initial date of delivery of the Bonds, Bond Counsel will render its opinion that interest on the Bonds is exempt under existing law from personal income taxation by the State of New Mexico. See "Legal Matters" and "Tax Matters" herein for a discussion of Bond Counsel's opinion, including a description of certain alternative minimum tax consequences for corporations. See "TAX MATTERS" regarding certain other tax considerations.

\$5,600,000
SILVER CONSOLIDATED SCHOOL DISTRICT NO. 1
GRANT COUNTY, NEW MEXICO
GENERAL OBLIGATION SCHOOL BUILDING BONDS
SERIES 2017

Date of Delivery

Due: August 1, as shown below

The Series 2017 Bonds ("Bonds") are available as fully registered bonds and, when issued, will be registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York. New York to which principal and interest payments on the Bonds will be made. Individual purchasers will be made in book-entry form only, in the principal amount of \$5,000 or any whole multiple thereof. Purchases of the Bonds will not receive physical delivery of bond certificates. So long as Cede & Co. is the registered owner of the Bonds, reference herein to the holders of the Bonds or registered owner of the Bonds shall mean Cede & Co. and shall not mean the Beneficial Owners of the Bonds. So long as Cede & Co. is the registered owner of the Bonds, the principal and interest (first payable on February 1, 2018 and thereafter semiannually on each August 1 and February 1) are payable to Cede & Co., which will in turn remit such principal and interest to the DTC Participants (as defined herein) for subsequent disbursement to the Beneficial Owners of the Bonds. See "Book Entry Only System" herein.

The Bonds maturing on and after August 1, 2025 are subject to optional redemption on August 1, 2025, or any date thereafter at par plus accrued interest to the redemption date.

Proceeds of the Bonds will be used for the purpose of erecting, remodeling, making additions to and furnishing school buildings; purchasing or improving school grounds; purchasing computer software and hardware for student use in public schools; providing matching funds for capital outlay projects funded pursuant to the Public School Capital Outlay Act; or any combination of these purposes, and to pay the cost of issuance of the Bonds, and to reimburse the Director for expenditures made for the foregoing purposes; and Bonds tax to be payable from present (or valorem) taxes and to be issued and sold at such time or times upon such terms and conditions as the Board may determine.

MATURITIES, INTEREST RATES AND YIELDS

Year Maturing (August 1)	Principal Amount	Interest Rate	Yield	CUSIP#
2018	\$1,265,000	2.000%	1.520%	827513EY4
2019	1,550,000	2.000%	1.550%	827513EY1
2020	155,000	2.000%	1.650%	827513FA5
2021	160,000	2.000%	1.800%	827513FB3
2022	160,000	3.000%	2.000%	827513FC1
2023	165,000	3.000%	2.100%	827513FD9
2024	170,000	3.000%	2.250%	827513FE7
2025	275,000	3.000%	2.400%	827513FF4
2026	180,000	3.000%	2.600% ⁽¹⁾	827513FG2
2027	185,000	3.000%	2.750% ⁽¹⁾	827513FH0

\$385,000, 3.000% Term Bonds maturing 8/1/2029, to yield 3.050%, -CUSIP# # 827513FH6
\$415,000, 3.000% Term Bonds maturing 8/1/2031, to yield 3.150%, -CUSIP# # 827513FK3
\$440,000, 4.000% Term Bonds maturing 8/1/2033, to yield 3.100%, -CUSIP# # 827513FL1
\$490,000, 4.000% Term Bonds maturing 8/1/2035, to yield 3.200%, -CUSIP# # 827513FM9
\$511,000, 4.000% Term Bonds maturing 8/1/2037, to yield 3.300%, -CUSIP# # 827513FN7

⁽¹⁾Yield to first optional redemption date (August 1, 2025).

⁽²⁾CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by Standard & Poor's Financial Services LLC on behalf of the American Bankers Association. This data is not intended to create a database and does not serve as a substitute for the CUSIP services. Neither the Underwriter, the Depositor, nor the Municipal Advisor is responsible for the selection or correctness of the CUSIP numbers set forth herein.

The Bonds are offered for delivery when, as, and if issued, subject to the approval of legality by Boyer, Dickinson, Sloan, Akim, & Robb, P.A., Albuquerque, New Mexico, Bond Counsel, and certain other conditions. The written approval of the New Mexico Attorney General of the Bonds is to be obtained and legally will be required. It is expected that the Bonds will be available for delivery through the facilities of The Depository Trust Company, New York, New York on or about June 20, 2017.

Date: June 20, 2017

MOODY'S RATING: "Baa2"
MOODY'S ENHANCED RATING: "Aa2"

NEW ISSUE - BANK QUALIFIED

Rating: Standard & Poor's A+

In the opinion of *Madrell, Sperting, Roehl, Harris & Sisk, P.A.*, Bond Counsel, under existing laws, regulations, rulings and judicial decisions, and assuming compliance with certain covenants described in "TAX EXEMPTION" herein, interest on the Bonds (including original issue discount treated as interest) is (a) excludable from the gross income of the recipients thereof, for federal income tax purposes, (b) is not a specific preference item for purposes of the federal alternative minimum tax for individuals and corporations, but such interest on the Bonds will be included in the adjusted current earnings of certain corporations, and (c) is excludable from net income for purposes of certain New Mexico taxes imposed on individuals, estates, trusts and corporations. For a more complete description of each opinion of Bond Counsel and a description of certain provisions of the Internal Revenue Code of 1986, as amended, which may affect the federal tax treatment of interest on the Bonds for certain owners of such bonds, see "TAX EXEMPTION" herein.

\$6,400,000
TOWN OF SILVER CITY, NEW MEXICO
Gross Receipts Tax Improvement and Refunding
Revenue Bonds, Series 2011A & B

\$5,480,000 Gross Receipts Tax Improvement Revenue Bonds, Series 2011A
\$920,000 Gross Receipts Tax Refunding Revenue Bonds, Series 2011B

Book-Entry Only
Date of Delivery

Due: June 1, as shown

The Town of Silver City, New Mexico Gross Receipts Tax Improvement Revenue Bonds, Series 2011A (the "Series 2011A Bonds") and Gross Receipts Tax Refunding Revenue Bonds, Series 2011B (the "Series 2011B Bonds") and collectively with the Series 2011A Bonds, the "Bonds", are being issued as fully registered bonds to be sold in denominations of \$5,000 or any integral multiple thereof. Interest accrues from the Date of Delivery and is payable semiannually on June 1 and December 1 in each year beginning June 1, 2012. The principal of the Bonds is payable at the office of the Municipal Finance Director of the Town (the "Paying Agent"). Interest will be paid by the Paying Agent by check or draft mailed to each registered owner on or before each interest payment date.

See Inside Cover Page for Maturities, Principal Amounts, Interest Rates and Yields

The Bonds maturing on and after June 1, 2022, are subject to optional redemption at par on and after June 1, 2021, in whole or in part at any time. See "THE BONDS - Prior Redemption" herein. The Bonds are also subject to mandatory sinking fund redemption as provided herein.

The Bonds do not constitute an indebtedness of the Town within the meaning of any constitutional or statutory provision or limitation, are not general obligations of the Town and are payable and collectible solely from the gross receipts tax revenues specifically pledged thereto. See "THE PLEDGED REVENUES" herein. Neither the full faith and credit of the Town, nor the ad valorem taxing power or general resources of the Town, the State of New Mexico or any other political subdivision is pledged to the payment of the Bonds. The Bonds are being issued to provide funds for the purpose of (1) refinancing, refinancing, discharging and prepaying certain outstanding obligations of the Town (the "Refunded Loans"), (2) acquiring, constructing, purchasing, furnishing, equipping, rehabilitating, beautifying, making additions to or making improvements to capital projects for the Town, (3) funding a reserve fund for the Bonds, and (4) paying expenses related to the issuance of the Bonds and the prepayment and discharge of the Refunded Loans. The Bonds constitute an irrevocable and valid lien on the Pledged Revenues (as defined below) on parity with any additional party obligations which hereafter may be issued. See "THE BONDS - Source of Payment and Security" and "THE PLEDGED REVENUES."

The Bonds are offered when, as, and if issued by the Town and purchased by the Underwriter and subject to the delivery of an approving opinion by *Madrell, Sperting, Roehl, Harris & Sisk, P.A.*, Bond Counsel, and other conditions. Certain legal matters will be passed upon for the Town by *Madrell, Sperting, Roehl, Harris & Sisk, P.A.*, the Town's Disclosure Counsel. Certain legal matters will be passed upon for the Town by *Robert Severson, Esq.*, Town Attorney. It is expected that delivery of the Bonds will be made on or about November 8, 2011, through the facilities of The Depository Trust Company, New York, New York, against payment therefor.

This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.

GEORGE K. BAUM & COMPANY

Date: October 25, 2011

NEW ISSUE - BANK QUALIFIED

Rating: Moody's "A1"

In the opinion of *Hughes Lane, LLC*, Bond Counsel, under existing laws, regulations, rulings and judicial decisions, and assuming compliance with certain covenants described in "TAX EXEMPTION" herein, interest on the Series 2014 Bonds (including original issue discount treated as interest) (a) is excludable from the gross income of the recipients thereof, for federal income tax purposes, (b) is not a specific preference item for purposes of the federal alternative minimum tax for individuals and corporations, but such interest on the Series 2014 Bonds will be included in the adjusted current earnings of certain corporations, and (c) is excludable from net income for purposes of certain New Mexico taxes imposed on individuals, estates, trusts and corporations. The County will designate the Series 2014 Bonds as qualified tax-exempt obligations for purposes of Section 2550(b)(3) of the Code. For a more complete description of each opinion of Bond Counsel and a description of certain provisions of the Internal Revenue Code of 1986, as amended, which may affect the federal tax treatment of interest on the Series 2014 Bonds for certain owners of such bonds, see "TAX EXEMPTION" herein.

\$3,300,000
GRANT COUNTY, NEW MEXICO
General Obligation Refunding Bonds
Series 2014

Book-Entry Only
Date of Delivery

Due: September 1, as shown herein

The Grant County General Obligation Refunding Bonds, Series 2014 (the "Series 2014 Bonds" or "Bonds") are being issued as fully registered bonds to be sold in denominations of \$5,000 or any integral multiple thereof. The Depository Trust Company ("DTC") will act as securities depository for the Series 2014 Bonds through its nominee, Cede & Co. One fully registered bond equal to the principal amount of each maturity of the Series 2014 Bonds will be registered in the name of Cede & Co. Individual purchasers of Series 2014 Bonds will be made in book-entry form only and beneficial owners of the Series 2014 Bonds will not receive physical delivery of bond certificates, except as described herein. Upon receipt of payments of principal and interest, DTC will remit such payments to its participants for subsequent disbursement to the beneficial owners of the Series 2014 Bonds.

Interest accrues from the Date of Delivery and is payable semiannually on March 1 and September 1 in each year beginning March 1, 2015. The principal of the Bonds is payable at the office of the Treasurer of the County (the "Paying Agent"). Interest will be paid by the Paying Agent by check or draft mailed to each registered owner on or before each interest payment date.

MATURITY SCHEDULE

Date Maturing	Principal Amount	Interest Rate	Yield	CUSIP
9/1/2015	\$480,000	2.000%	0.520%	387766B3X
9/1/2016	315,000	2.000%	0.600%	387766B3B
9/1/2017	330,000	3.000%	0.500%	387766B2D
9/1/2018	340,000	3.000%	1.200%	387766A4
9/1/2019	355,000	3.000%	1.500%	387766B2E
9/1/2020	370,000	3.000%	1.770%	387766C0
9/1/2021	385,000	3.000%	2.050%	387766C8
9/1/2022	410,000	4.000%	2.250%	387766E6
9/1/2023	445,000	4.000%	2.370%	387766F3

The Bonds are not subject to optional redemption prior to maturity. See "THE BONDS - Prior Redemption" herein.

The Series 2014 Bonds constitute general obligation indebtedness of the County, payable from property taxes levied against all taxable property in the County, without limitation of rate or amount, and the full faith and credit of the County is pledged for the payment of the Series 2014 Bonds.

The Bonds are offered when, as, and if issued by the County and purchased by the Underwriter and subject to the delivery of an approving opinion by *Hughes Lane, LLC*, Bond Counsel, and other conditions. Certain legal matters will be passed upon for the County by *Ahlpai Robinson, County Attorney*. Certain legal matters will be passed upon for the Underwriter by *Madrell, Sperting, Roehl, Harris & Sisk, P.A.* It is expected that delivery of the Bonds will be made on or about December 11, 2014, through the facilities of The Depository Trust Company, New York, New York, against payment therefor.

This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.

CUSIP



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