



NEW MEXICO
FINANCE AUTHORITY

**July 1, 2017 thru June 30, 2018 NMFA and NMDOT Bond Sale Results
Report on NMFA Use of Delegation Authority for Public Securities Sales
Highlights of the NMDOT and Public Project Revolving Fund Bond Programs**



Senate Bill 43 (endorsed by the NMFA Oversight Committee) became law on July 1, 2017

- **The Bill allows public bodies to delegate authority to finalize final terms of bond sales**
- **The Bill contains a special provision that requires the Authority to report to the Committee once a year on the Authority's use of delegation authority for the previous 12 months**
- **In fiscal year 2018, the Authority used delegation authority for the following bond sales:**
 - **\$ 43,395,000 PPRF 2017D Subordinate Lien Tax-Exempt Bonds – Sold 8/10/17**
 - **\$ 40,190,000 PPRF 2017E Senior Lien Tax-Exempt Bonds – Sold 11/08/17**
 - **\$ 19,315,000 PPRF 2017F Subordinate Lien Taxable Bonds – Sold 11/07/17**
 - **\$124,330,000 PPRF 2018A Senior Lien Tax-Exempt Bonds – Sold 02/21/18**
 - **\$ 22,530,000 PPRF 2018B Senior Lien Tax-Exempt Bonds – Sold 05/09/18**
 - **\$ 19,400,000 PPRF 2018C1 Subordinate Lien Tax-Exempt Bonds – Sold 05/08/18**
 - **\$ 22,530,000 PPRF 2018C2 Subordinate Lien Taxable Bonds – Sold 05/08/18**
 - **\$420,090,000 NMDOT 2018A Subordinate Lien Tax-Exempt Bonds – Sold 6/7/18**

FY2018 NMFA bond sales totaled \$711,780,000 – all sold using delegated authority



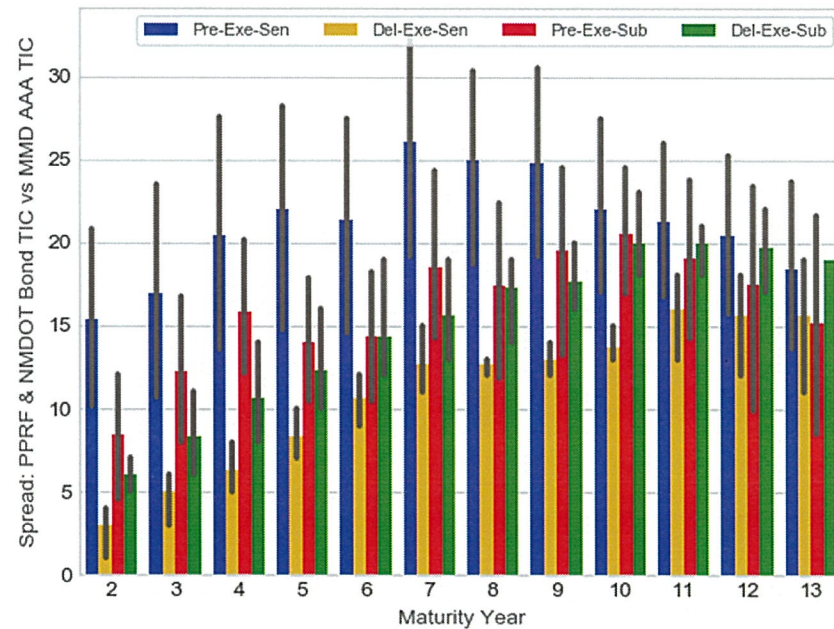
Use of delegation authority has allowed NMFA to achieve beneficial objectives:

- **Flexible bond sale dates have optimized issuing efficiency – bond sales are no longer tied to NMFA Board meeting dates**
- **NMFA Board members have become more engaged in the process**
- **The approval risk premium has been eliminated from NMFA and other New Mexico issuers using delegation authority – underwriters and investors have welcomed award certainty**
- **Bond sale dates for different liens and for issues with both taxable and tax-exempt components are now being staggered – see 2017E/F and 2018B/C sales**
- **Bond sale dates have been set to avoid major market moving events such as expected Fed announcements to increase interest rates – see NMDOT 2018A**

Bond issues across borrowers, ratings and date of issue are compared based on spreads over the MMD AAA Index.

While spreads do not tell the whole story, NMFA bonds show a lowering of spreads coinciding with the ability to delegate authority to approve bond pricing

PPRF & NMDOT Both Liens Exempt 05/01/04 - 06/30/18 Bond Spreads Delegation vs Prior





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

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

NMFA will next issue PPRF Bonds in November

- ~ \$ 65MM - Senior Lien
- ~ \$ 60MM - Subordinate Lien

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

**NMFA is the issuer for the
NM Department of Transportation debt**

- GRIP Senior Lien is rated AAA/Aa1
- GRIP Subordinate Line is rated AA/A

NMDOT's annual debt service target is \$170MM

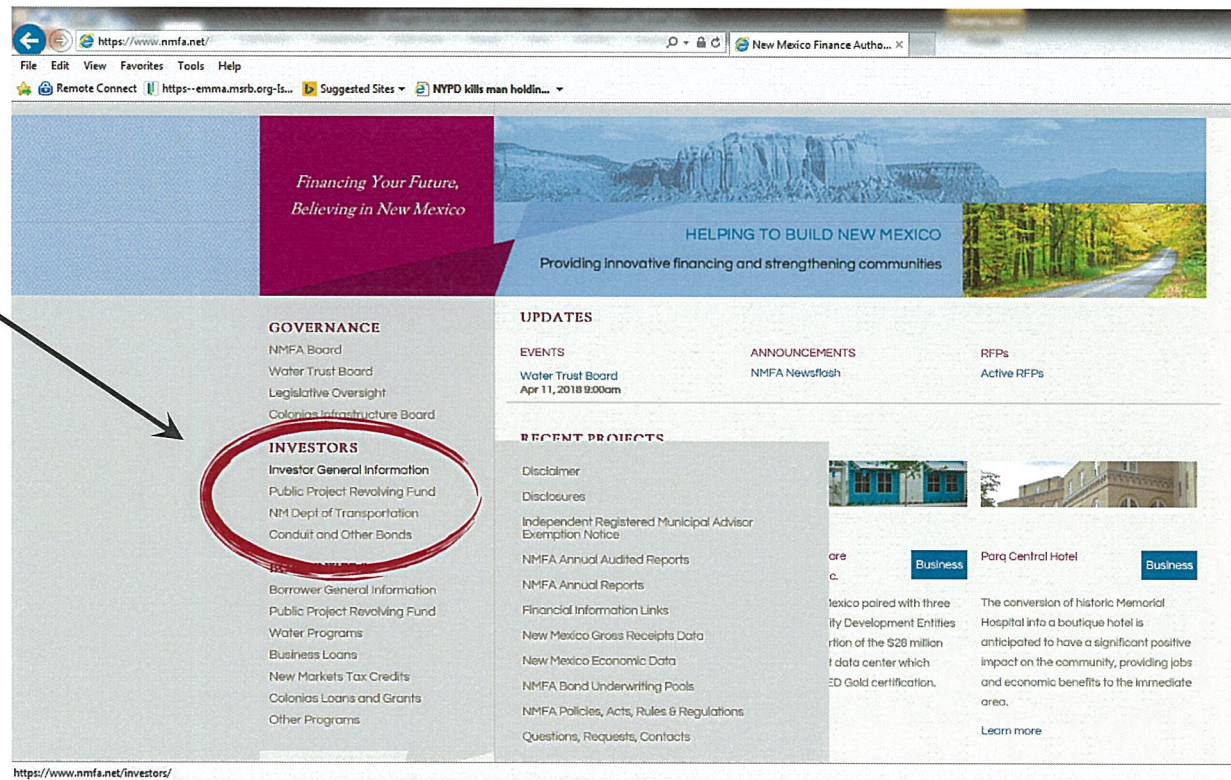
- \$ 40MM - State Road Funds
- \$ 8MM - Highway Infrastructure Fund
- \$122MM - Federal Funds

NMDOT/NMFA's June 2018 \$420.09MM Bond

- Eliminated all floating rate debt
- Terminated all swaps
- Eliminated related supporting costs
- Was achieved with a NPV gain

The NMFA maintains a very robust website for investors at www.nmfa.net

A wealth of information of interest to investors, rating agencies and others is available on the NMFA's web pages



The screenshot shows the NMFA website with the following content:

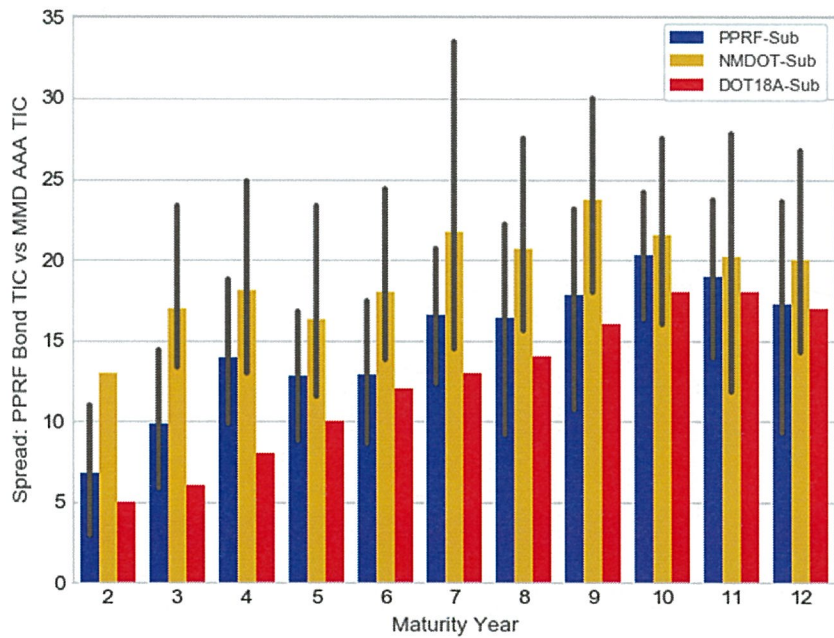
- Header:** "Financing Your Future, Believing in New Mexico" and "HELPING TO BUILD NEW MEXICO Providing innovative financing and strengthening communities".
- GOVERNANCE:** NMFA Board, Water Trust Board, Legislative Oversight, Colonial Infrastructure Board.
- INVESTORS (highlighted with a red circle):** Investor General Information, Public Project Revolving Fund, NM Dept of Transportation, Conduit and Other Bonds.
- RECENT PROJECTS:** A list of projects including "Parq Central Hotel" with a "Business" tag.
- Footer:** <https://www.nmfa.net/investors/>



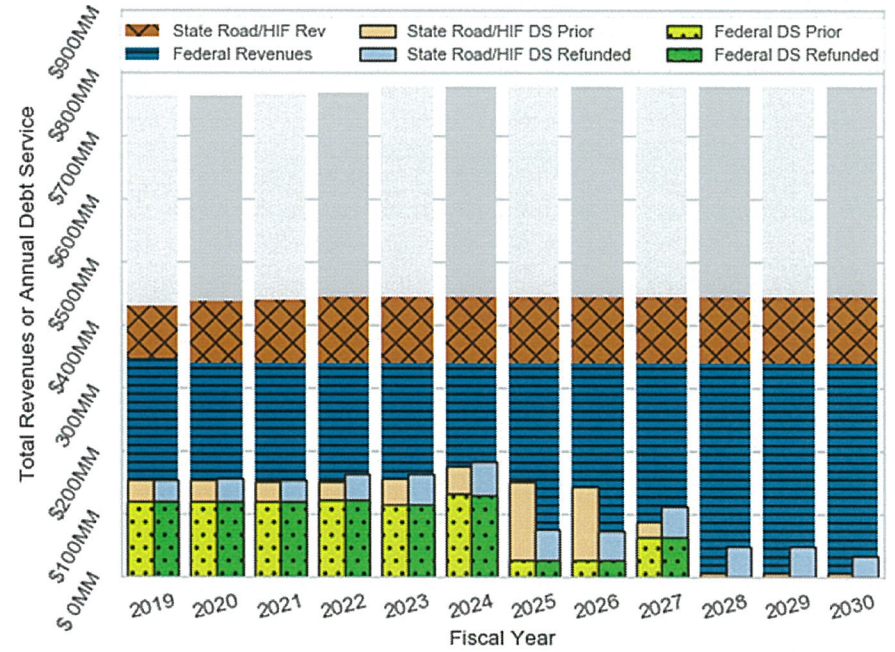
The most noteworthy FY2018 transaction was for NMDOT – 2018A \$420,090,000 issue sold 6/7/18

- **All NMDOT debt is now fixed rate debt**
 - Average life of 5.5 years
 - Average Coupon of 4.89%
 - Future refunding opportunities exist for savings at bond call dates starting June 2020
- **Eliminated:**
 - \$420,000,000 floating rate debt
 - \$420,000,000 interest rate swaps
 - \$ 50,000,000 collateral posting line of credit
 - \$135,200,000 liquidity facility
 - \$284,800,000 direct purchase index note fees
 - **The Cliff in years 2025 and 2026 with State Road Fund/HIF debt service obligations falling from about \$115 million per year to under \$49 million – by extending final maturities to 2030**
- The sale brought competitive bids from eight underwriters with Goldman Sachs the low bidder – about 5bp separated all eight bidders and resulted in **a net cost of zero to eliminate all swaps**

PPRF & NMDOT Subordinate Lien Exempt 05/01/04 - 06/30/18 Bond Spreads vs. NMDOT 2018A



NMDOT State Road Fund and Federal Revenues vs. Debt Service





**NMDOT
Remaining
Debt**

Year	Principal Amount	FY's Total Interest	Total Debt Service	Principal Outstanding	Coupon
2019	102,790,000	52,069,731.25	154,859,731.25	988,670,000	3.83%
2020	107,110,000	48,135,850.00	155,245,850.00	881,560,000	4.92%
2021	110,740,000	42,864,600.00	153,604,600.00	770,820,000	4.94%
2022	127,320,000	37,391,725.00	164,711,725.00	643,500,000	4.82%
2023	132,615,000	31,257,700.00	163,872,700.00	510,885,000	4.65%
2024	157,745,000	25,092,200.00	182,837,200.00	353,140,000	5.11%
2025	58,025,000	17,038,925.00	75,063,925.00	295,115,000	4.32%
2026	60,215,000	14,533,550.00	74,748,550.00	234,900,000	4.63%
2027	101,385,000	11,745,000.00	113,130,000.00	133,515,000	5.00%
2028	42,105,000	6,675,750.00	48,780,750.00	91,410,000	5.00%
2029	44,320,000	4,570,500.00	48,890,500.00	47,090,000	5.00%
2030	31,925,000	2,354,500.00	34,279,500.00	15,165,000	5.00%
2031	8,345,000	758,250.00	9,103,250.00	6,820,000	5.00%
2032	6,820,000	341,000.00	7,161,000.00	—	5.00%
Totals	1,091,460,000	294,829,281.25	1,386,289,281.25		

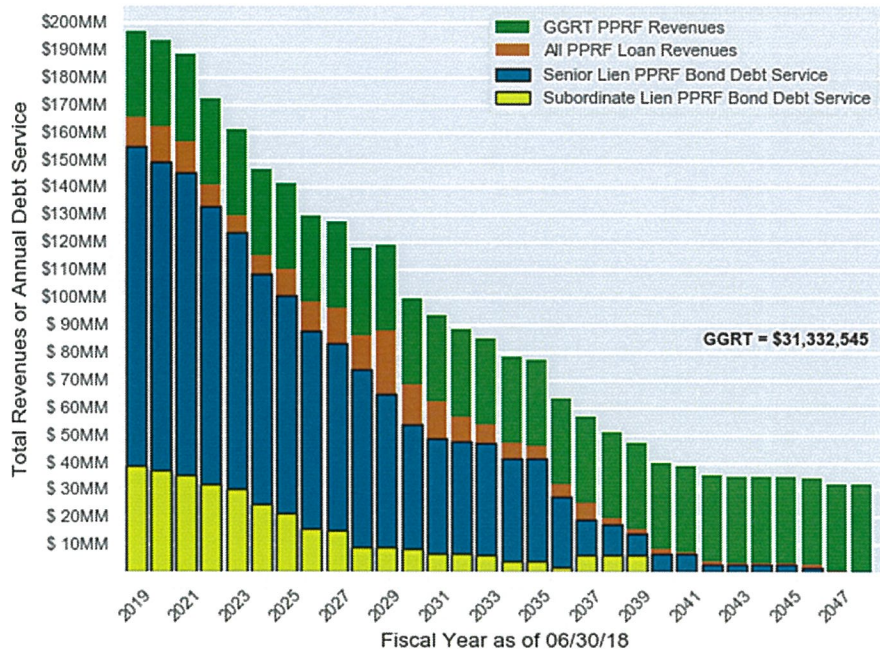


The Public Project Revolving Fund is NMFA's flagship program

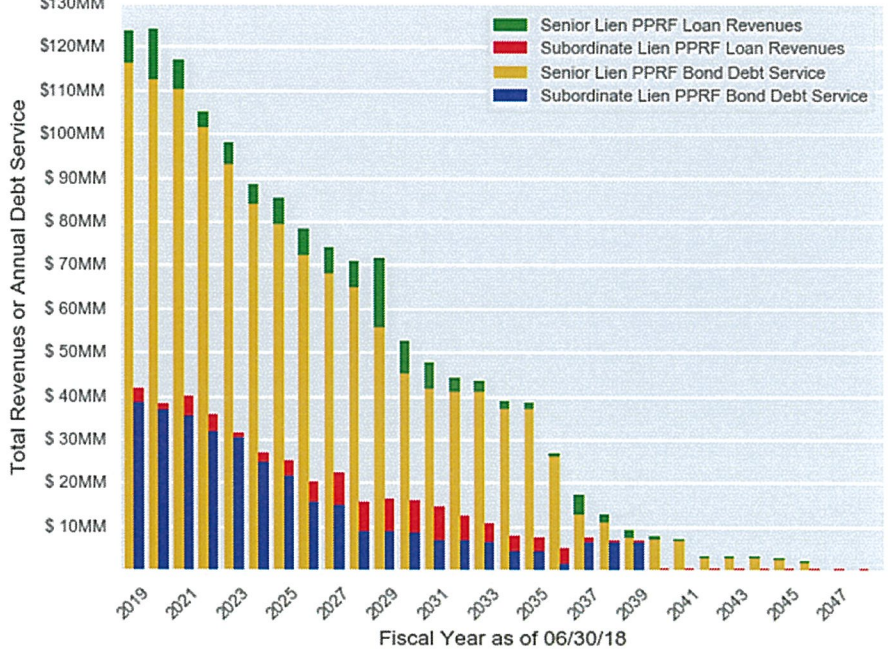
- **Subordinate Lien**, with \$248,835,000 outstanding, was rated **AAA** by S&P in July 2017
 - The rating upgrade came after NMFA funded an indentured reserve now at **\$30.8 million**
 - The reserve is called the **Supplemental Credit Reserve Fund**
 - The S&P AAA rating upgrade increases the PPRF program's capacity to fund loans and issue debt
 - The Moody's rating has remained at **Aa2**
 - Average Life is 6.9 Years and Average Coupon is 4.44%
- **Senior Lien**, with \$936,695,000 outstanding, has been rated **AAA** by S&P since April 2011
 - The 2011 rating upgrade came after NMFA funded an indentured reserve now at **\$30.8 million**
 - The reserve is called the **Common Debt Service Reserve Fund**
 - NMFA makes all loans to PPRF borrowers based on PPRF senior lien bond rates – effectively, at AAA rates
 - The Moody's rating has remained at **Aa1**
 - Average Life is 8.6 Years and Average Coupon is 4.33%



PPRF Loan Revenues plus GGRT vs. Debt Service

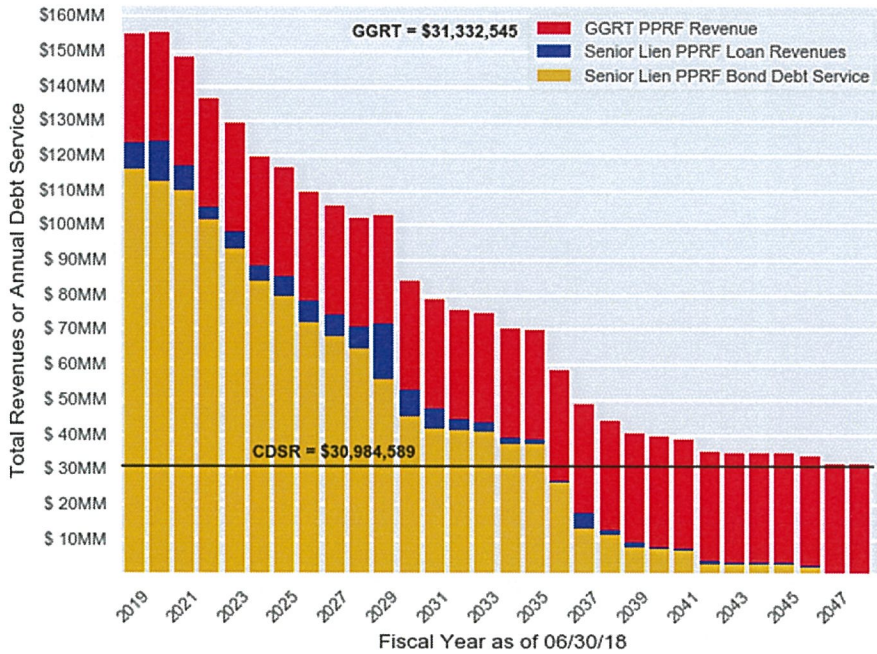


PPRF Loan Revenues and Bond Debt Service

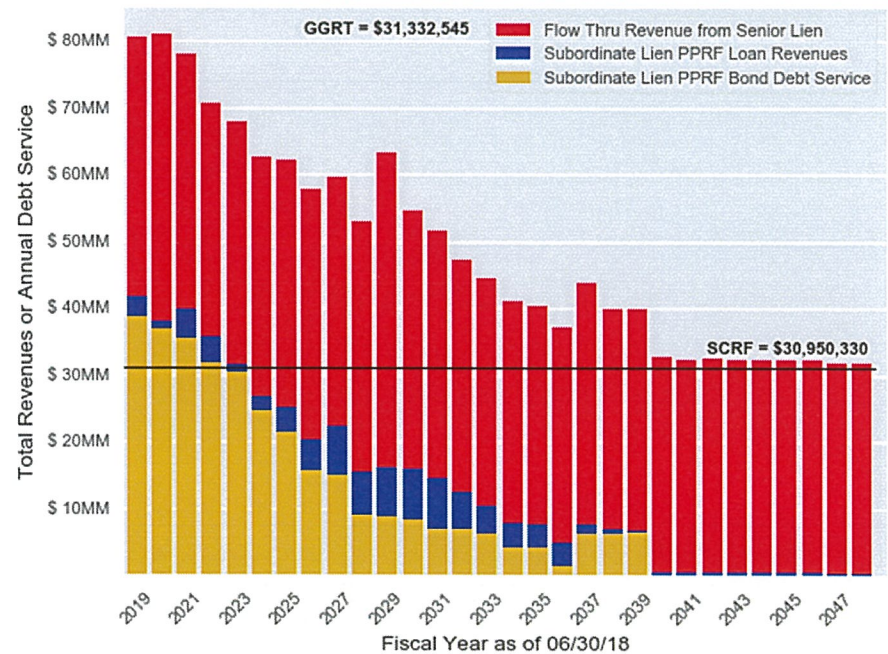




PPRF Senior Revenues and Senior Bond Debt Service



PPRF Subordinate Revenues and Subordinate Bond Debt Service





**PPRF
Senior
Lien
Remaining
Debt**

Year	Principal Amount	FY's Total Interest	Total Debt Service	Principal Outstanding	Coupon
2019	73,910,000	42,237,999.25	116,147,999.25	862,785,000	4.38%
2020	73,445,000	39,004,024.45	112,449,024.45	789,340,000	4.76%
2021	74,595,000	35,506,702.15	110,101,702.15	714,745,000	4.75%
2022	69,395,000	31,965,753.20	101,360,753.20	645,350,000	4.76%
2023	64,270,000	28,665,046.70	92,935,046.70	581,080,000	4.88%
2024	58,250,000	25,531,832.10	83,781,832.09	522,830,000	4.83%
2025	56,675,000	22,718,658.40	79,393,658.40	466,155,000	4.73%
2026	52,160,000	20,038,827.05	72,198,827.05	413,995,000	4.68%
2027	50,545,000	17,600,437.25	68,145,437.25	363,450,000	4.63%
2028	49,435,000	15,262,153.20	64,697,153.20	314,015,000	4.28%
2029	42,670,000	13,147,419.70	55,817,419.70	271,345,000	4.44%
2030	33,895,000	11,254,008.80	45,149,008.80	237,450,000	4.51%
2031	31,960,000	9,724,957.94	41,684,957.95	205,490,000	4.29%
2032	32,535,000	8,354,509.50	40,889,509.50	172,955,000	4.34%
2033	33,940,000	6,941,611.70	40,881,611.70	139,015,000	4.35%
2034	31,720,000	5,463,846.10	37,183,846.10	107,295,000	4.21%
2035	32,970,000	4,128,703.40	37,098,703.40	74,325,000	4.35%
2036	23,310,000	2,696,040.95	26,006,040.95	51,015,000	3.93%
2037	10,935,000	1,780,196.45	12,715,196.45	40,080,000	3.64%
2038	9,535,000	1,382,166.90	10,917,166.90	30,545,000	3.65%
2039	6,370,000	1,033,735.80	7,403,735.80	24,175,000	3.49%
2040	6,255,000	811,700.00	7,066,700.00	17,920,000	3.51%
2041	6,080,000	592,000.00	6,672,000.00	11,840,000	3.42%
2042	2,405,000	383,950.00	2,788,950.00	9,435,000	3.30%
2043	2,480,000	304,650.00	2,784,650.00	6,955,000	3.30%
2044	2,560,000	222,850.00	2,782,850.00	4,395,000	3.30%
2045	2,495,000	138,350.00	2,633,350.00	1,900,000	3.26%
2046	1,900,000	57,000.00	1,957,000.00	—	3.00%
Totals	936,695,000	346,949,131.00	1,283,644,131.00		



**PPRF
Subordinate
Lien
Remaining
Debt**

Year	Principal Amount	FY's Total Interest	Total Debt Service	Principal Outstanding	Coupon
2019	27,330,000	11,256,490.71	38,586,490.71	221,505,000	4.37%
2020	26,765,000	10,063,089.05	36,828,089.04	194,740,000	4.61%
2021	26,570,000	8,828,687.15	35,398,687.15	168,170,000	4.65%
2022	24,120,000	7,592,410.50	31,712,410.50	144,050,000	4.68%
2023	24,050,000	6,464,890.45	30,514,890.45	120,000,000	4.69%
2024	19,335,000	5,335,931.95	24,670,931.95	100,665,000	4.43%
2025	16,995,000	4,479,971.34	21,474,971.35	83,670,000	4.81%
2026	12,050,000	3,663,138.95	15,713,138.95	71,620,000	4.81%
2027	11,940,000	3,083,826.55	15,023,826.55	59,680,000	4.73%
2028	6,410,000	2,518,757.75	8,928,757.75	53,270,000	4.49%
2029	6,605,000	2,230,700.04	8,835,700.05	46,665,000	3.84%
2030	6,465,000	1,976,913.45	8,441,913.44	40,200,000	4.11%
2031	5,200,000	1,711,403.90	6,911,403.90	35,000,000	4.76%
2032	5,475,000	1,463,881.55	6,938,881.55	29,525,000	4.10%
2033	5,055,000	1,239,356.89	6,294,356.90	24,470,000	4.05%
2034	3,215,000	1,034,453.70	4,249,453.70	21,255,000	3.60%
2035	3,250,000	918,882.25	4,168,882.25	18,005,000	3.57%
2036	740,000	802,731.25	1,542,731.25	17,265,000	3.83%
2037	5,545,000	774,425.00	6,319,425.00	11,720,000	4.05%
2038	5,780,000	550,100.50	6,330,100.50	5,940,000	4.38%
2039	5,940,000	297,000.00	6,237,000.00	-	5.00%
Totals	248,835,000	76,287,042.95	325,122,042.95		



Governmental Gross Receipts Tax (GGRT) is a unique credit strength of the Public Project Revolving Fund (PPRF) program:

- 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 May 2018 total \$31.4 million
- GGRT has grown 17.8% from 2011–2012 to 2017–2018
- GGRT is available only for debt service shortfalls until all bond principal and interest are paid for the year – GGRT has never been used to pay principal and interest
- **\$44 million of GGRT has been swept to the General Fund and \$21.2 million of GGRT has been designated for other non PPRF purposes during the past 4 years resulting in line-of-credit use and a moratorium on disadvantaged funding**



Credit enhancements are integral to the PPRF Program

- **Strong loan credit standards are a hallmark of the PPRF – No payment defaults in the program’s history**
- 61.5% of PPRF loans can be intercepted by NM Tax & Rev or DFA – 602 of 787 loans have intercepts
- Individual loan debt service reserve accounts total \$58.9 million
- Common Debt Service Reserve and Supplemental Credit Reserve Fund total \$61.6 million
- Senior lien coverage at 1.3 times in early years – GGRT by statute not a General Fund appropriation
- Loan Revenues total \$165,179,571 versus Bond Debt Service of \$154,734,490
- Pledged revenues are diversified and are mostly tax based – out of 787 loans, 87 are System Revenue Loans

PPRF Combined Liens Loan Portfolio

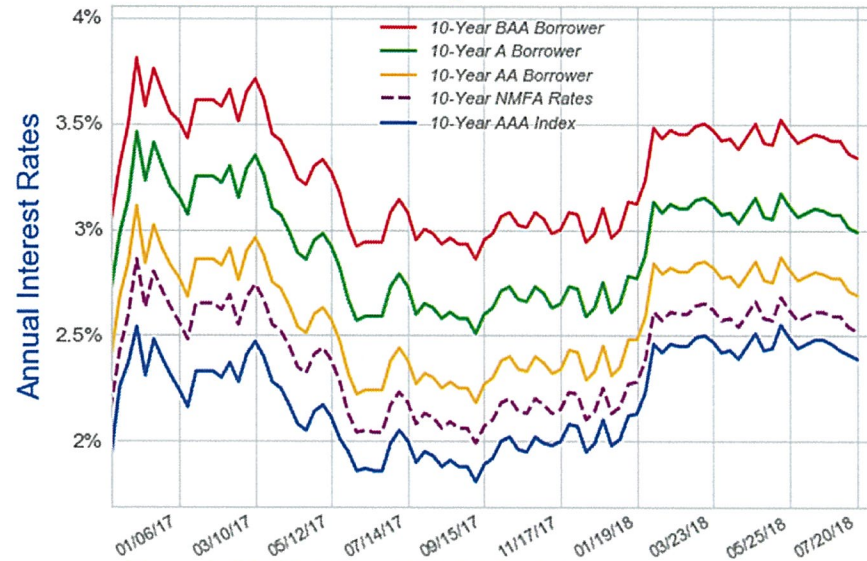
ReCap - 2019 Loan Revenue as of June 30, 2018	Number of Loans	Category Loan Revenues	Relative to All Loans
Gross Receipts Tax	172	49,234,797	29.8%
System Revenues	87	43,296,506	26.2%
General Obligation	197	37,077,267	22.4%
Local Special Tax	36	19,219,010	11.6%
State Gross Receipts Tax	12	6,488,789	3.9%
Fire Protection Fund	242	5,928,471	3.6%
Special Assessment	7	2,520,398	1.5%
Governmental Gross Receipts Tax	2	703,325	0.4%
Mill Levy	10	357,537	0.2%
Law Enforcement Protection Fund	22	353,471	0.2%
Total FY2019 Loan Revenues	787	165,179,571	100%



NMFA PPRF Interest Rates

Period	Year	90-Week		90-Week	
		Exempt	Change	Taxable	Change
1-Year	2019	1.41%	63bp	2.60%	154bp
2-Year	2020	1.56%	63bp	2.81%	148bp
3-Year	2021	1.74%	68bp	2.91%	136bp
4-Year	2022	1.87%	70bp	2.99%	126bp
5-Year	2023	1.98%	69bp	3.11%	120bp
6-Year	2024	2.12%	71bp	3.19%	110bp
7-Year	2025	2.25%	66bp	3.32%	106bp
8-Year	2026	2.38%	64bp	3.39%	98bp
9-Year	2027	2.45%	57bp	3.44%	94bp
10-Year	2028	2.52%	56bp	3.50%	91bp
11-Year	2029	2.73%	46bp	3.55%	82bp
12-Year	2030	2.89%	37bp	3.59%	71bp
13-Year	2031	3.01%	29bp	3.63%	66bp
14-Year	2032	3.11%	26bp	3.66%	59bp
15-Year	2033	3.16%	18bp	3.70%	53bp
16-Year	2034	3.24%	15bp	3.73%	50bp
17-Year	2035	3.28%	17bp	3.77%	49bp
18-Year	2036	3.32%	16bp	3.80%	46bp
19-Year	2037	3.38%	18bp	3.84%	45bp
20-Year	2038	3.41%	19bp	3.87%	43bp
21-Year	2039	3.45%	19bp	3.90%	42bp
22-Year	2040	3.47%	17bp	3.93%	41bp
23-Year	2041	3.50%	16bp	3.96%	39bp
24-Year	2042	3.53%	15bp	3.98%	36bp
25-Year	2043	3.56%	15bp	3.99%	33bp
26-Year	2044	3.58%	14bp	3.99%	29bp
27-Year	2045	3.60%	13bp	4.00%	27bp
28-Year	2046	3.62%	12bp	4.00%	24bp
29-Year	2047	3.64%	11bp	4.00%	23bp
30-Year	2048	3.66%	11bp	4.00%	22bp

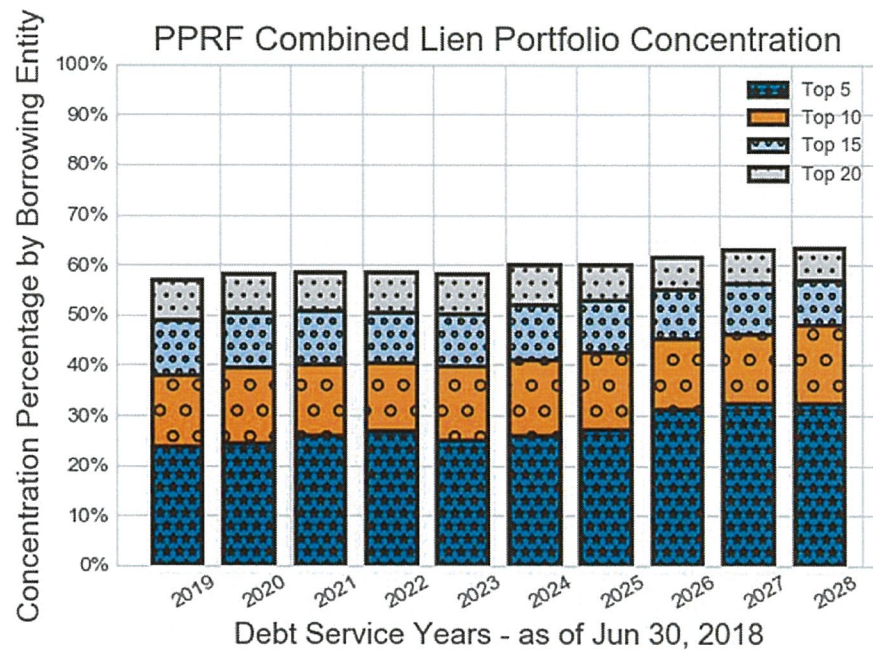
Tax-Exempt 10-Year Borrowing Rates versus MMD AAA TIC Index



From 11/04/16 thru 07/20/18 - 90 Weeks since Election

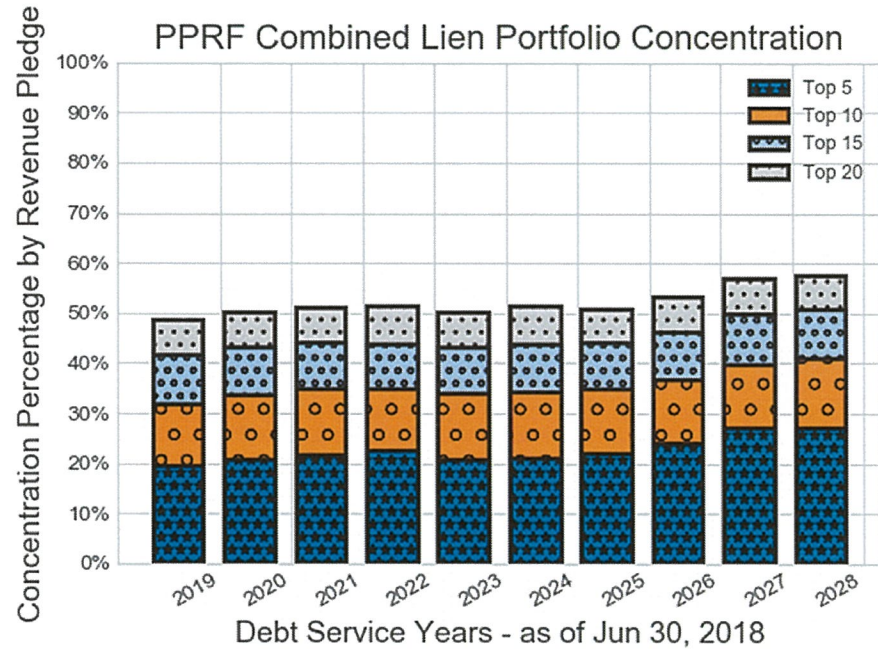
Concentration of Loan Revenues by Borrower – Top 20

Borrowing Entity	FY2019	165,179,571
Santa Fe	7.908%	13,062,346
Rio Rancho	4.824%	7,967,506
General Services Department	3.843%	6,347,372
Albuquerque	3.834%	6,332,452
New Mexico Spaceport Authority	3.419%	5,647,402
ABCWUA	3.314%	5,473,231
Farmington Schools	2.876%	4,751,150
Jicarilla Apache Nation	2.871%	4,741,650
Alamogordo	2.600%	4,294,756
Los Alamos County	2.557%	4,224,368
Farmington	2.503%	4,135,094
Bernalillo Cty Metro Court	2.371%	3,916,250
Gadsden Schools	2.182%	3,603,395
Las Cruces	1.945%	3,211,959
Santa Ana Pueblo	1.837%	3,034,890
Eastern New Mexico U	1.825%	3,014,796
UNM Health Sciences Center	1.786%	2,950,745
Gallup McKinley Schools	1.729%	2,856,751
Sandoval County	1.425%	2,353,583
San Juan County	1.405%	2,321,108



Concentration of Loan Revenues by Borrower & Pledge – Top 20

Borrowing Entity by Revenue Pledge	FY2019	165,179,571
Santa Fe - GRT	6.178%	10,204,962
General Services Department - State GRT	3.741%	6,179,394
New Mexico Spaceport Authority - GRT	3.419%	5,647,402
ABCWUA - Sys Rev	3.314%	5,473,231
Farmington Schools - GO	2.876%	4,751,150
Jicarilla Apache Nation - Sys Rev	2.871%	4,741,650
Farmington - GRT	2.470%	4,079,890
Bernalillo Cty Metro Court - Sys Rev	2.371%	3,916,250
Los Alamos County - Sys Rev	2.362%	3,901,629
Rio Rancho - Sys Rev	2.355%	3,889,750
Gadsden Schools - GO	2.182%	3,603,395
Albuquerque - Sys Rev	1.934%	3,195,075
Albuquerque - GRT	1.838%	3,036,335
Santa Ana Pueblo - Sys Rev	1.837%	3,034,890
UNM Health Sciences Center - Local Spec	1.786%	2,950,745
Alamogordo - GRT	1.640%	2,709,466
Santa Fe - Local Spec	1.535%	2,536,194
San Juan County - GRT	1.405%	2,321,109
New Mexico Highlands University - Sys Rev	1.392%	2,299,404
Gallup McKinley Schools - Local Spec	1.310%	2,163,662





Concentration of Loan Revenues by Borrower – Smallest 20

Borrowing Entity	FY2019	165,179,571
Cundiyo MDWCA	0.001%	1,654
Loving	0.001%	2,439
Rutherford Water Association	0.002%	3,276
Tyrone MDWCA	0.002%	3,276
Carlsbad SWCD	0.003%	4,976
El Prado WSD	0.003%	5,111
Rutherford MDWCA	0.003%	5,144
White Cliffs MDWCA	0.003%	5,417
Causey	0.003%	5,617
Sierra SWCD	0.004%	6,683
Lea SWCD	0.004%	7,292
Hondo Valley Schools	0.005%	8,238
Hurley	0.005%	8,392
Southside MDWA	0.006%	9,456
Pecos, Village of	0.006%	10,072
La Jara MDWCA	0.006%	10,164
Columbus	0.006%	10,586
San Ysidro	0.006%	10,694
Jemez Springs	0.007%	10,834
Capitan Schools	0.007%	11,337

