OFFICIAL STATEMENT DATED JUNE 9, 2021

NEW ISSUE - BOOK-ENTRY ONLY **Ratings: S&P "AAA"; Moody's "Aa2"**
(See "RATINGS" herein.)

In the opinion of Gilmore & Bell, P.C., Bond Counsel to the Finance Authority, under existing law and assuming continued compliance with certain requirements of the Internal Revenue Code of 1986, as amended, the interest on the Series 2021B Bonds is excludable from gross income for federal income tax purposes, and is not an item of tax preference for purposes of the federal alternative minimum tax. Bond Counsel is also of the opinion that the interest on the Series 2021B Bonds is exempt from income taxation by the State of New Mexico. See "TAX MATTERS" herein.

NEW MEXICO FINANCEAUTHORITY

$31,305,000
NEW MEXICO FINANCE AUTHORITY SUBORDINATE LIEN PUBLIC PROJECT REVOLVING FUND REVENUE BONDS, SERIES 2021B

Dated: Date of Initial Delivery **Due: June 15, as shown on inside front cover page**

The New Mexico Finance Authority Subordinate Lien Public Project Revolving Fund Revenue Bonds, Series 2021B (the "Series 2021B Bonds") are being issued as fully registered bonds in denominations of $5,000 or any integral multiple of $5,000. The Depository Trust Company, New York, New York ("DTC") will act as securities depository of the Series 2021B Bonds through its nominee, Cede & Co. One fully registered bond in a denomination equal to the principal amount of each maturity of the Series 2021B Bonds will be registered in the name of Cede & Co. Individual purchases of Series 2021B Bonds will be made in book-entry form only, and beneficial owners of the Series 2021B Bonds will not receive physical delivery of bond certificates, except as described in this Official Statement. Upon receipt of payments of principal and interest, DTC will remit such payments to DTC participants for subsequent disbursement to the beneficial owners of the Series 2021B Bonds.

The Series 2021B Bonds will be issued under and secured by the Indenture (as defined herein). Interest on the Series 2021B Bonds accrues from the Date of Initial Delivery (defined below) of the Series 2021B Bonds and is payable on December 15 and June 15 of each year, commencing December 15, 2021 until stated maturity. Principal of the Series 2021B Bonds is payable on the dates, and interest is payable at the rates, shown on the Maturity Schedule on the inside front cover page.

SEE MATURITY SCHEDULE ON INSIDE FRONT COVER PAGE

The Series 2021B Bonds are not subject to redemption prior to maturity.

Proceeds of the Series 2021B Bonds will be used by the New Mexico Finance Authority (the "Finance Authority") for the purposes of (i) originating Loans (as defined herein) to or purchasing Securities (as defined herein) from, or reimbursing the Finance Authority for moneys used to originate Loans to or purchase Securities from, certain governmental entities, the proceeds of which will be or were used to finance or refinance certain Projects (as defined herein) for such governmental entities, and (ii) paying costs incurred in connection with the issuance of the Series 2021B Bonds. See "THE PLAN OF FINANCING." The principal of and premium, if any, and interest on the Series 2021B Bonds and additional bonds issued or to be issued are payable solely from and secured solely by the Trust Estate (as defined herein). The Finance Authority has issued or incurred and expects to issue or incur additional parity bonds and other obligations pursuant to the Indenture. The Finance Authority has also issued or incurred and expects to issue or incur additional bonds with a lien on the NMFA Portion of the Governmental Gross Receipts Tax (as defined herein) senior to the lien of the Series 2021B Bonds.

The Series 2021B Bonds are special limited obligations of the Finance Authority payable, together with additional bonds issued or to be issued, solely from and secured solely by the Trust Estate. The Series 2021B Bonds will not constitute or create a general obligation or other indebtedness of the State of New Mexico (the "State"), the Finance Authority or any Governmental Unit within the meaning of any constitutional or statutory debt limitation. No provision of the Series 2021B Bonds will be construed or interpreted as a donation by or lending of the credit of the Finance Authority, the State or any Governmental Unit within the meaning of the Constitution of the State. THE FINANCE AUTHORITY HAS NO TAXING POWERS. The Series 2021B Bonds do not constitute or give rise to personal liability on the part of the members, directors or officers of the Finance Authority. No breach of any pledge, obligation or agreement of the Finance Authority will impose a pecuniary liability or a charge upon the general credit of the State, the Finance Authority or any political subdivision of the State, or upon the taxing power of the State or any political subdivision of the State.

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.

Certain legal matters concerning the legality of the Series 2021B Bonds will be passed on by Gilmore & Bell, P.C., Salt Lake City, Utah, Bond Counsel to the Finance Authority. Certain legal matters will be passed upon by the Chief Legal Officer of the Finance Authority. Certain legal matters relating to disclosure will be passed upon by Orrick, Herrington & Sutcliffe LLP, Austin, Texas, Disclosure Counsel to the Finance Authority. Certain legal matters will be passed upon for the Underwriters by Hogan Lovells US LLP, Denver, Colorado, counsel to the Underwriters. PFM Financial Advisors LLC has acted as municipal advisor to the Finance Authority in connection with the issuance of Series 2021B Bonds. It is expected that a single certificate for each maturity of the Series 2021B Bonds will be delivered to DTC or its agent on or about June 30, 2021 (the "Date of Initial Delivery").

This Official Statement is dated June 9, 2021, and the information contained herein speaks only as of that date.

Morgan Stanley

Wells Fargo Securities **Stifel**

$31,305,000
NEW MEXICO FINANCE AUTHORITY
SUBORDINATE LIEN PUBLIC PROJECT REVOLVING FUND REVENUE BONDS, SERIES 2021B

MATURITY SCHEDULE

Year (June 15)	Principal Amount*	Interest Rate	Initial Yield	CUSIP No.(1)
2022	$ 1,405,000	4.000%	0.090%	64711PHM5
2023	1,000,000	4.000%	0.130%	64711PHN3
2024	3,500,000	5.000%	0.250%	64711PHP8
2025	4,000,000	5.000%	0.390%	64711PHQ6
2026	3,000,000	5.000%	0.500%	64711PHR4
2027	3,000,000	5.000%	0.640%	64711PHS2
2028	3,400,000	5.000%	0.760%	64711PHT0
2029	3,000,000	5.000%	0.870%	64711PHU7
2030	4,000,000	5.000%	0.990%	64711PHV5
2031	3,000,000	5.000%	1.040%	64711PHW3
2032	2,000,000	5.000%	1.120%	64711PHX1

(1) The above referenced CUSIP number(s) have been assigned by an independent company not affiliated with the parties to this bond transaction and are included solely for the convenience of the holders of the Series 2021B Bonds. None of the Finance Authority, the Trustee, or the Municipal Advisor, is responsible for the selection or uses of such CUSIP numbers, and no representation is made as to its correctness on the Series 2021B Bonds or as indicated above. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Series 2021B Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities.

The information set forth herein has been obtained from the Finance Authority, DTC, and other sources that are believed to be reliable. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made thereafter shall under any circumstances create any implication that there has been no change in the affairs of the Finance Authority, or in any other information contained herein since the date hereof.

No dealer, broker, salesman or any other person has been authorized by the Finance Authority to give any information or to make any representations, other than those contained in this Official Statement, in connection with the offering contained herein, and, if given or made, such information or representations must not be relied upon. This Official Statement does not constitute an offer to sell or solicitation of an offer to buy nor shall there be any sale of the Series 2021B Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended. Such statements are generally identifiable by the terminology used such as "plan," "expect," "estimate," "project," "budget" or other similar words. Forward-looking statements are included in the Official Statement under the captions "THE PLAN OF FINANCING—Estimated Sources and Uses of Funds" and "ANNUAL DEBT SERVICE REQUIREMENTS." The forward-looking statements in this Official Statement are subject to risks and uncertainties that could cause actual results to differ materially from those expressed in or implied by such statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof.

The yields or prices at which the Series 2021B Bonds are offered to the public may vary from the initial reoffering yields or prices shown on the inside front cover page of this Official Statement.

The Finance Authority maintains its own website and an investor relations website, www.nmbondfinance.com; however, the information presented on such websites is not a part of this Official Statement and should not be relied upon in making an investment decision with respect to the Series 2021B Bonds.

References to website addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such web sites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement.

THE SERIES 2021B BONDS WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR ANY STATE SECURITIES LAW AND WILL NOT BE LISTED ON ANY STOCK OR OTHER SECURITIES EXCHANGE. THE SERIES 2021B BONDS HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SEC OR ANY STATE SECURITIES COMMISSION, NOR HAS THE SEC OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

NEW MEXICO FINANCE AUTHORITY

207 Shelby Street
Santa Fe, New Mexico 87501
Telephone: (505) 984-1454

Members[(1)]

Katherine Miller, Chair[(2)]
Steve Kopelman, Vice Chair
Leslie Nathanson Juris, Secretary[(2)]
A.J. Forte
James Kenney
Alicia Keyes
Deborah Romero
Sarah Cottrell Propst
Martin Suazo[(2)]
Andrew Burke[(2)]

Chief Executive Officer

Marquita D. Russel

Chief Legal Officer

Daniel C. Opperman

Municipal Advisor

PFM Financial Advisors LLC
San Francisco, California

Bond Counsel

Gilmore & Bell, P.C.
Salt Lake City, Utah

Disclosure Counsel

Orrick, Herrington & Sutcliffe LLP
Austin, Texas

Trustee, Registrar and Paying Agent

BOKF, NA
Albuquerque, New Mexico

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(1) One position on the governing body of the Finance Authority is currently vacant. See "NEW MEXICO FINANCE AUTHORITY – Governing Body and Key Staff Members."

(2) Designees to their respective positions as they have been appointed by the Governor of the State but are awaiting confirmation by the New Mexico State Senate during the 2022 session of the State Legislature (defined herein) and will continue to serve until the expiration of such session if no confirmation is received.

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OFFICIAL STATEMENT

RELATING TO

$31,305,000
NEW MEXICO FINANCE AUTHORITY
SUBORDINATE LIEN PUBLIC PROJECT REVOLVING FUND REVENUE BONDS,
SERIES 2021B

INTRODUCTION

This Official Statement, which includes the cover page, the inside front cover page, and appendices, provides information in connection with the offer and sale of the $31,305,000 New Mexico Finance Authority Subordinate Lien Public Project Revolving Fund Revenue Bonds, 2021B (the "Series 2021B Bonds") being issued by the New Mexico Finance Authority (the "Finance Authority" or the "NMFA"). The Series 2021B Bonds, together with additional bonds the Finance Authority has issued or may issue in parity with them under the Indenture (defined below), are collectively referred to in this Official Statement as the "Bonds" or the "Parity Bonds." The Bonds are being issued pursuant to the terms of the Subordinated General Indenture of Trust and Pledge, dated as of March 1, 2005, as previously amended and supplemented (the "General Indenture"), and as further amended and supplemented by a Twenty-Second Supplemental Indenture of Trust, dated as of June 1, 2021 (the "Twenty-Second Supplemental Indenture" and, together with the General Indenture, the "Indenture") all between the Finance Authority and BOKF, NA, Albuquerque, New Mexico, as trustee (the "Trustee"). Capitalized terms used and not defined in the main body of this Official Statement have the meanings specified in the Indenture and are presented under the caption "Definitions" in "APPENDIX B—EXTRACTS OF CERTAIN PROVISIONS OF THE INDENTURE."

New Mexico Finance Authority

The Finance Authority, established by the legislature (the "State Legislature") of the State of New Mexico (the "State") in 1992, is a governmental instrumentality separate and apart from the State created to coordinate the planning and financing of State and local public projects. For additional information concerning the Finance Authority, see "NEW MEXICO FINANCE AUTHORITY" and the Finance Authority's financial statements for the fiscal year ended June 30, 2020 included as APPENDIX F hereto. See also "FINANCIAL STATEMENTS."

Authority and Purpose

The Series 2021B Bonds are being issued under the authority of and pursuant to the laws of the State, including particularly the New Mexico Finance Authority Act, Section 6-21-1 et seq., NMSA 1978, as amended (the "Act"), and the Indenture. The Public Project Revolving Fund has been established pursuant to the Act. For a description of the Public Project Revolving Fund Program, see "NEW MEXICO FINANCE AUTHORITY—The Public Project Revolving Fund Program."

Proceeds from the sale of the Series 2021B Bonds will be used by the Finance Authority for the purposes of (i) originating Loans to or purchasing Securities from, or reimbursing the Finance Authority for moneys used to originate Loans to or purchase Securities from, certain governmental units, the proceeds of which will be or were used to finance or refinance certain Projects for such governmental units, and (ii) paying costs incurred in connection with the issuance of the Series 2021B Bonds. See "THE PLAN OF FINANCING" for more information with respect to the sources and uses of proceeds of the Series 2021B Bonds, and see APPENDIX A for a list of the Governmental Units and the amount of the Loans to be financed or refinanced with the proceeds of the Series 2021B Bonds. Such Governmental Units whose Loans are being financed or refinanced with proceeds of the Series 2021B Bonds are sometimes referred to herein as the "2021B Governmental Units."

Parity Obligations

Obligations, including Parity Bonds, with a lien on the Trust Estate on a parity with the lien of the Series 2021B Bonds have been issued and may be issued to (i) provide Loans to Governmental Units, to reimburse the Public Project Revolving Fund for Loans made to Governmental Units, and to purchase Securities from Governmental Units and/or (ii) refund the Finance Authority's outstanding Parity Bonds or Senior Bonds (defined below). See "—Security and Sources of Payment for the Bonds – Additional Bonds" below. For a description of the Parity Bonds currently outstanding (the "Outstanding Parity Bonds"), see "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Outstanding Parity Bonds."

Senior Obligations

The Finance Authority's General Indenture of Trust and Pledge dated as of June 1, 1995, as amended and supplemented (the "Senior Indenture"), creates a lien on the NMFA Portion of the Governmental Gross Receipts Tax and additional pledged Loans pledged to the Senior Indenture (collectively, and as defined in the Indenture, the "PPRF Revenues") that is senior to the lien of the Indenture. Pursuant to the Senior Indenture the Finance Authority has issued and may issue bonds or other obligations with a lien on PPRF Revenues senior to the lien of the Indenture ("Senior Bonds"). Those Senior Bonds and obligations are secured by and payable from the PPRF Revenues prior to their release from the Senior Indenture. The Finance Authority maintains an ongoing program to provide Loans and to purchase Securities from Governmental Units and expects to finance some of those activities with the issuance of additional Senior Bonds. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Outstanding Senior Bonds." The timing, amount and other details of the issuance of such additional Senior Bonds are not known as of the date of this Official Statement.

The Series 2021B Bonds

The Series 2021B Bonds will be dated the Date of Initial Delivery. Interest on the Series 2021B Bonds is payable on December 15 and June 15 of each year, commencing December 15, 2021 until stated maturity. The Series 2021B Bonds will mature on the dates and in the amounts and will bear interest at the rates shown on the inside front cover page of this Official Statement. The Series 2021B Bonds are issuable in denominations of $5,000 or integral multiples of $5,000.

Individual purchases will be made in book-entry only form, and purchasers of the Series 2021B Bonds will not receive physical delivery of bond certificates except as more fully described in "APPENDIX E—BOOK-ENTRY ONLY SYSTEM." Payments of principal of and interest on the Series 2021B Bonds will be made directly to The Depository Trust Company, New York, New York ("DTC") or its nominee, Cede & Co., by the Paying Agent, so long as DTC or Cede & Co. is the sole registered owner. Upon receipt of such payments, DTC is to remit such payments to the DTC Participants (as defined below) for subsequent disbursement to the beneficial owners of the Series 2021B Bonds, all as more fully described in APPENDIX E. In reading this Official Statement, it should be understood that while the Series 2021B Bonds are in book-entry only form, references in other sections of this Official Statement to Owners should be read to include the person for whom the Participants and Indirect Participants acquire an interest in the Series 2021B Bonds, but (i) all rights of ownership must be exercised through DTC and the book-entry only system as described in APPENDIX E, and (ii) except as otherwise provided in the Indenture, notices that are to be given to Owners by the Finance Authority, the Trustee, the Registrar or the Paying Agent will be given only to DTC.

No Redemption

The Series 2021B Bonds are not subject to redemption prior to maturity. See "THE SERIES 2021B BONDS—No Redemption."

Security and Sources of Payment for the Bonds

Trust Estate. The Bonds, including the Series 2021B Bonds, are special limited obligations of the Finance Authority secured by and payable solely from the Trust Estate, which includes the special revenues and funds of the Finance Authority pledged under the Indenture, including: (i) moneys from the repayment by governmental borrowers of Loans made or Securities issued to finance a project under the Indenture ("Agreements"); (ii) moneys from the repayment by governmental borrowers to the Finance Authority of Loans made or Securities purchased from moneys in the Public Project Revolving Fund and pledged as "Additional Pledged Loans" under the Indenture; (iii) certain Governmental Gross Receipts Tax revenues and moneys from the repayment to the Finance Authority of certain Loans, to the extent available on June 1 of each year after all obligations of the Finance Authority under the Senior Indenture have been satisfied (together with the moneys described in (ii) in this paragraph, the "Subordinate Lien PPRF Revenues"); (iv) any additional revenues received by the Finance Authority and designated as part of the special revenues and funds pledged under the Indenture pursuant to a Supplemental Indenture or Pledge Notification; and (v) certain funds and accounts created and maintained pursuant to the Indenture. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Flow of Funds" and see "Establishment and Use of Funds" in "APPENDIX B—EXTRACTS OF CERTAIN PROVISIONS OF THE INDENTURE" herein. Moneys from the sources described in (ii) and (iii) above may be released from the Indenture on June 16 of each year. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS" herein.

The Bonds do not constitute or create a general obligation or other indebtedness of the State, the Finance Authority or any Governmental Unit within the meaning of any constitutional or statutory debt limitation. THE FINANCE AUTHORITY HAS NO TAXING POWERS. No provision of the Bonds will be construed or interpreted as a donation by or lending of the credit of the Finance Authority, the State, or any Governmental Unit within the meaning of the Constitution of the State. The principal of and interest and premium, if any, on the Bonds do not constitute or give rise to a personal liability on the part of the members, directors and officers of the Finance Authority. No breach of any pledge, obligation or agreement of the Finance Authority will impose a pecuniary liability or a charge upon the general credit of the State, the Finance Authority or any political subdivision of the State, or upon the taxing power of the State or any political subdivision of the State.

For a discussion of the COVID-19 pandemic and its impact on the Finance Authority's operations and financial condition, see "INVESTMENT CONSIDERATIONS—Outbreak of Infectious Disease."

Additional Bonds. The Finance Authority maintains an ongoing program to provide Loans and to purchase Securities from Governmental Units and expects to finance certain of those activities with the issuance of additional Parity Bonds ("Additional Bonds") on parity with the Series 2021B Bonds. The Finance Authority must satisfy certain requirements set forth in the Indenture to issue such Additional Bonds. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Additional Bonds." The timing, amount and such other details of such Additional Bonds are not known as of the date of this Official Statement.

Continuing Disclosure Undertaking

The Finance Authority has undertaken for the benefit of the Owners of the Series 2021B Bonds that, so long as the Series 2021B Bonds remain outstanding, the Finance Authority will provide certain annual financial information, operating data and audited financial statements with respect to the Finance Authority and each Governmental Unit expected by the Finance Authority to have Loan repayment obligations in the then-current fiscal year constituting more than twenty percent (20%) of the estimated Subordinate Lien Revenues (as herein defined) in the then-current fiscal year to the Municipal Securities Rulemaking Board (the "MSRB") in an electronic format prescribed by the MSRB and notice of certain events to the MSRB in an electronic format prescribed by the MSRB in accordance with Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended (the "Rule"). The provisions of the Continuing Disclosure Undertaking may be amended under certain circumstances. See "CONTINUING DISCLOSURE UNDERTAKING."

None of the Governmental Units have represented annual Loan repayment obligations exceeding 20% of estimated Subordinate Lien Revenues in the first full fiscal year immediately following issuance of the Series 2021B Bonds. See APPENDIX A for a discussion of Loans to Governmental Units with the largest outstanding principal loan balances.

Tax Considerations

In the opinion of Gilmore & Bell, P.C., Bond Counsel to the Finance Authority, under existing law and assuming continued compliance with certain requirements of the Internal Revenue Code of 1986, as amended, the interest on the Series 2021B Bonds is excludable from gross income for federal income tax purposes, and is not an item of tax preference for purposes of the federal alternative minimum tax. Bond Counsel is also of the opinion that the interest on the Series 2021B Bonds is exempt from income taxation by the State. See "TAX MATTERS" herein. Bond Counsel expresses no opinion regarding any other tax consequences relating to ownership or disposition of or the accrual or receipt of interest on the Series 2021B Bonds.

Professionals Involved in the Offering

At the time of the issuance and sale of the Series 2021B Bonds, Gilmore & Bell, P.C., Salt Lake City, Utah, as Bond Counsel to the Finance Authority, will deliver its opinion in the form included in APPENDIX D. Certain legal matters will be passed upon for the Finance Authority by its Chief Legal Officer. Certain legal matters relating to disclosure will be passed upon by Orrick, Herrington & Sutcliffe LLP, Austin, Texas, Disclosure Counsel to the Finance Authority. Certain legal matters will be passed upon for the Underwriters by Hogan Lovells US LLP, Denver, Colorado, counsel to the Underwriters. PFM Financial Advisors LLC ("PFM"), San Francisco, California, has acted as municipal advisor to the Finance Authority (the "Municipal Advisor") in connection with the issuance of the Series 2021B Bonds. See "MUNICIPAL ADVISOR."

The Finance Authority's audited financial statements for the fiscal year ended June 30, 2020, included in APPENDIX F, have been audited by Moss Adams LLP, Certified Public Accountants, Albuquerque, New Mexico. See also "FINANCIAL STATEMENTS." Moss Adams LLP has not been asked to consent to the use of its name and audited financial reports of the Finance Authority in this Official Statement nor has Moss Adams LLP participated in the preparation of this Official Statement.

Offering and Delivery of the Series 2021B Bonds

The Series 2021B Bonds are offered when, as and if issued, subject to approval as to their legality by Bond Counsel and the satisfaction of certain other conditions. It is anticipated that a single certificate for each maturity of the Series 2021B Bonds will be delivered to DTC or its agent on or about June 30, 2021. The Series 2021B Bonds will be distributed in the initial offering by Morgan Stanley & Co. LLC, Wells Fargo Bank, National Association, and Stifel, Nicolaus & Company, Incorporated (collectively, the "Underwriters"), for which Morgan Stanley & Co. LLC is acting as senior managing underwriter and representative of the Underwriters. See "UNDERWRITING."

COVID-19

For a discussion of the COVID-19 pandemic and its impact on the Finance Authority's operations and financial condition, see "INVESTMENT CONSIDERATIONS—Outbreak of Infectious Disease."

Other Information

This Official Statement speaks only as of its date, and the information in it is subject to change. The quotations from, and summaries and explanations of, the statutes, regulations and documents in this Official Statement do not purport to be complete, and reference is made to those laws, regulations and documents for full and complete statements of their provisions. Copies, in reasonable quantity, of such laws, regulations and documents, and of the financial statements of the Finance Authority, may be obtained during the offering period, upon request to the Finance Authority and upon payment to the Finance Authority of a charge for copying, mailing and handling, at 207 Shelby Street, Santa Fe, New Mexico 87501, Tel: (505) 984-1454, Attention: Records Custodian.

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the Finance Authority and any purchaser or holder of Series 2021B Bonds.

THE SERIES 2021B BONDS

General

The Series 2021B Bonds will be dated the Date of Initial Delivery and interest will accrue on the Series 2021B Bonds from such date at the rates presented on the inside front cover page of this Official Statement (calculated on the basis of a 360-day year consisting of twelve 30-day months), and is payable on December 15 and June 15 of each year, commencing December 15, 2021 until stated maturity. The "Regular Record Date" for the Series 2021B Bonds is the fifteenth (15th) day immediately preceding each Interest Payment Date (or the Business Day immediately preceding such fifteenth (15th) day, if such fifteenth (15th) day is not a Business Day). The Series 2021B Bonds will be issued in the aggregate principal amounts and will mature on the dates and in the amounts shown on the inside front cover page. The Series 2021B Bonds are issuable in denominations of $5,000 or integral multiples of $5,000 (the "Authorized Denominations").

Book-Entry Only System

DTC will act as securities depository for all of the Series 2021B Bonds through its nominee, Cede & Co. One fully registered bond in a denomination equal to the principal amount and maturity of the Series 2021B Bonds will be registered in the name of Cede & Co. Individual purchases of Series 2021B Bonds will be made in book-entry only form, and beneficial owners of the Series 2021B Bonds will not receive physical delivery of bond certificates, except as described in APPENDIX E. Upon receipt of payments of principal and interest, DTC will remit such payment to DTC participants for subsequent disbursement to the beneficial owners of the Series 2021B Bonds. For a more complete description of the book-entry only system, see "APPENDIX E—BOOK-ENTRY ONLY SYSTEM."

No Redemption

The Series 2021B Bonds are not subject to redemption prior to maturity.

Defeasance

When a Bond has been deemed to be paid under the Indenture, it will no longer be secured by or entitled to the benefits of the Indenture, except for the purposes of any such payment. Any Bond will be deemed to be paid for all purposes of the Indenture when (1) the principal of and the applicable premium, if any, on such Bond (whether at maturity or prior redemption) plus interest on the Bond to the Bond's due date either have been paid or have been provided by irrevocably depositing with the Trustee or other escrow agent, in trust, and the Trustee or other escrow agent shall have irrevocably set aside exclusively for such payment moneys sufficient to make such payment, and/or noncallable Governmental Obligations maturing as to principal and interest in such amount and at such times as will insure the availability of sufficient moneys to make such payment, and (2) all necessary and proper fees, compensation and expenses of the Trustee and any paying agents pertaining to the Bonds with respect to which such deposit is made shall have been paid or the payment thereof provided for to the satisfaction of the Trustee.

SECURITY AND SOURCES OF PAYMENT FOR THE BONDS

Special Limited Obligations

The Bonds, including the Series 2021B Bonds, are special limited obligations of the Finance Authority payable solely from the Trust Estate. The Series 2021B Bonds do not constitute nor create a general obligation or other indebtedness of the State, the Finance Authority or any Governmental Unit within the meaning of any constitutional or statutory debt limitation. THE FINANCE AUTHORITY HAS NO TAXING POWERS. No provision of the Series 2021B Bonds will be construed or interpreted as a donation by or lending of the credit of the Finance Authority, the State or any Governmental Unit within the meaning of the Constitution of the State. The principal of and interest and premium, if any, on the Series 2021B Bonds do not constitute or give rise to a personal liability on the part of the members, directors and officers of the Finance Authority. No breach of any pledge, obligation or agreement of the Finance Authority will impose a pecuniary liability or a charge upon the general credit of the State, the Finance Authority or any political subdivision of the State, or upon the taxing power of the State or any political subdivision of the State. For a discussion of the COVID-19 pandemic and its impact on the Finance Authority's operations and financial condition, see "INVESTMENT CONSIDERATIONS—Outbreak of Infectious Disease."

Trust Estate

In the Indenture, the Finance Authority pledges and assigns the Trust Estate, first, for the equal and ratable payment of the Bonds, the PPRF Secured Obligations (as to amounts deposited to the Revenue Fund), the Security Instrument Repayment Obligations and the SWAP Payments, and, second, for the equal and ratable payment of the Reserve Instrument Repayment Obligations. The Trust Estate includes: (i) Agreement Revenues; (ii) Additional Pledged Revenues; (iii) Subordinate Lien PPRF Revenues; and (iv) other amounts in certain funds and accounts created and maintained pursuant to the Indenture; all as more fully described below. The Agreement Revenues, Additional Pledged Revenues and Subordinate Lien PPRF Revenues are collectively referred to as the "Subordinate Lien Revenues."

Agreement Revenues. The Agreements consist of Loan Agreements and Securities executed and delivered by Governmental Units in consideration for the financing of all or a portion of their respective projects by the Finance Authority. Under each Agreement, the respective Governmental Unit pledges to the Finance Authority for payment of all amounts due under their respective Agreements (i) revenues of specific enterprise systems, revenues attributable to certain taxes or funds appropriated on an annual basis to that Governmental Unit (the "Agreement Revenues") and (ii) moneys in certain funds and accounts held by the Trustee. Each Governmental Unit executing a Loan Agreement or issuing Securities agrees to pay principal of and interest on its loan promptly from its Agreement Revenues and to continue such payments until its Loan is paid in full. Each Governmental Unit that has entered into a Loan Agreement or has issued Securities has pledged specific Agreement Revenues to the repayment of its Loan. It should be noted that each Governmental Unit that has entered into an Agreement with the Finance Authority has the ability to incur additional obligations that may be secured on a senior or parity basis with the Agreement Revenues as long as certain conditions are satisfied. See APPENDIX A for a list of the 2021B Governmental Units and the Loans financed or refinanced with the proceeds of Series 2021B Bonds. Also, please see APPENDIX A for information relating to the largest repayment obligations. A Governmental Unit is not required to make up any Loan Payment not paid in full by another Governmental Unit or to make up any insufficiency in the Subordinate Lien PPRF Revenues.

The total par amount of Agreements secured by funds appropriated on an annual basis to a Governmental Unit ("Annual Appropriation Agreements") cannot exceed twice the fully funded level of the Supplemental Credit Reserve Fund (as defined herein).

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The following table lists the various types of revenues from which Agreement Revenues are derived based upon scheduled payments in fiscal year 2021-2022. The table also lists the amounts of those revenues and the percentage of the total Agreement Revenues of those revenues.

Type of Revenue	FY 2021-2022 Amounts[1]	% of Total Agreement Revenues[1]
General Obligation (Ad Valorem Taxes)	$ 20,291,311	31.7%
Enterprise System Revenues	18,629,163	29.1%
Gross Receipts Tax	9,929,264	15.5%
Local Special Tax	5,748,329	9.0%
Appropriation Loans	4,683,211	7.3%
State Fire Protection Funds	2,552,741	4.0%
State Gross Receipts Tax	914,822	1.4%
Mill Levy	632,896	1.0%
Special Assessment	452,121	0.7%
Law Enforcement Protection Funds	157,828	0.3%
Total	$ 63,991,686	100.0%

(1) Totals may not add due to rounding. Assumes that the Loans financed or refinanced with proceeds of the Series 2021B Bonds are executed and delivered.

(Source: The Finance Authority.)

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The following table lists the ten Governmental Units (by revenue pledged) that, based on scheduled payments in fiscal year 2021-2022, and assuming no further prepayments of any Agreements, are expected to provide the largest amount of Agreement Revenues in fiscal year 2021-2022. The Agreement Revenues generated from such Agreements account for 42.069% of projected Agreement Revenues for fiscal year 2021-2022.

GOVERNMENTAL UNITS EXPECTED TO GENERATE THE LARGEST AGREEMENT REVENUES[(1)]

Governmental Unit	FY 2021-2022 Loan Payment[(2)]	% of Total Pledged Agreement Revenues[(3)]
General Services Department (Appropriation Loan)	$ 3,951,225	6.175%
Bernalillo County Metro Court (Enterprise System Revenues)[(4)]	3,932,500	6.145%
Jicarilla Apache Nation (General Revenues)[(5)]	3,077,000	4.808%
Santa Ana Pueblo (Enterprise System Revenues)	3,042,110	4.754%
Loving Municipal School District (Ad Valorem Taxes)	2,906,405	4.542%
City of Santa Fe (Local Special Tax)	2,538,444	3.967%
Farmington Municipal School District No. 5 (Ad Valorem Taxes)	2,436,750	3.808%
Gallup McKinley Schools (Ad Valorem Taxes)	2,231,636	3.487%
Eastern New Mexico University (Local Special Tax)	1,420,919	2.220%
Cobre Consolidated School District No. 2 (Ad Valorem Taxes)	1,383,565	2.162%
Total	$ 26,920,554	42.069%

(1) Assumes that the Loans financed or refinanced with proceeds of the Series 2021B Bonds are executed and delivered. See APPENDIX A for a list of the 2021B Governmental Units and the Loans financed or refinanced with the proceeds of Series 2021B Bonds.

(2) Any interest subsidy payments under the Federal interest subsidy programs which may be received by any Governmental Unit are not taken into account in evaluating revenues available to pay Loan payments pursuant to the respective Loans.

(3) Reflects a percentage of total Agreement Revenues and does not include the NMFA Portion of the Governmental Gross Receipts Tax.

(4) The Finance Authority has entered into various obligations with the Bernalillo County Metropolitan Court (the "Metro Court Bonds") secured by the "Pledged Court Facilities Revenues," which consist of a portion of certain court fees and penalty assessments and certain parking fees, rents and other charges collected by the Bernalillo County Metropolitan Court from tenants and users of the Parking Facility Project after deduction of certain related costs. Certain funds and accounts created and maintained by the Finance Authority pursuant to the resolution authorizing the issuance of the Metro Court Bonds are also pledged to secure repayment of the Metro Court Bonds, including the Metropolitan Court Bond Guarantee Fund (the "Guarantee Fund"), which was initially funded in an amount of approximately $5.9 million. Due to declining fees and penalties collected by the Bernalillo County Metropolitan Court over several years, there were insufficient Pledged Court Facilities Revenues to pay the full amount of the debt service payments on the Metro Court Bonds beginning in June 2017. As of the date of this Official Statement, the Finance Authority has made draws on the Guarantee Fund of approximately $3.8 million to pay debt service on the Metro Court Bonds, which leaves a balance of approximately $2.1 million currently remaining in the Guarantee Fund. Currently, it is projected that the Pledged Court Facilities Revenues will not increase to an amount that will be sufficient to make full payment of the Metro Court Bonds, and the Finance Authority anticipates that it will continue to make draws on the Guarantee Fund in future fiscal years in order for Bernalillo County Metropolitan Court to make debt service payments when due through the final scheduled maturity of the Metro Court Bonds. As of the date of this Official Statement, the Metro Court Bonds have an outstanding principal amount of $13,950,000, with a final scheduled maturity of June 15, 2025.

(5) Secured by all revenues available to the Jicarilla Apache Nation, which are primarily oil and gas revenues. The San Juan Basin contains the second largest natural gas field in the coterminous United States and the Jicarilla Apache Nation is the single largest mineral owner in the San Juan Basin, excluding the United States government.

(Source: The Finance Authority.)

Although Agreement Revenues are received at various times throughout the year, they are held under the Indenture until June 15 of each year to be applied to pay debt service on the Bonds. For more information with respect to the Governmental Units with the largest repayment obligations as of the date hereof, see "APPENDIX A—2021B GOVERNMENTAL UNITS; LARGEST REPAYMENT OBLIGATIONS."

The Finance Authority may require and has previously required the establishment and funding of an Agreement Reserve Fund in connection with certain Agreements. Amounts in a Governmental Unit's account of the Agreement Reserve Fund will be withdrawn by the Trustee and deposited into that Governmental Unit's account of the Debt Service Fund to the extent of any shortfall in payments by such Governmental Unit under its Agreement. At the time of final payment of each Agreement for which a Governmental Unit has funded an account in the Agreement Reserve Fund, amounts held in such account will be applied toward the final payment of amounts due under the related Agreement. See "APPENDIX A—2021B GOVERNMENTAL UNITS; LARGEST REPAYMENT OBLIGATIONS" for the amount of Agreement Reserve Account, if any, to be funded by the 2021B Governmental Units.

Additional Pledged Revenues. Additional Pledged Revenues consist of any additional revenues received by the Finance Authority and designated as part of the Trust Estate pursuant to the Indenture or a Pledge Notification. Additional Pledged Revenues are not revenues attributable to Additional Pledged Loans. Additional Pledged Revenues may be among the amounts released from the Revenue Fund on June 16 of each year to the extent they will not be required for payment of debt service in the then current Bond Fund Year, as described below under "Subordinate Lien PPRF Revenues." Additional Pledged Revenues are deposited in the Revenue Fund immediately upon their receipt throughout the year by the Finance Authority. For a more complete description of these deposits and transfers, see "Flow of Funds" below under this caption, and "Establishment and Use of Funds" in "APPENDIX B—EXTRACTS OF CERTAIN PROVISIONS OF THE INDENTURE." At the present, the Finance Authority has not designated any sources of revenues as "Additional Pledged Revenues."

Subordinate Lien PPRF Revenues. Subordinate Lien PPRF Revenues consist in part of the NMFA Portion of the Governmental Gross Receipts Tax and moneys from the repayment to the Finance Authority of the Additional Senior Pledged Loans deposited to the revenue fund created under the Senior Indenture (the "PPRF Revenues"), to the extent such amounts are available on June 1 of each Bond Fund Year after all obligations of the Finance Authority under the Senior Indenture have been satisfied and the Trustee has retained any amounts required to be retained pursuant to the Senior Indenture. "Additional Senior Pledged Loans" are additional Loans or Securities made or purchased by the Finance Authority from amounts on deposit in the Public Project Revolving Fund, the payments of principal of and interest on which have been specifically pledged by the Finance Authority to the payment of the Senior Bonds and other amounts due under the Senior Indenture. Pursuant to the Indenture, all moneys released from the Senior Indenture on June 1 of each Bond Fund Year are to be deposited into the Revenue Fund created by the Indenture. See "INVESTMENT CONSIDERATIONS—Availability of Subordinate Lien PPRF Revenues."

Subordinate Lien PPRF Revenues also consist, in part, of revenues from Additional Pledged Loans. The Finance Authority may make Loans from or purchase Securities with available funds in the Public Project Revolving Fund. At its option, the Finance Authority may designate such Loans or Securities as "Additional Pledged Loans" and upon such designation, the principal and interest payments on such Loans or Securities become pledged by the Finance Authority to the payment of Bonds and PPRF Secured Obligations and other amounts secured by the Indenture. See "Flow of Funds" below under this caption.

Additional Pledged Loans (repayments of which are pledged to the payment of the Bonds) are not Additional Senior Pledged Loans (repayments of which are pledged only to the extent available for transfer under the Senior Indenture on June 1 of each Bond Fund Year).

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The following table shows, for fiscal years 2015-2016 through 2019-2020, the amounts released to the Finance Authority from the Senior Indenture, which represent the amounts that would be included as Historical Subordinate Lien PPRF Revenues under the Indenture.

HISTORICAL SUBORDINATE LIEN PPRF REVENUES
FISCAL YEARS 2015-2016 THROUGH 2019-2020[(1)]
(RELEASED TO THE INDENTURE ON JUNE 1)

Fiscal Year 2015-2016	Fiscal Year 2016-2017	Fiscal Year 2017-2018	Fiscal Year 2018-2019	Fiscal Year 2019-2020
$44,934,885	$31,859,186[(2)]	$42,084,934	$44,132,558[(3)]	$46,217,898

(1) Amounts for fiscal years shown above include distributions for the NMFA Portion of the Governmental Gross Receipts Tax (defined below) for the period commencing May 1 of the preceding fiscal year through April 30 of the then current fiscal year. Such collections are disbursed in monthly installments by the New Mexico Taxation and Revenue Department and received by the Finance Authority two months after the month of collection throughout the Finance Authority's fiscal year. Based on Loans projected to close as of June 30, 2021, the Finance Authority projects that the amounts released from the Senior Indenture for fiscal year 2020-2021 will be $47,172,235.

(2) The reduction in Subordinate Lien PPRF Revenues for fiscal year 2016-2017 was expected and is consistent with previously published projections.

(3) Includes a one-time increase of approximately $4.8 million in August 2018, due to a political subdivision's misclassification of its governmental gross receipts tax as compensating gross receipts tax over a period of approximately three years and the accompanying correction and one-time restitution of the inadvertently diverted amounts.

(Source: The Finance Authority.)

The Governmental Gross Receipts Tax. Pursuant to Section 7-1-6.38, NMSA 1978, the Public Project Revolving Fund administered by the Finance Authority is allocated seventy-five percent (75%) (the "NMFA Portion of the Governmental Gross Receipts Tax") of all net receipts of a governmental gross receipts tax which is levied and collected pursuant to Section 7-9-4.3, NMSA 1978. The governmental gross receipts tax was enacted into law and first imposed in 1991 at a rate of five percent (5%) on governmental gross receipts. Governmental gross receipts are defined in Section 7-9-3.2, NMSA 1978, as all receipts of the State or any agency, institution, instrumentality or political subdivision thereof except any school district and any entity licensed by the State Department of Health that is principally engaged in providing health care services, from: (i) the sale of tangible personal property other than water from facilities open to the general public; (ii) the performance of or admissions to recreational, athletic or entertainment services or events in facilities open to the general public; (iii) refuse collection, refuse disposal or both; (iv) sewage services; (v) the sale of water by a utility owned or operated by a county, municipality or other political subdivision of the State; and (vi) the renting of parking, docking or tie-down spaces or the granting of permission to park vehicles, tie-down aircraft or dock boats.

Governmental gross receipts include receipts from the sale of tangible personal property handled on consignment when sold from facilities open to the general public, but excludes cash discounts taken and allowed, governmental gross receipts tax payable on transactions reportable for the period and any type of time-price differential.

Certain receipts are excluded from the governmental gross receipts tax, including (i) receipts from the sale of gas or electricity by a utility owned or operated by a county, municipality or other political subdivision, (ii) receipts from operation of a cable television system owned or operated by a municipality, (iii) receipts from the sale of livestock, receipts of growers, producers, trappers or nonprofit marketing associations from selling livestock, or live poultry, and (iv) receipts from certain activities at a minor league baseball stadium.

In addition, there are certain deductions from the governmental gross receipts tax, including (i) certain receipts from selling tangible personal property to the United States or the State, (ii) receipts from selling tangible personal property to an Indian tribe, nation or pueblo, (iii) receipts from transactions in interstate commerce, (iv) certain receipts from selling tangible personal property to entities exempt from federal income tax pursuant to Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, and (v) receipts from the sale of prescription drugs.

Collection and Distribution Information. Governmental agencies are treated as taxpayers under the provisions of the State's Tax Administration Act, Section 7-1-1 et seq., NMSA 1978, and are responsible for paying the governmental gross receipts tax to the New Mexico Taxation and Revenue Department in accordance with the State's Tax Administration Act. Collections are first deposited into a tax administration suspense fund for the purpose of making disbursements for refunds, among other things. On the last day of each month, the balance in the suspense fund is identified by tax source and distributed to the appropriate municipalities or state agencies, including the Finance Authority. Collection of governmental gross receipts tax is administered by the New Mexico Taxation and Revenue Department. Governmental gross receipts taxes are to be paid on or before the 25th day of the month following the month in which the taxable event occurs.

Presented below is information concerning distributions of the governmental gross receipts tax for the fiscal years 2015-2016 through 2019-2020 derived from reports by the New Mexico Taxation and Revenue Department.

GOVERNMENTAL GROSS RECEIPTS TAX DISTRIBUTIONS
FISCAL YEARS 2015-2016 THROUGH 2019-2020[(1)]

	Fiscal Year 2015-2016	Fiscal Year 2016-2017	Fiscal Year 2017-2018	Fiscal Year 2018-2019	Fiscal Year 2019-2020
NMFA Portion of the Governmental Gross Receipts Tax[(2)]	$28,146,217	$29,604,470	$31,332,545	$37,128,663[(3)]	$33,749,176[(4)]
Other State Agencies' Portions of the Governmental Gross Receipts Tax[(5)]	9,382,072	9,868,157	10,444,182	12,376,221	11,249,725
Total Governmental Gross Receipts Tax Distributions	$37,528,289	$39,472,627	$41,776,727	$49,504,884	$44,998,901

(1) Distributions, which include collections, interest, and penalties, for fiscal years shown above represent distributions for the period commencing May 1 of the preceding fiscal year through April 30 of the current fiscal year. Such distributions are disbursed in monthly installments by the New Mexico Taxation and Revenue Department and received by the Finance Authority two months after the month of collection throughout the Finance Authority's fiscal year. See footnote 1 of the table under "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Trust Estate – Subordinate Lien PPRF Revenues." The NMFA Portion of the Governmental Gross Receipts Tax for the 12-month period ending June 30, 2021 (which represents total distributions for fiscal year 2020-2021) totaled $32,999,820.

(2) The NMFA Portion of the Governmental Gross Receipts Tax is held pursuant to the Senior Indenture and pledged to the payment of Senior Bonds. Such amounts may be released to the Trust Estate as discussed under "Subordinate Lien PPRF Revenues" above. See footnote 1 of the table under "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Trust Estate – Subordinate Lien PPRF Revenues."

(3) The NMFA Portion of the Governmental Gross Receipts Tax for fiscal year 2018-2019 totaled $32,570,741 on a normalized basis, excluding a one-time increase of approximately $4.8 million received in August 2018, due to a political subdivision's misclassification of its governmental gross receipts tax as compensating gross receipts tax over a period of approximately three years and the accompanying correction and one time restitution of the inadvertently diverted amounts.

(4) The Finance Authority, as of the date of this Official Statement, cannot determine to what extent Governmental Gross Receipts Tax collections will decline from Fiscal Year 2019-2020 levels. Some or all of the decline, which is expected to be within historical fluctuation patterns in collections, may be the result of the COVID-19 pandemic and related Responsive Measures (as defined herein). See "INVESTMENT CONSIDERATIONS – Outbreak of Infectious Disease" herein.

(5) Pursuant to state statute, New Mexico State Parks receives 14% of the Governmental Gross Receipts Tax distributions, the Youth Conservation Corps receives 10% of such distributions, and the Department of Cultural Affairs receives 1% of such distributions. Such distributions are not part of the Trust Estate and are not pledged to the payment of the Bonds.

(Source: State of New Mexico Taxation and Revenue Department, Monthly Local Government Distribution Reports.)

Based on a correlation of population to demand for utility services subject to the governmental gross receipts tax, the payers of the governmental gross receipts tax whose payments accounted for at least 5% of the total net receipts from the governmental gross receipts tax in fiscal year 2019-2020 include the Albuquerque Bernalillo County Water Utility Authority, the City of Albuquerque, the City of Santa Fe and the City of Las Cruces. Although the Finance Authority has not verified and does not guarantee the accuracy of such information, the Finance Authority does not have any reason to believe that the list of entities providing at least 5% of the governmental gross receipts tax is incorrect.

Distributions from the NMFA Portion of the Governmental Gross Receipts Tax that are not needed for payments under the Senior Indenture and the Indenture may be released from the Trust Estate and are subject to appropriation by the State Legislature for purposes and programs other than the PPRF. Under current State law, up to 35% of the funds released may be appropriated each year to (1) the following funds for local infrastructure financing: (a) the wastewater facility construction loan fund; (b) the rural infrastructure revolving loan fund; (c) the solid waste facility grant fund; (d) the drinking water state revolving loan fund; (e) the water and wastewater project grant fund; and (f) the local government planning fund, and (2) the cultural affairs facilities infrastructure fund. The State Legislature appropriated $11,300,000 for these purposes from fiscal year 2019-2020 funds, a total of 33.48% of funds released from the Trust Estate for such fiscal year. The State Legislature also appropriated $11,300,000 for these purposes from fiscal year 2020-2021 funds. The release and appropriation of such amounts has no effect on the Finance Authority's debt service coverage or cash flow, as disbursements of such amounts are made after payment of all obligations under the Senior Indenture and the Indenture.

Funds and Accounts

The Indenture creates a Revenue Fund, a Program Fund (with separate accounts for each Agreement or Project), a Bond Fund, a Debt Service Fund (with separate accounts for each Agreement), a Debt Service Reserve Fund (with a separate account for each series of Bonds with a Debt Service Reserve Requirement), an Agreement Reserve Fund (with a separate account for each Agreement that has a reserve requirement), a Supplemental Credit Reserve Fund, an Expense Fund and a Reserve Instrument Fund all of which are part of the Trust Estate. Amounts on deposit in accounts in each Debt Service Reserve Account and in each Agreement Reserve Account shall only secure repayment of the Loan made under the related Agreement. The Finance Authority is not establishing or funding accounts in the Debt Service Reserve Fund for the Series 2021B Bonds. See "APPENDIX A—2021B GOVERNMENTAL UNITS; LARGEST REPAYMENT OBLIGATIONS" for Agreement Reserve Account amounts, if any, for the 2021B Governmental Units. Amounts in the accounts of the Program Fund are held by the Finance Authority and, upon request and submission of proper documentation, by the respective Governmental Unit, the Finance Authority will disburse funds directly to the provider of goods or services relating to the Project for which an account has been established in the Program Fund.

Flow of Funds

Loan Payments. All Loan Payments payable under the Loan Agreements and Securities (except as otherwise provided in a Supplemental Indenture) are required to be paid directly to the Finance Authority for remittance to the Trustee for deposit immediately upon their receipt, as follows:

> First: to the related Account in the Debt Service Fund in an amount required to cause the aggregate amount on deposit in that Account to equal the amount then required to make the principal and interest payments due or to next become due with respect to the Loan (it being anticipated that each Governmental Unit will deposit an amount at least equal to the Loan Payments coming due under the related Loan Agreement or Securities with the Finance Authority, which will remit that amount to the Trustee for allocation to the related Account in the Debt Service Fund);
>
> Second: to the related Account, if any, in the Agreement Reserve Fund to the extent necessary to cause the balance in said Account to equal the Agreement Reserve Requirement, if any, of such Account;
>
> Third: in the event the Supplemental Credit Reserve Fund has been used to satisfy amounts due under a Loan Agreement or in relation to certain Securities, then to the extent Loan Payments are received as to that specific Loan Agreement or Securities, to the Supplemental Credit Reserve Fund to the extent necessary to cause the payments to the Supplemental Credit Reserve Fund to equal the amounts withdrawn from the Supplemental Credit Reserve Fund to satisfy amounts due under the Loan Agreement or as to such Securities; and
>
> Fourth: to the payment of Program Costs (to the extent allocable to such Agreement).

On the fifth day preceding a Loan Payment Date (or, if such fifth day is not a Business Day, on the Business Day next preceding such fifth day), if the amount on deposit in any Governmental Unit's Account of the Debt Service Fund is insufficient for payments coming due under the related Agreement on the next Loan Payment Date, the Trustee is directed to transfer from the related Agreement Reserve Account, if any, to that Governmental Unit's Account of the Debt Service Fund, an amount sufficient, together with amounts in such Debt Service Account, to pay the Principal Component and the Interest Component due under such Loan Agreement or Securities on such Loan Payment Date. On each Interest Payment Date for the Bonds, the Trustee is directed to transfer moneys in the respective Accounts of the Debt Service Fund to the Bond Fund to pay the interest on the related Bonds becoming due on such Interest Payment Date and to pay the principal of each related Bond due at maturity or by prior redemption, to the extent amounts are on deposit for such purpose.

At least once each year, and more frequently if required pursuant to the provisions of a Supplemental Indenture, the Trustee must determine the amount necessary (i) to be transferred to the Bond Fund from each Debt Service Account from payments relating to a Governmental Unit's Agreement, (ii) to replenish the Governmental Unit's Account in the Agreement Reserve Fund, and (iii) to pay the Governmental Unit's share of Program Costs for the year. The Trustee is directed to return any excess the Trustee does not expect to be required for such payments to the related Governmental Unit or to credit such excess to the Loan Payments next coming due under the Governmental Unit's Agreement. Any excess attributable to earnings on funds and accounts for the Governmental Unit will be returned to the Governmental Unit or will be credited to the Loan Payments next coming due and any remaining excess will be deposited into the Revenue Fund.

<u>Revenue Fund</u>. During each Bond Fund Year, (i) all PPRF Revenues released from the lien of the Senior Indenture will be paid by the Finance Authority to the Trustee immediately upon their release on June 1 of each year, (ii) all Additional Pledged Revenues will be immediately deposited with the Trustee; and (iii) all payments representing principal and interest from Additional Pledged Loans will be paid immediately upon their receipt by the Finance Authority to the Trustee. All of those amounts will be accounted for and maintained by the Trustee in the Revenue Fund. The Revenue Fund will be kept separate and apart from all other accounts of the Trustee and prior to transfers of any excess funds from the Revenue Fund on June 16 of each year (as described below), all amounts in it will be transferred by the Trustee in the order of priority specified below:

(a) To the Bond Fund, an amount needed, when added to amounts on deposit in the Bond Fund and transferred from the Debt Service Fund, to pay the principal of and interest on the Bonds due on June 15 and to rectify any deficiency in the Bond Fund that has not otherwise been rectified.

(b) To the Paying Agent for any PPRF Secured Obligation that notifies the Trustee, an amount needed, when added to amounts otherwise available for such purpose, to pay the principal and interest then due with respect to the PPRF Secured Obligations on June 15 and to rectify any such deficiency in the payment of any PPRF Secured Obligation which has occurred that has not otherwise been rectified.

(c) To the Bond Fund, an amount needed, when added to amounts transferred from the Debt Service Fund, to pay the amounts due on the Security Instrument Repayment Obligations and the SWAP Payments (net of SWAP Receipts) then due pursuant to any Security Instrument Agreements or Interest Rate Swaps, and the amount needed to rectify any deficiency in the payment of any Security Instrument Repayment Obligations or SWAP Payments that has not been rectified.

The transfers required by the preceding paragraph are to be made on a parity basis. If the amount available for transfer is insufficient, the Trustee must make those transfers ratably according to the amounts due.

After making the transfers described above, the Finance Authority must make the following transfers to the Trustee:

(a) To the extent the Debt Service Reserve Requirement, if any, is not funded with a Reserve Instrument or Instruments, (i) to the Accounts in the Debt Service Reserve Fund, any amounts required by the General Indenture and by any Supplemental Indenture to accumulate therein the applicable Debt Service Reserve Requirement with respect to each Series of Bonds at the times and in the amounts provided in the General Indenture and in any Supplemental Indenture and (ii) if funds shall have been withdrawn from an

Account in the Debt Service Reserve Fund or any Account in the Debt Service Reserve Fund is at any time funded in an amount less than the applicable Debt Service Reserve Requirement, the Finance Authority shall transfer from the Revenue Fund to such Account or Accounts in the Debt Service Reserve Fund an amount sufficient to restore such Account or Accounts within one year with 12 substantially equal payments during such period (unless otherwise provided for by the Supplemental Indenture governing the applicable Debt Service Reserve Requirement); or a ratable portion (based on the amount to be transferred pursuant to the following bulleted clause) of remaining amounts if less than the amount necessary; and

(b) Equally and ratably to the Accounts of the Reserve Instrument Fund, with respect to all Reserve Instruments in effect and expected to continue in effect after the end of such month, such amount from the Revenue Fund, or a ratable portion (based on the amount to be transferred pursuant to the previous bulleted clause) of the amount so remaining if less than the amount necessary, that is required to be paid, on or before the next such transfer or deposit from the Revenue Fund into the Reserve Instrument Fund, to the Reserve Instrument Provider pursuant to any Reserve Instrument Agreement, other than Reserve Instrument Costs, in order to cause the Reserve Instrument Coverage to equal the Reserve Instrument Limit within one year from any draw date under the Reserve Instrument.

In the event that funds have been withdrawn from an Account in the Agreement Reserve Fund, or any Account in the Agreement Reserve Fund is at any time funded in an amount less than its Agreement Reserve Requirement after making the transfers described above, the Finance Authority will transfer for deposit in such Account sufficient Subordinate Lien PPRF Revenues, Agreement Revenues with respect to the related Agreement, Additional Pledged Revenues and revenues from Additional Pledged Loans to restore such Account within one year with 12 substantially equal payments during such period (unless otherwise provided for by the Supplemental Indenture governing the applicable Agreement Reserve Requirement); or a ratable portion of remaining Subordinate Lien PPRF Revenues, Agreement Revenues with respect to the related Agreement, Additional Pledged Revenues and revenues from Additional Pledged Loans if less than the amount necessary.

After making the foregoing transfers to the Bond Fund and to the Paying Agent for the PPRF Secured Obligations and to the Security Instrument Issuers and to the SWAP Providers and to the Reserve Instrument Providers, on June 16 of each year, the Finance Authority will be entitled to direct the Trustee in writing to release to the Finance Authority the balance on deposit in the Revenue Fund and the Trustee must then transfer the balance to the Finance Authority. However, prior to any such release being made, there must be retained in the Revenue Fund an amount, after giving credit for available amounts in all accounts in the Debt Service Reserve Fund and the Agreement Reserve Fund, sufficient to make payments of all Bond Debt Service requirements (calculated as provided in clauses (i), (ii) and (iii) of the definition of Debt Service presented under the caption "Definitions" in "APPENDIX B—EXTRACTS OF CERTAIN PROVISIONS OF THE INDENTURE"), Security Instrument Repayment Obligations, SWAP Payments and Reserve Instrument Repayment Obligations coming due in the then current Bond Fund Year; provided further, that once additional moneys are deposited into the Bond Fund to make all of the foregoing payments, the amounts retained in the Revenue Fund may be released from the lien of the Indenture but only to the extent of additional moneys deposited into the Bond Fund. The Finance Authority shall use excess moneys to fund the Supplemental Credit Reserve Fund, if necessary, and may use the balance for (i) deposit to the Public Project Revolving Fund as required by the Act; (ii) redemption of Bonds prior to maturity by depositing the same into the Bond Fund; (iii) refinancing, refunding, repurchase or defeasing any Bonds; or (iv) for any other lawful purpose, including payment of Program Costs for Bonds and similar costs for PPRF Secured Obligations, replacement of reserves for Bonds or PPRF Secured Obligations and payment of Termination Payments.

The Finance Authority may, but is not obligated to, use any legally available PPRF Revenues of the Finance Authority to satisfy its obligations under the Indenture. At this point, the Finance Authority has not entered into any counterparty transactions with respect to the PPRF.

Debt Service Reserve Fund. The Indenture permits the establishment of a separate Account in the Debt Service Reserve Fund solely for the benefit of the holders of a Series of Bonds in an amount equal to the least of (i) 10% of the proceeds of such Series of Bonds determined on the basis of original principal amount (unless original issue premium or original issue discount exceeds two percent of original principal, then determined on the basis of initial purchase price to the public); (ii) the maximum annual Debt Service during any Bond Fund Year for such Series of Bonds; or (iii) 125% of the average annual Debt Service for such Series of Bonds (the "Debt Service Reserve

Requirement”). If at any time the amount on deposit in any Account of the Debt Service Reserve Fund is less than the Debt Service Reserve Requirement for that Account, the Finance Authority is required to make payments totaling the amount of any such deficiency directly to the Trustee for deposit into the Debt Service Reserve Fund. **Although the Finance Authority has established separate Accounts in the Debt Service Reserve Fund for Series of Outstanding Parity Bonds, it is not establishing or funding Accounts in the Debt Service Reserve Fund for the Series 2021B Bonds.**

The Debt Service Reserve Requirement may be funded entirely or in part with one or more letters of credit, bond insurance policies, surety bonds, standby bond purchase agreements, lines of credit or other devices (each, a “Reserve Instrument”). No Reserve Instrument may be allowed to expire or terminate while the related Series of Bonds are Outstanding unless and until cash has been deposited into the related account of the Debt Service Reserve Fund, or a new Reserve Instrument has been issued in place of the expiring or terminating Reserve Instrument, or any combination thereof in an amount or to provide coverage, as the case may be, at least equal to the amount required to be maintained in the related account of the Debt Service Reserve Fund.

In the event of a deficiency in the Bond Fund for a Series of Bonds, the Trustee will transfer moneys on deposit in the related Account of the Debt Service Reserve Fund to the Bond Fund to make up such deficiency. Moneys on deposit in any Account of the Debt Service Reserve Fund will be used to make up any deficiencies in the Bond Fund only for the Series of Bonds secured by that Account and any Reserve Instrument may only be drawn upon with respect to the Series of Bonds for which such Reserve Instrument was obtained.

If funds on deposit in an Account of the Debt Service Reserve Fund are needed to make up any deficiencies in the Bond Fund, and there is insufficient cash available in such Account of the Debt Service Reserve Fund to make up such deficiency and Reserve Instruments applicable to such Series are in effect, the Trustee will immediately make a demand for payment on such Reserve Instruments, to the maximum extent authorized by such Reserve Instruments, in the amount necessary to make up such deficiency, and immediately deposit such payment upon receipt thereof into the Bond Fund.

Moneys at any time on deposit in the account of the Debt Service Reserve Fund in excess of the amount required to be maintained therein (taking into account the amount of related Reserve Instrument Coverage) will be transferred by the Trustee to the Bond Fund at least once each year.

<u>Supplemental Credit Reserve Fund</u>. Pursuant to an amendment to the Indenture approved on June 22, 2017, the Supplemental Credit Reserve Fund, an indentured fund, was established as part of the Trust Estate to be administered as described below. The Supplemental Credit Reserve Fund was initially funded on July 5, 2017, in an amount of $30,593,376 transferred from the Contingent Liquidity Account, a non-indentured holding account, which was deactivated at that time. As of March 31, 2021, the Supplemental Credit Reserve Fund was funded in an amount of $32,993,546. The Finance Authority has also established the Common Debt Service Reserve Fund under the Senior Indenture to secure payment of debt service on any Senior Bonds. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Outstanding Senior Bonds.”

If the amounts on deposit in any Governmental Unit’s Debt Service Account of the Debt Service Fund or in any repayment account in connection with a Short-Term Borrowing are insufficient for payments coming due under the related Loan Agreement or Securities on the next Loan Payment Date or payments coming due on the next Short-Term Borrowing Payment Date, after applying any applicable Agreement Reserve Account or other source for the payment of Debt Service, on the third day preceding a Loan Payment Date or Short-Term Borrowing Payment Date, as applicable (or, if such third day is not a Business Day, on the Business Day next preceding such third day), the Trustee shall transfer from the Supplemental Credit Reserve Fund, an amount sufficient, together with amounts in the related Debt Service Account, to pay the Principal Component and the Interest Component due under such Loan Agreement or Securities or Short-Term Borrowing on such Loan Payment Date or Short-Term Borrowing Payment Date, as applicable.

The Finance Authority shall determine, as of the end of each Bond Fund Year, the Supplemental Credit Reserve Requirement, which shall be an amount equal to the amount of the Common Debt Service Reserve Fund (as defined herein) at that time. The Finance Authority shall deposit the amount, if any, to fund the Supplemental Credit Reserve Fund to the then Supplemental Credit Reserve Requirement within three (3) business days of receipt by the

Finance Authority of the disbursement of the Subordinate Lien PPRF Revenues distributed to the Finance Authority by the trustee under the Indenture on June 16, being the day after the end of the applicable Bond Fund Year under the Indenture.

If amounts on deposit in the Supplemental Credit Reserve Fund are greater than the Supplemental Credit Reserve Requirement for a given Bond Fund Year, then no additional deposit shall be made to the Supplemental Credit Reserve Fund for such Bond Fund Year. Any such excess amount may be used during the subsequent Bond Fund Year, at the discretion of the Finance Authority, for the redemption of Bonds prior to maturity by depositing the amount into the Bond Fund or the defeasance of any Bonds. If the Finance Authority does not have sufficient Subordinate Lien PPRF Revenues to fund the Supplemental Credit Reserve Fund to the Supplemental Credit Reserve Requirement, then the Finance Authority shall not be required to fund from any other source any such difference in excess of the then available amount of Subordinate Lien PPRF Revenues.

Amounts on deposit in the Supplemental Credit Reserve Fund may not be applied toward payment of the Bonds, except to the extent that amounts are due and owing under the Bonds and amounts are not otherwise available for such payments in the Debt Service Fund and the Debt Service Reserve Fund.

If all of the following are true: (i) amounts in the Supplemental Credit Reserve Fund have been disbursed to pay Principal Component or and Interest Component due under a Loan Agreement or in relation to Securities, (ii) at the end of the Bond Fund Year following such disbursement, the amount that was funded into the Supplemental Credit Reserve Fund from Subordinate Lien PPRF Revenues and that was attributable to disbursements that should have been, but were not, restored by a Governmental Unit prior to such Bond Fund Year end (a "SCRF Restorative Funding"), (iii) the relevant Governmental Unit later came into compliance as to certain delinquent payments that had been previously made from Supplemental Credit Reserve Fund disbursements (a "SCRF Compliance Restoration"), and (iv) the amount in the Supplemental Credit Reserve Fund exceeds the Supplemental Credit Reserve Requirement; then no more frequently than every three months, the Trustee, upon the written request of the Finance Authority (which written request shall also certify that the foregoing conditions have been satisfied) shall disburse to the Finance Authority the amount by which aggregate SCRF Compliance Restoration amounts exceed the aggregate SCRF Restorative Funding amounts.

If no Bonds remain outstanding (or all Bonds have been defeased), then upon the request of the Finance Authority, any amount remaining in the Supplemental Credit Reserve Fund shall be disbursed by the Trustee to the Finance Authority, and the disbursed amounts may be used by the Finance Authority for any purpose under the Indenture.

<u>Investment Earnings</u>. All income earned from the investment of moneys in the respective Accounts held by the Finance Authority and the respective Accounts of the Debt Service Fund and the Agreement Reserve Fund (but only to the extent that the amount on deposit exceeds the related Agreement Reserve Requirement), shall be deposited in the related Account of the Debt Service Fund and applied as a credit to the Loan Payment next coming due under the Agreement, with all earnings received on the Governmental Unit's Accounts being allocated solely to the benefit of such Governmental Unit.

Application of Loan Prepayments

A limited number of Governmental Units (in an amount not deemed material by the Finance Authority) have the option, beginning one year after origination, to make full or partial Prepayments of their Loans. Neither the outstanding Bonds nor the Series 2021B Bonds are subject to mandatory redemption under such circumstances. With respect to a particular Series of Bonds, the Indenture instead provides that, for the purpose of matching, to the extent practicable, (i) the revenues received from Loan Payments received pursuant to Loans reimbursed or originated with proceeds of a specific Series of Bonds with debt service payable on such Series of Bonds, and (ii) the overall debt service requirements on the Outstanding Bonds and the particular Series of Bonds with revenues received from Loan Payments on all outstanding Loans, the Finance Authority shall, within 365 days following the receipt of a Prepayment, in part or in full, of a Loan reimbursed with proceeds of a particular Series of Bonds, take separately or in combination any one or more of the actions described in subsections (a), (b) or (c) of this Section:

(a) The Finance Authority may, to the extent practicable, call for optional redemption prior to maturity Bonds from such Series which are subject to redemption, selecting Bonds of such Series for optional redemption in an amount and with debt service requirements that approximate the debt service requirements of the Loan for which the Prepayment was received (or a pro-rata portion thereof in the event that only a portion of the Prepayment is applied pursuant to this Subsection); or

(b) The Finance Authority may, to the extent practicable, originate one or more new Loans (i) in an aggregate principal amount equal to or greater than the amount of the Prepayment (or a pro rata portion thereof in the event that only a portion of the Prepayment is applied pursuant to this Subsection), and (ii) with a final maturity date and debt service requirements approximating the final maturity date and debt service requirements of the Loan pursuant to which the Prepayment was made (or a pro rata portion thereof in the event that only a portion of the Prepayment is applied pursuant to this Subsection). The Finance Authority shall provide a Cash Flow Statement to the Trustee establishing that, in taking the actions described in subsection (b) of this Section, the requirements of the Cash Flow Statement, as defined in of the Indenture, are satisfied.

(c) In the event that the Finance Authority does not take one of the actions described in either subsections (a) or (b) of this Section, the Finance Authority shall defease the particular Series of Bonds, in Authorized Denominations, to the first optional redemption date for such Series of Bonds, in an amount approximating the amount of the Prepayment received (or a pro rata portion thereof in the event that only a portion of the Prepayment is applied pursuant to this Subsection). The principal amount and maturity date of the particular Series of Bonds to be defeased shall correspond to the principal amount and due date of the Principal Component of such Prepayment. The Finance Authority shall recalculate the Loan payments due under any Loan in the case of a Prepayment in part of Loan payments under such Loan in a manner which is consistent with the actions taken as described in subsections (a), (b) or (c) of this Section.

(d) If, within 90 days following the receipt of a Prepayment, the Finance Authority has not either redeemed Bonds as provided in Subsection (a) of this Section or originated one or more new Loans as provided in Subsection (b) of this Section, the Finance Authority shall restrict the yield on investment of the Prepayment amount to the yield on the Loan for which the Prepayment was made, until one or more new Loans have been originated in an aggregate principal amount equal to or greater than the amount of the Prepayment, until Bonds have been redeemed, or until Bonds have been defeased as provided in Subsection (c) of this Section.

Historical Prepayments. From January 2004 to April 2008, the Finance Authority issued PPRF bonds having call dates at variance with underlying loan prepayment eligibility dates. Prior to March 7, 2018, the Finance Authority provided historical prepayment data demonstrating the ongoing impact on the PPRF of this temporary policy. However, as of March 7, 2018, all PPRF bonds originally issued with mismatched bond call and loan prepayment dates have been refunded or redeemed prior to maturity. The Finance Authority anticipates that future loan prepayments will be in line with bond call dates, and so will have an inconsequential impact on the PPRF.

Additional Bonds

Additional Bonds, PPRF Secured Obligations, Security Instrument Repayment Obligations and SWAP Payments or other indebtedness, bonds or notes of the Finance Authority payable on a parity with the Bonds out of the Trust Estate may be issued, created or incurred, only if certain requirements have been met, including the following:

(a) The Finance Authority must deliver to the Trustee a “Cash Flow Statement,” taking into account the issuance of the Additional Bonds, PPRF Secured Obligations or other indebtedness, bonds or notes. A Cash Flow Statement incorporates a variety of items including revenues, debt service, loan prepayments and discount factors for certain types of Loans and more particularly described in “APPENDIX B—EXTRACTS OF CERTAIN PROVISIONS OF THE INDENTURE.”

(b) All payments required by the Indenture to be made into the Bond Fund must have been made in full.

(c) The proceeds of the Additional Bonds, PPRF Secured Obligations or other indebtedness, bonds or notes must be used (1) to refund Bonds issued under the Indenture or other obligations of the Finance Authority (including the funding of necessary reserves and the payment of costs of issuance); (2) to make additional Loans or to purchase Securities (including the funding of necessary reserves and the payment of costs of issuance); or (3) to finance other projects approved by the Finance Authority.

(d) No Event of Default has occurred and is continuing under the Indenture, except that the foregoing will not preclude the issuance of Additional Bonds, PPRF Secured Obligations or other indebtedness, bonds or notes if (1) the issuance of such Additional Bonds, PPRF Secured Obligations or other indebtedness, bonds or notes otherwise complies with the requirements of the Indenture; and (2) such Event of Default will cease to continue upon the issuance of the Additional Bonds, PPRF Secured Obligations or other indebtedness, bonds or notes and the application of the proceeds thereof.

All payments required to be made into the Bond Fund must have been made in full, and there must be on deposit in each account of the Debt Service Reserve Fund (taking into account any Reserve Instrument Coverage) the full amount required to be accumulated therein at the time of issuance of the Additional Bonds.

Any of the foregoing requirements may be revised or deleted with written evidence from the Rating Agencies to the effect that such revision or deletion will not result in the rating on the Outstanding Bonds being lowered.

The Finance Authority maintains an ongoing program to provide Loans and to purchase Securities from Governmental Units and expects to finance certain of those activities with the issuance of Additional Bonds on parity with the Series 2021B Bonds. The Finance Authority expects to issue additional Senior Bonds and Additional Bonds within the next twelve months. The issuance of Additional Bonds depends on a variety of factors, including market conditions. No assurance can be given when, or if, such Additional Bonds will be issued. The timing, amount and other details of such other Additional Bonds are not known as of the date of this Official Statement.

No Senior Lien Obligations Other Than Senior Bonds

Other than the Senior Bonds, no additional indebtedness, bonds or notes of the Finance Authority payable on a priority senior to the pledge of the Trust Estate for payment of the Bonds, PPRF Secured Obligations, the Security Instrument Repayment Obligations and the SWAP Payments will be created or incurred without the prior written consent of 100% of the Owners of Outstanding Bonds, Owners of PPRF Secured Obligations, Security Instrument Issuers and SWAP Counterparties.

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Outstanding Parity Bonds

The Finance Authority has previously issued Parity Bonds that are outstanding under the Indenture. The Series of Outstanding Parity Bonds, their original principal amounts and their aggregate principal amounts expected to be outstanding under the Indenture as of the Date of Initial Delivery of the Series 2021B Bonds, are set forth below.

Series[(1)]	Original Principal Amount Issued	Aggregate Principal Amount Outstanding as of Date of Initial Delivery[(2)]
2014A-1	$ 15,135,000	$ 11,000,000
2014A-2	16,805,000	5,870,000
2015A	63,390,000	41,060,000
2015D	29,355,000	17,640,000
2017B	68,015,000	26,175,000
2017D	41,395,000	26,155,000
2017F	19,315,000	12,985,000
2018C-1	19,400,000	17,070,000
2018C-2	13,175,000	10,215,000
2018E	70,205,000	59,270,000
2019A	37,145,000	32,980,000
2019C-1	18,930,000	16,065,000
2019C-2	12,480,000	10,680,000
2020C-1	57,960,000	57,870,000
2020C-2	38,860,000	36,320,000
Total	$ 521,565,000	$ 381,355,000
2021B	31,305,000	31,305,000
Total including the Series 2021B Bonds	$ 552,870,000	$ 412,660,000

(1) The official statements for the various Series of Outstanding Parity Bonds are available through the Finance Authority's investor relations website, www.nmbondfinance.com. The information provided on the Finance Authority's investor relations website is not a part of this Official Statement and should not be relied upon in making an investment decision with respect to the Series 2021B Bonds.

(2) All series of bonds have maturities on June 15. Assumes the Series 2021B Bonds are issued and Outstanding.

(Source: The Finance Authority.)

The Finance Authority may issue additional bonds pursuant to the Indenture from time to time to satisfy the financing needs of governmental entities in the State.

Outstanding Senior Bonds

The Finance Authority is authorized to issue bonds pursuant to the Senior Indenture to provide funds to Governmental Units for projects that have been approved by the Legislature for funding through the Public Project Revolving Fund. In connection with the issuance of Senior Bonds, the Finance Authority may enter into a loan agreement with the Governmental Unit or may purchase Securities of the Governmental Unit in consideration for the loan of a portion of the proceeds of such Senior Bonds for projects (the "Senior PPRF Agreements"). The Senior Bonds are secured by (i) all revenues received by the Finance Authority from the allocation of the NMFA Portion of the Governmental Gross Receipts Tax, as more fully described herein under "The Governmental Gross Receipts Tax"; (ii) all revenues received or earned by the Finance Authority from or attributable to the Senior PPRF Agreements (except for certain costs of administering the Public Project Revolving Fund program); (iii) all revenues received or earned by the Finance Authority from or attributable to other loan agreements or Securities pledged to the Senior Indenture; and (iv) all interest earned by and profits derived from the sale of investments in certain funds and accounts created under the Senior Indenture (being the debt service fund and the accounts created therein, the agreement reserve fund and the accounts created therein, the program fund and the accounts created therein, the expense fund, the revenue fund, the bond fund, and the Common Debt Service Reserve Fund (as defined herein)).

The Finance Authority has issued, and expects to issue, additional Senior Bonds under the Senior Indenture from time to time to satisfy the financing needs of governmental entities of the State. The following table presents the series of Senior Bonds that are expected to be outstanding as of the Date of Initial Delivery of the Series 2021B Bonds, under the Senior Indenture.

Series[1]	Original Principal Amount Issued	Aggregate Principal Amount Outstanding as of the Date of Initial Delivery[2]
2013A	$ 44,285,000	$ 18,660,000
2013B	16,360,000	6,770,000
2014B	58,235,000	29,465,000
2015B	45,325,000	29,375,000
2015C	45,475,000	43,290,000
2016A	52,070,000	30,055,000
2016C	67,540,000	59,650,000
2016D	116,485,000	77,285,000
2016E	40,870,000	20,100,000
2016F	38,575,000	23,735,000
2017A	60,265,000	48,005,000
2017C	37,675,000	20,615,000
2017E	40,190,000	29,460,000
2018A	124,330,000	101,185,000
2018B	22,530,000	15,830,000
2018D	53,310,000	40,735,000
2019B	43,870,000	39,265,000
2019D	53,260,000	49,140,000
2020A	32,305,000	29,125,000
2020B	81,000,000	78,810,000
2021A	44,100,000	39,405,000
Total	$1,118,055,000	$829,960,000

(1) The official statements for the various series of outstanding Senior Lien Bonds are available through the Finance Authority's investor relations website, www.nmbondfinance.com. The information provided on the Finance Authority's investor relations website is not a part of this Official Statement and should not be relied upon in making an investment decision with respect to the Series 2021B Bonds.

(2) All series of Senior Bonds have maturities on June 1. On June 1, 2021, the Finance Authority used available funds to redeem all Outstanding Senior Lien Public Project Revolving Fund Revenue Bonds, Tax-Exempt Series 2011B-1, Taxable Series 2011B-2, Series 2011C, and Series 2012A, in the aggregate principal amount of $52,575,000 (collectively, the "Redeemed 2011 and 2012 Bonds").

(Source: The Finance Authority.)

The Finance Authority has established a debt service reserve fund under the Senior Indenture to secure payment of debt service on any Senior Bonds issued under the Senior Indenture (the "Common Debt Service Reserve Fund"). As of March 31, 2021, the Common Debt Service Reserve Fund was funded in the amount of $32,992,978. The Common Debt Service Reserve Fund secures the Senior Bonds and is not pledged as security for the Parity Bonds.

Supplemental Indentures and Amendments to Agreements; Rating Agency Discretion

Pursuant to the Indenture, the Finance Authority and the Trustee may, without the consent of or notice to any of the Owners of the Parity Bonds, enter into an indenture or indentures supplemental to the Indenture in order to make certain amendments or changes to the Indenture, including any amendment with the prior written confirmation from the Rating Agencies that such amendment will not result in the rating on the Parity Bonds and the PPRF Secured Obligations, following such amendment, to be lower than the rating on the Parity Bonds and the PPRF Secured Obligations immediately prior to such amendment. See "APPENDIX B—EXTRACTS OF CERTAIN PROVISIONS OF THE INDENTURE—Supplemental Indentures, Amendments to Agreements, and Amendments and Supplements to Senior Indenture."

In addition, the Finance Authority with the consent of the Trustee and the related Governmental Unit may, without the consent of any Owners of the Parity Bonds, amend any Agreement, Additional Pledged Loan documents and any existing Security Documents with the prior written confirmation from the Rating Agencies that such amendment will not result in the rating on the Parity Bonds following such amendment to be lower than the rating on the Parity Bonds immediately prior to such amendment; or make any other change or amendment upon the delivery to the Trustee of a Cash Flow Statement and an Approval of Bond Counsel.

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THE PLAN OF FINANCING

Purposes of the Series 2021B Bonds

Proceeds from the sale of the Series 2021B Bonds will be used by the Finance Authority for the purposes of (i) originating Loans to or purchasing Securities from, or reimbursing the Finance Authority for moneys used to originate Loans to or purchase Securities from certain governmental units, the proceeds of which will be or were used to finance or refinance certain Projects for such governmental units, and (ii) paying costs incurred in connection with the issuance of the Series 2021B Bonds. See "INTRODUCTION – Authority and Purpose," and APPENDIX A for a list of the 2021B Governmental Units and the amount of the Loans expected to be financed with proceeds of the Series 2021B Bonds.

Estimated Sources and Uses of Funds

The following table sets forth the estimated sources and uses of funds in connection with the issuance of the Series 2021B Bonds.

<u>Sources of Funds</u>

Par Amount	$31,305,000.00
Original Issue Premium	7,982,150.20
Total Sources	$39,287,150.20

<u>Uses of Funds</u>

Deposit to Project Funds[1]	$38,971,954.82
Costs of Issuance[2]	315,195.38
Total Uses	$39,287,150.20

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(1) Represents amounts deposited in the Program Fund to fund Loans to certain 2021B Governmental Units or deposited in the Public Project Revolving Fund to reimburse the Finance Authority for Loans previously made to certain 2021B Governmental Units from the Public Project Revolving Fund. Loan funds have been or will be used to finance or refinance Projects for 2021B Governmental Units and, if applicable, to fund an agreement reserve fund. See "APPENDIX A – 2021B GOVERNMENTAL UNITS; LARGEST REPAYMENT OBLIGATIONS."

(2) Costs of issuance include Underwriters' discount, legal fees, rating agency fees, Trustee fees, municipal advisor fees, and other miscellaneous costs.

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ANNUAL DEBT SERVICE REQUIREMENTS

The following schedule shows the total debt service payable for the Series 2021B Bonds and all currently Outstanding Parity Bonds for each fiscal year through their respective final maturity dates.

DEBT SERVICE FOR THE BONDS[1]

Fiscal Year	Series 2021B Bonds			Outstanding	Total Annual
Ending 6/30	Principal[2]	Interest[3]	Total	Parity Bonds[4]	Debt Service
2022	$ 1,405,000	$ 1,476,983	$ 2,881,983	$ 56,687,812	$ 59,569,795
2023	1,000,000	1,485,000	2,485,000	52,835,828	55,320,828
2024	3,500,000	1,445,000	4,945,000	46,687,292	51,632,292
2025	4,000,000	1,270,000	5,270,000	43,381,280	48,651,280
2026	3,000,000	1,070,000	4,070,000	36,388,437	40,458,437
2027	3,000,000	920,000	3,920,000	35,723,324	39,643,324
2028	3,400,000	770,000	4,170,000	30,059,310	34,229,310
2029	3,000,000	600,000	3,600,000	29,821,005	33,421,005
2030	4,000,000	450,000	4,450,000	23,673,534	28,123,534
2031	3,000,000	250,000	3,250,000	21,051,485	24,301,485
2032	2,000,000	100,000	2,100,000	20,260,507	22,360,507
2033	-	-	-	18,683,574	18,683,574
2034	-	-	-	15,258,682	15,258,682
2035	-	-	-	12,713,241	12,713,241
2036	-	-	-	9,198,389	9,198,389
2037	-	-	-	13,684,974	13,684,974
2038	-	-	-	13,627,391	13,627,391
2039	-	-	-	9,077,949	9,077,949
2040	-	-	-	2,184,095	2,184,095
2041	-	-	-	1,837,400	1,837,400
2042	-	-	-	1,840,600	1,840,600
2043	-	-	-	1,836,600	1,836,600
2044	-	-	-	1,840,600	1,840,600
2045	-	-	-	1,577,200	1,577,200
2046	-	-	-	1,582,000	1,582,000
2047	-	-	-	1,574,600	1,574,600
2048				1,580,400	1,580,400
2049				1,443,800	1,443,800
2050	-	-	-	1,440,400	1,440,400
Total	$31,305,000	$ 9,836,983	$ 41,141,983	$507,551,707	$548,693,690

(1) Assumes the Series 2021B Bonds are issued and Outstanding. Totals may not add due to rounding.
(2) Payable on June 15 of each year.
(3) Payable on December 15 and June 15 of each year, commencing December 15, 2021.
(4) Represents principal of and interest on Parity Bonds expected to be Outstanding as of the Date of Initial Delivery of the Series 2021B Bonds.

(Source: PFM.)

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The following table shows estimated available revenues pledged to the payment of the Bonds, total debt service requirements for the Series 2021B Bonds and all currently Outstanding Parity Bonds and the resulting estimated annual coverage ratios. Revenues projected for current and future fiscal years are based on fiscal year 2020-2021 releases of PPRF Revenues from the Senior Indenture and scheduled payments under the Agreements and Additional Pledged Loans and do not reflect any future Prepayments or delinquencies. The estimated annual coverage ratios are based in part on assumptions that may not be realized. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Agreement Revenues" and "—Trust Estate-Subordinate Lien PPRF Revenues" for descriptions of the revenues presented in the table under the headings "Agreement Revenues" and "Subordinate Lien PPRF Revenues." See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Trust Estate-Subordinate Lien PPRF Revenues" and "INVESTMENT CONSIDERATIONS" for a list of some factors affecting Subordinate Lien PPRF Revenues.

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ESTIMATED REVENUES, ANNUAL DEBT SERVICE REQUIREMENTS
AND PROJECTED COVERAGE RATIOS[1]

Fiscal Year	Subordinate Lien PPRF Revenues[2][3]	Agreement Revenues[4]	Estimated Total Revenues	Total Debt Service Requirements	Estimated Annual Coverage Ratios[5]
2022	$ 48,285,149	$ 63,991,687	$ 112,276,836	$ 59,569,795	1.88x
2023	44,811,178	59,491,686	104,302,863	55,320,828	1.89
2024	47,000,861	55,571,506	102,572,367	51,632,292	1.99
2025	48,072,996	51,808,128	99,881,124	48,651,280	2.05
2026	48,801,094	44,738,847	93,539,942	40,458,437	2.31
2027	48,047,899	43,787,637	91,835,536	39,643,324	2.32
2028	49,689,658	37,533,372	87,223,030	34,229,310	2.55
2029	49,292,828	38,248,985	87,541,813	33,421,005	2.62
2030	45,283,622	36,726,586	82,010,208	28,123,534	2.92
2031	42,843,168	31,933,568	74,776,736	24,301,485	3.08
2032	40,662,273	27,727,903	68,390,177	22,360,507	3.06
2033	38,226,343	25,187,929	63,414,272	18,683,574	3.39
2034	38,150,809	21,450,201	59,601,010	15,258,682	3.91
2035	37,715,209	18,460,213	56,175,422	12,713,241	4.42
2036	35,437,349	13,570,966	49,008,315	9,198,389	5.33
2037	38,724,227	16,139,937	54,864,165	13,684,974	4.01
2038	35,425,689	15,424,139	50,849,828	13,627,391	3.73
2039	35,562,416	11,151,385	46,713,801	9,077,949	5.15
2040	32,869,316	4,707,661	37,576,977	2,184,095	17.20
2041	32,608,719	3,817,035	36,425,754	1,837,400	19.82
2042	33,767,409	2,864,340	36,631,749	1,840,600	19.90
2043	33,246,202	2,860,625	36,106,827	1,836,600	19.66
2044	33,274,306	2,792,041	36,066,347	1,840,600	19.59
2045	32,445,850	2,762,955	35,208,806	1,577,200	22.32
2046	32,659,114	2,768,517	35,427,632	1,582,000	22.39
2047	32,690,886	2,693,267	35,384,154	1,574,600	22.47
2048	32,604,304	2,695,649	35,299,953	1,580,400	22.34
2049	32,544,835	2,205,542	34,750,377	1,443,800	24.07
2050	32,228,854	2,204,014	34,432,868	1,440,400	23.91

(1) Assumes that the Series 2021B Bonds are issued and Outstanding. See "INTRODUCTION—Authority and Purpose" and "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Outstanding Parity Bonds." Totals may not add due to rounding.

(2) Future collections of the Subordinate Lien PPRF Revenues are based on a forecast of revenues to be released from the Senior Indenture including Loans scheduled to close by June 30, 2021. As shown, the figures do not reflect any possible future reduction resulting from payment of debt service on Senior Bonds. For a history of Subordinate Lien PPRF Revenues, see the chart entitled "Historical Subordinate Lien PPRF Revenues" under the heading "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Trust Estate." See also "INVESTMENT CONSIDERATIONS—Availability of Subordinate Lien PPRF Revenues."

(3) Governmental gross receipts tax distributions to the Public Project Revolving Fund since first receipt of the tax in the 1995-1996 fiscal year have grown year-to-year through the 2019-2020 fiscal year in all but three years during which the maximum decrease was just over 3% for the 2014-2015 fiscal year. Fourteen months into the COVID pandemic and the associated uncertainty surrounding governmental gross receipts tax collections, governmental gross receipts tax distributions for May 2020 through April 2021 (which represents total distributions for fiscal year 2020-2021) total $32,999,820, a decrease from 2019-2020 of about 2.2%. Nevertheless, distributions for the full 2020-2021 fiscal year represent the second highest distribution year ever (behind only the 2019-2020 fiscal year). For 2021-2022 fiscal year planning purposes, the Finance Authority assumed governmental gross receipts tax distributions of $32,000,000, with senior lien coverage at 1.43x compared to the 1.30x benchmark. See "INVESTMENT CONSIDERATIONS – Outbreak of Infectious Disease." See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – GOVERNMENTAL GROSS RECEIPTS TAX DISTRIBUTIONS FISCAL YEARS 2015-2016 THROUGH 2019-2020" for additional information regarding recent distributions and historical trends. Fiscal year collections represent distributions of governmental gross receipts tax for the period commencing May 1 of the preceding fiscal year through April 30 of the current fiscal year. Assumes annual distribution of the NMFA Portion of the Governmental Gross Receipts Tax will remain the same over the life of the Bonds.

(4) Assumes total Agreement Revenues projected to be received for Loans outstanding as of June 30, 2021, including the Loans expected to be financed with proceeds of the Series 2021B Bonds (whether or not such Loans are expected to close by June 30, 2021). Assumes scheduled payments of Agreements and does not reflect the prepayment of any such Agreements that may occur while the Series 2021B Bonds are Outstanding. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Trust Estate—Agreement Revenues."

(5) The Estimated Annual Coverage Ratios are calculated assuming that no additional Parity Bonds will be issued pursuant to the Indenture and are subject to change.

(Sources: Finance Authority and PFM.)

NEW MEXICO FINANCE AUTHORITY

General Information

The Finance Authority is a public body politic and corporate, separate and apart from the State, constituting a governmental instrumentality of the State. The Finance Authority was created in 1992 pursuant to the Act to coordinate the planning and financing of State and local public projects, to 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 in financing public projects. Pursuant to the Act, the Finance Authority and its corporate existence will continue until terminated by law, provided that no such law will take effect so long as the Finance Authority has bonds or other obligations outstanding, unless provision has been made for the payment of all such obligations. The Finance Authority is comprised of 11 members who also constitute the Finance Authority's board of directors and currently employs 50 persons including a Chief Executive Officer. The Chief Executive Officer directs the business and affairs of the Finance Authority, subject to the policies, control and direction of the Finance Authority.

The Finance Authority staff provides a full range of services to its borrowers and other parties benefiting from or otherwise interested in the Finance Authority's financing programs. Those services include loan servicing and program fund administration, financial analysis relating to all aspects of the Finance Authority's programs, accounting, program marketing and development services, application assistance to borrowers, coordination and assistance with other funding sources, coordination with taxing and regulatory authorities, and coordination with various legislative authorities.

Powers

In addition to the power to issue bonds and other obligations to finance specific programs and projects, pursuant to the Act, the Finance Authority is granted all powers necessary and appropriate to carry out and effectuate its public and corporate purposes, including but not limited to the following powers:

(a) to procure insurance to secure payment on any loan, lease or purchase payments owed to the Finance Authority by a qualified entity in such amounts and from such insurers, including the federal government, as it may deem necessary or desirable, and to pay any premiums for such insurance;

(b) to fix, revise from time to time, charge and collect fees and other charges in connection with the making of loans and any other services rendered by the Finance Authority;

(c) to accept, administer, hold and use all funds made available to the Finance Authority from any sources;

(d) to borrow money and to issue bonds and provide for the rights of holders of the bonds;

(e) to establish and maintain reserve and sinking fund accounts to insure against and have funds available for maintenance of other debt service accounts;

(f) to invest and reinvest its funds and to take and hold property as security for the investment of such funds;

(g) subject to any agreement with bondholders to: (1) renegotiate any loan, lease or agreement; (2) consent to any modification of the terms of any loan, lease or agreement; and (3) purchase bonds, which may upon purchase be canceled; and

(h) to do any and all things necessary or convenient to carry out its purposes and exercise the powers given and granted in the Act.

The Finance Authority has no authority to impose or collect taxes.

Organization and Governance

The Finance Authority is composed of 11 members who serve as the governing body of the Finance Authority. Six of the members are ex officio members designated in the Act and five members are appointed by the Governor with the advice and consent of the State Senate. One of the appointed members must be the chief financial officer of a State higher educational institution. The remaining four appointed members must be residents of the State. The six ex officio members with voting privileges include four cabinet-level secretaries, each of whom are appointed by the Governor and serve at the pleasure of the Governor (the Secretary of Finance and Administration, the Secretary of Economic Development, the Secretary of Energy, Minerals and Natural Resources, and the Secretary of Environment), and two are chief executive directors of State-wide associations (the Executive Director of the New Mexico Municipal League and the Executive Director of the New Mexico Association of Counties). The appointed members serve at the pleasure of the Governor and the appointed members serve four-year terms. Vacancies for the appointed members are filled by appointment of the Governor for the remainder of any unexpired term. Any appointed member is eligible for reappointment.

The governing body of the Finance Authority exercises and oversees the exercise of the powers of the Finance Authority. The governing body of the Finance Authority satisfies those responsibilities through monthly meetings and through the standing committees that the governing body has established. A quorum of the governing body exists when a majority of the members then serving are present. A majority vote of a quorum of the members present may transact any business of the Finance Authority. A vacancy in the membership of the governing body does not impact the ability of a quorum to exercise all rights and duties of the Finance Authority. The committees are advisory and have no authority to act on behalf of the governing body, except that the Finance and Disclosure Committee has authority to award certain contracts and to authorize certain investments. Each committee reviews and makes recommendations to the governing body concerning matters assigned to it by the governing body.

The Executive Committee provides oversight and direction relating to the operations of the Finance Authority. Other committees include the Public Lending Committee, the Audit Committee, and the Economic Development Committee. The committees meet monthly, quarterly or as necessary.

The governing body has also established written policies concerning the exercise of the powers of the Finance Authority, including the administration of the Public Project Revolving Fund. The written policies serve as ongoing directions to staff and consultants with respect to standards to be applied in the conduct of the business of the Finance Authority.

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Governing Body and Key Staff Members

Current members[1] of the Finance Authority, and their respective occupations and term expiration dates, are presented below.

Name	Occupation	Term Expires
Katherine Miller (Chair)[2][3]	County Manager, Santa Fe County	2/17/2022
Steve Kopelman[4] (Vice Chair)	Executive Director, New Mexico Association of Counties	not applicable
Leslie Nathanson Juris[2][3] (Secretary)	President, Nathanson/Juris Consulting, Santa Fe, New Mexico	2/17/2022
A.J. Forte[4]	Executive Director, New Mexico Municipal League	not applicable
James Kenney[2][4]	Cabinet Secretary, Environment Department, State of New Mexico	not applicable
Alicia Keyes[2][4]	Cabinet Secretary, Economic Development Department, State of New Mexico	not applicable
Deborah Romero[2][4]	Acting Cabinet Secretary, Department of Finance and Administration	not applicable
Sarah Cottrell Propst[2][4]	Cabinet Secretary, Energy, Minerals and Natural Resources Department, State of New Mexico	not applicable
Martin Suazo[2][3]	Owner, Eagle Stove Co., Las Vegas, New Mexico	2/17/2022
Andrew Burke[2][3]	Senior Vice President for Administration and Finance, New Mexico State University, Las Cruces, New Mexico	2/17/2022

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(1) One position on the governing body of the Finance Authority is currently vacant.
(2) Appointed by the Governor of the State and serves at the pleasure of the Governor.
(3) Designees to their respective positions as they have been appointed by the Governor of the State but are awaiting confirmation by the New Mexico State Senate during the 2022 session of the New Mexico Legislature, and will continue to serve until the expiration of such session if no confirmation is received.
(4) Ex officio member with voting privileges. An ex officio member may designate an alternate member. Alternate members may attend meetings and vote on all matters considered by the Finance Authority. Ex officio members that are cabinet secretaries are appointed to their cabinet positions by the Governor of the State and serve in those capacities at the pleasure of the Governor.

Presented below is certain information concerning key staff members of the Finance Authority involved in the issuance of the Series 2021B Bonds and the administration of the Finance Authority's financing programs. Effective January 13, 2020, the Finance Authority underwent an operational reorganization in order to align current agency needs with staffing strengths. As part of this reorganization, the compliance and legal departments were merged, a loan operations department was created, and certain operational titles were modified throughout the organization.

Marquita D. Russel, Chief Executive Officer. Ms. Russel was named as the Finance Authority Chief Executive Officer in December 2019. Ms. Russel joined the Finance Authority in September 2000, and has 30 years of experience in marketing, underwriting, asset management, and program compliance for a variety of public and private credits. In her prior role at the Finance Authority, Ms. Russel had overall responsibility for programmatic and transactional activity for all private lending and water financing programs, including the design and successful implementation of the New Markets Tax Credit program and the federal Drinking Water State Revolving Fund. Ms. Russel spent 10 years at the Illinois Development Finance Authority, where she held the positions of Marketing

Director and Senior Program Administrator with a primary focus on cultural and educational facility finance. Ms. Russel earned her Bachelor of Science degree from Marquette University, Milwaukee, Wisconsin.

Oscar Rodriguez, Chief Financial Officer. Mr. Rodriguez joined the Finance Authority in October 2016. Before that, he served as the Finance Director for the City of Santa Fe. Mr. Rodriguez has more than 25 years of experience managing local government finances in New Mexico, District of Columbia, Texas, Maryland, and abroad. He received a Masters of City Planning degree from the Massachusetts Institute of Technology and a Bachelor of Arts degree from Harvard University.

Michael J. Zavelle, Chief Financial Strategist. Mr. Zavelle joined the Finance Authority in June 2009. Mr. Zavelle has an extensive and varied background in finance with public and private universities, a major cultural organization, and as a capital markets banker in Asia responsible for client relations and for loan and bond underwriting, syndication and private placement. He served as a VP/CFO for Fisk University, Brooklyn College/CUNY, and Baruch College/CUNY, as Vice Chancellor for Administration & Planning for City University of New York, as SVP and Chief Administrative Officer for The New York Public Library, and as a Managing Director with Chase Manhattan Asia Limited in Hong Kong and Tokyo. Mr. Zavelle has a Bachelor of Arts degree in Economics from Dartmouth College and a Master of Business Administration degree from Harvard University.

Adam Johnson, Chief of Program Operations. Mr. Johnson joined the Finance Authority in February 2020. In the role of Chief of Program Operations, Mr. Johnson has responsibility over all programmatic and transaction activity for all Finance Authority grant and loan programs, including the PPRF. Mr. Johnson most recently served as Finance Director at St. John's College and his prior experience includes Finance and Budget Director at the City of Santa Fe, Budget Administrator at Santa Fe County and Senior Lending Officer at the Finance Authority. He has a Bachelor of Arts in Economics and a Masters of Accounting from the University of New Mexico.

Daniel C. Opperman, Chief Legal Officer. Mr. Opperman joined the Finance Authority in November 2010 as Assistant General Counsel, was hired as the General Counsel in October 2012, and with the reorganization of January 2020, now leads the Finance Authority's Legal and Compliance Department. Prior to joining the Finance Authority, Mr. Opperman served as General Counsel for the New Mexico Department of Transportation ("NMDOT") for two years. Mr. Opperman obtained his law degree from the University of New Mexico School of Law and his Bachelor of Arts degree in Economics from the University of New Mexico, and is a retired professional baseball player with the Los Angeles Dodgers organization.

Dora Mae Cde Baca, Chief Administrative Officer. Ms. Cde Baca joined the Finance Authority in June 1994. Ms. Cde Baca has over 25 years of extensive experience in personnel and administrative management. Prior to working at the New Mexico Finance Authority, Ms. Cde Baca was the Labor Relations Specialist in the Labor Relations Division at the Los Alamos National Laboratory. Ms. Cde Baca has a Bachelors of Science degree in Business Information Systems from the University of Phoenix and a Master of Business Administration degree with a concentration in Human Resources from the University of Phoenix.

Legislative Oversight

The Act also provides for the creation of a legislative oversight committee, whose membership is determined by the State Legislative Council. The oversight committee is required to monitor and oversee the operation of the Finance Authority, and in that capacity it, among other things: (i) meets on a regular basis to receive and review reports from the Finance Authority and to review and approve regulations proposed for adoption pursuant to the Act; (ii) monitors and provides assistance and advice on the public project financing program of the Finance Authority; (iii) oversees and monitors State and local government capital planning and financing; (iv) provides advice and assistance to the Finance Authority on planning, setting priorities for and financing of State and local capital projects; (v) undertakes an ongoing examination of the statutes, constitutional provisions, regulations and court decisions governing State and local government capital financing in the State; and (vi) reports its findings and recommendations, including recommended legislation or necessary changes, to the Governor and to each session of the State Legislature, and makes available the report and proposed legislation.

The Public Project Revolving Fund Program

General. The Act created the Public Project Revolving Fund (the "PPRF") program of the Finance Authority in 1992 to pay the reasonably necessary costs of originating and servicing loans, grants or securities funded by the PPRF and to make loans or grants and to purchase or sell securities to assist qualified entities in financing the acquisition, construction, improvement, alteration or reconstruction of assets of a long-term capital nature, including land; buildings; water rights; water, sewerage and waste disposal systems; streets; airports; municipal utilities; public recreation facilities; public transportation systems; parking facilities; and machinery, furniture and equipment. Loan origination and repayment is administered through the use of a legacy loan servicing system, which is currently in the process of being replaced by a more technologically advanced system with enhanced reporting and management capabilities. Public projects financed through the PPRF in amounts in excess of $1 million per project require specific authorization by the State Legislature. As of March 31, 2021, the Finance Authority had made 1,895 PPRF loans totaling approximately $4.16 billion. To implement the PPRF Program, the Finance Authority has been granted the following specific powers:

(a) to make loans to qualified entities that establish one or more dedicated sources of revenue to repay the loan from the Finance Authority;

(b) to make, enter into and enforce all contracts necessary, convenient or desirable for the purposes of the Finance Authority or pertaining to (1) a loan to a qualified entity, (2) a purchase or sale of securities individually or on a pooled basis, or (3) the performance of its duties and execution of any of its powers under the Act;

(c) to purchase or hold securities at prices and in a manner the Finance Authority considers advisable, giving due consideration to the financial capability of the qualified entity, and sell securities acquired or held by it at prices without relation to cost and in a manner the Finance Authority considers advisable;

(d) to prescribe the form of application or procedure required of a qualified entity for a loan or purchase of its securities, fix the terms and conditions of the loan or purchase and enter into agreements with qualified entities with respect to loans or purchases;

(e) to charge for its costs and services in review or consideration of a proposed loan to a qualified entity or purchase by the Finance Authority of securities, whether or not the loan is made or the securities purchased;

(f) to fix and establish terms and provisions with respect to: (1) a purchase of securities by the Finance Authority, including date and maturities of the securities; (2) redemption or payment before maturity; and (3) any other matters that in connection with the purchase are necessary, desirable or advisable in the judgment of the Finance Authority;

(g) to the extent permitted under its contracts with the holders of bonds of the Finance Authority, consent to modification of the rate of interest, time and payment of installment of principal or interest, security or any other term of a bond, contract or agreement of any kind to which the Finance Authority is a party;

(h) in connection with the purchase of any securities, to consider the ability of the qualified entity to secure financing from other sources and the costs of that financing and the particular public project or purpose to be financed or refinanced with the proceeds of the securities to be purchased by the Finance Authority;

(i) to acquire fee simple, leasehold, mortgagor's or mortgagee's interests in real and personal property and to sell, mortgage, convey or lease that property for Finance Authority purposes; and

(j) in the event of a default by a qualifying entity, enforce its rights by suit or mandamus or use all of the available remedies under State law.

Temporary Borrowing. The Finance Authority has entered into a short-term borrowing facility (the "Wells Fargo Facility") with Wells Fargo Bank, National Association ("Wells Fargo") for Wells Fargo to provide to the Finance Authority an amount up to $100,000,000 to assist it with its cash flows. Of the $100,000,000 that may be outstanding at any given time, a maximum of $90,000,000 is available for tax-exempt borrowings and a maximum of $10,000,000 is available for taxable borrowings. Of the $90,000,000 available for tax-exempt borrowings, up to $15,000,000 is available on a taxable basis for loans of up to nine months for general liquidity purposes (the "General Liquidity Component") that are expected to be repaid by June 21 of any year from either Governmental Gross Tax Receipts or other funds available to the PPRF. This $15,000,000 General Liquidity Component is secured by the Supplemental Credit Reserve Fund. All of the $90,000,000 tax-exempt component, less any of the $15,000,000 General Liquidity Component outstanding, and all of the $10,000,000 taxable component are available to reimburse the Finance Authority for loans made to eligible entities that are incurred prior to the issuance of a series of bonds or to make loans to eligible entities by using funds drawn from the Wells Fargo Facility. Once these amounts are advanced, the Finance Authority has up to 180 days to repay such advance. The Wells Fargo Facility is not secured by the Trust Estate.

The Wells Fargo Facility is currently scheduled to expire on December 8, 2023. The Finance Authority made a draw on the Wells Fargo Facility on June 1, 2021 in an amount of $30 million to bridge the gap between the redemption of the Redeemed 2011 and 2012 Bonds in the aggregate principal amount of $52,575,000 which occurred on June 1, 2021, the receipt of Subordinate Lien PPRF Revenues on June 16, 2021, and the anticipated delivery of the Series 2021B Bonds on June 30, 2021.

Other Bond Programs and Projects

The Finance Authority also participates in or administers other bond programs designed to provide financing to local governmental entities and state agencies for public projects. Such programs are not secured by the Trust Estate but are secured by other sources of revenues. The following table sets forth the different types of bond programs and the amount of bonds expected to be outstanding under such programs as of the Date of Initial Delivery of the Series 2021B Bonds.

Program	Project	Original Principal Amount	Outstanding as of Date of Initial Delivery[1]	Scheduled Final Maturity
Transportation	Highways 2012	$ 220,400,000	$154,090,000	6/15/2026
Transportation	Highways 2014A Subordinate	70,110,000	55,575,000	6/15/2032
Transportation	Highways 2014B-1	61,380,000	61,380,000	6/15/2027
Transportation	Highways 2014B-2 Subordinate	18,025,000	11,850,000	6/15/2027
Transportation	Highways 2018A Subordinate	420,090,000	417,525,000	6/15/2030
Transportation	Highways 2020A	63,180,000	63,180,000	6/15/2025

[1] Pursuant to SB 121, the 55th State Legislature authorized the Finance Authority to issue transportation revenue bonds on or after July 1, 2021 on behalf of the New Mexico State Transportation Commission in an aggregated principal amount not to exceed $234.6 million to pay the costs of State transportation projects. The Finance Authority expects to issue such bonds during fiscal year 2021-2022; however, the Finance Authority makes no guarantee as to when or whether such bonds will be issued.

(Source: The Finance Authority.)

Cybersecurity Risk Management

The Finance Authority's operations are increasingly dependent on information technologies and services, which are exposed to cybersecurity risks and cyber incidents or attacks. Despite the Finance Authority's efforts and processes to prevent breaches, its electronic devices, as well as its servers, computer systems, and those of third parties used in the Finance Authority's operations are vulnerable to cybersecurity risks, including, but not limited to, cyberattacks such as viruses and worms, phishing attacks, denial-of-service attacks, physical or electronic break-ins, employee theft or misuse, and similar disruptions from unauthorized tampering with Finance Authority servers and computer systems or those of third parties used in the Finance Authority's operations, which could lead to interruptions, delays, loss of critical data, unauthorized access to user data, and loss of stakeholder confidence. Any cyberattack that attempts to obtain the Finance Authority's data and assets, disrupt its service, or otherwise access its systems, or those of third parties, if successful, could adversely affect the Finance Authority's business and operations, operating results, and financial condition.

In light of these risks, and in an effort to proactively mitigate any potential cybersecurity threats, the Finance Authority previously engaged a third-party service provider to perform a cybersecurity assessment. The threat of breaches is always fluid, and as such, the Finance Authority anticipates the continued monitoring of its security posture as a regular practice by way of remediating known issues and implementing alerting procedures to proactively resolve new issues that may arise. Additionally, the Finance Authority has procured an appropriate level of cyber-insurance.

LITIGATION

To the knowledge of the Finance Authority, there is no controversy or litigation known to be pending or threatened to restrain or enjoin the issuance, sale, execution or delivery of the Series 2021B Bonds, the execution, adoption or effectiveness of the Indenture or the levying or collecting of any Revenues the loss of which would materially adversely affect the ability of the Finance Authority to pay debt service on the Series 2021B Bonds, or in any way contesting or affecting the validity or enforceability of the Series 2021B Bonds, the Indenture, or any proceeding and authority of the Finance Authority taken with respect to the foregoing. The Finance Authority will deliver a non-litigation certification as to the foregoing prior to the issuance of the Series 2021B Bonds.

UNDERWRITING

Pursuant to a Bond Purchase Agreement dated June 9, 2021 (the "Bond Purchase Agreement") between Morgan Stanley & Co. LLC, as representative of the Underwriters, and the Finance Authority, the Underwriters have agreed to purchase the Series 2021B Bonds from the Finance Authority at a purchase price equal to $39,186,338.57 (being the par amount of the Series 2021B Bonds plus an original issue premium of $7,982,150.20, and less an underwriting discount of $100,811.63). The Bond Purchase Agreement provides that the Underwriters will purchase all of the Series 2021B Bonds if any are purchased, the obligation to make such purchase being subject to certain terms and conditions set forth in the Bond Purchase Agreement, including the approval of certain legal matters by counsel and certain other conditions.

The prices at which the Series 2021B Bonds are offered to the public (and the yields resulting therefrom) may vary from the initial public offering prices appearing on the inside front cover page of this Official Statement. In addition, the Underwriters may allow commissions or discounts from such initial offering prices to dealers and others.

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage services. Certain of the Underwriters and their respective affiliates have, from time to time, performed, and may in the future perform, various financial advisory and investment banking services for the Finance Authority, for which they received or will receive customary fees and expenses.

Under certain circumstances, some of the Underwriters and their affiliates may have certain creditor or other rights against the Finance Authority and any affiliates thereof in connection with such transactions or services. In addition, certain Underwriters and their affiliates may currently have and may in the future have investment and commercial banking, trust and other relationships with parties that may relate to assets of, or be involved in the issuance of securities or instruments by, the Finance Authority and any affiliates thereof.

Morgan Stanley & Co. LLC, one of the Underwriters of the Series 2021B Bonds, has entered into a retail distribution arrangement with its affiliate Morgan Stanley Smith Barney LLC. As part of the distribution arrangement, Morgan Stanley & Co. LLC may distribute municipal securities to retail investors through the financial advisor network of Morgan Stanley Smith Barney LLC. As part of this arrangement, Morgan Stanley & Co. LLC may compensate Morgan Stanley Smith Barney LLC for its selling efforts with respect to the Series 2021B Bonds.

Wells Fargo Securities is the trade name for certain securities-related capital markets and investment banking services of Wells Fargo & Company and its subsidiaries, including Wells Fargo Bank, National Association, which conducts its municipal securities sales, trading and underwriting operations through the Wells Fargo Bank, NA Municipal Finance Group, a separately identifiable department of Wells Fargo Bank, National Association, registered with the Securities and Exchange Commission as a municipal securities dealer pursuant to Section 15B(a) of the Securities Exchange Act of 1934.

Wells Fargo Bank, National Association, acting through its Municipal Finance Group ("WFBNA"), one of the underwriters of the Series 2021B Bonds, has entered into an agreement (the "WFA Distribution Agreement") with its affiliate, Wells Fargo Clearing Services, LLC (which uses the trade name "Wells Fargo Advisors") ("WFA"), for the distribution of certain municipal securities offerings, including the Series 2021B Bonds. Pursuant to the WFA Distribution Agreement, WFBNA will share a portion of its underwriting or remarketing agent compensation, as applicable, with respect to the Series 2021B Bonds with WFA. WFBNA has also entered into an agreement (the "WFSLLC Distribution Agreement") with its affiliate Wells Fargo Securities, LLC ("WFSLLC"), for the distribution of municipal securities offerings, including the Series 2021B Bonds. Pursuant to the WFSLLC Distribution Agreement, WFBNA pays a portion of WFSLLC's expenses based on its municipal securities transactions. WFBNA, WFSLLC, and WFA are each wholly-owned subsidiaries of Wells Fargo & Company.

A portion of the proceeds of the Series 2021B Bonds will be used to repay amounts borrowed by the Authority from Wells Fargo Bank, National Association under the Wells Fargo Facility. See "NEW MEXICO FINANCE AUTHORITY – The Public Project Revolving Fund Program – Temporary Borrowing."

In the ordinary course of their various business activities, the Underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities, which may include credit default swaps) and financial instruments (including bank loans) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the Finance Authority.

The Underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

TAX MATTERS

The following is a summary of the material federal and State income tax consequences of holding and disposing of the Series 2021B Bonds. This summary is based upon laws, regulations, rulings and judicial decisions now in effect, all of which are subject to change (possibly on a retroactive basis). This summary does not discuss all aspects of federal income taxation that may be relevant to investors in light of their personal investment circumstances or describe the tax consequences to certain types of owners subject to special treatment under the federal income tax laws (for example, dealers in securities or other persons who do not hold the Series 2021B Bonds as a capital asset, tax-exempt organizations, individual retirement accounts and other tax deferred accounts, and foreign taxpayers), and, except for the income tax laws of the State, does not discuss the consequences to an owner under any state, local or foreign tax laws. The summary does not deal with the tax treatment of persons who purchase the Series 2021B Bonds in the secondary market. Prospective investors are advised to consult their own tax advisors regarding federal, state, local and other tax considerations of holding and disposing of the Series 2021B Bonds.

Opinion of Bond Counsel

In the opinion of Gilmore & Bell, P.C., Bond Counsel to the Finance Authority, under the law existing as of the issue date of the Series 2021B Bonds:

Federal Tax Exemption. The interest on the Series 2021B Bonds is excludable from gross income for federal income tax purposes.

Alternative Minimum Tax. The interest on the Series 2021B Bonds is not an item of tax preference for purposes of computing the federal alternative minimum tax.

State of New Mexico Tax Exemption. The interest on the Series 2021B Bonds is exempt from income taxation by the State.

Bond Counsel's opinions are provided as of the date of the original issue of the Series 2021B Bonds, subject to the condition that the Finance Authority and the Governmental Units comply with all requirements of the Internal Revenue Code of 1986, as amended (the "Code") that must be satisfied subsequent to the issuance of the Series 2021B Bonds in order that interest thereon be, or continue to be, excludable from gross income for federal income tax purposes. The Finance Authority and the Governmental Units have covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause the inclusion of interest on the Series 2021B Bonds in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2021B Bonds.

No Other Opinion. Bond Counsel is expressing no opinion regarding other federal, state or local tax consequences arising with respect to the Series 2021B Bonds.

Other Tax Consequences

Original Issue Premium. For federal income tax purposes, premium is the excess of the issue price of a Series 2021B Bond over its stated redemption price at maturity. The stated redemption price at maturity of a Series 2021B Bond is the sum of all payments on the Series 2021B Bond other than "qualified stated interest" (i.e., interest unconditionally payable at least annually at a single fixed rate). The issue price of a Series 2021B Bond is generally the first price at which a substantial amount of the Series 2021B Bonds of that maturity have been sold to the public. Under Section 171 of the Code, premium on tax-exempt bonds amortizes over the term of the Series 2021B Bond using constant yield principles, based on the purchaser's yield to maturity. As premium is amortized, the owner's basis in the Series 2021B Bond and the amount of tax-exempt interest received will be reduced by the amount of amortizable premium properly allocable to the owner, which will result in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes on sale or disposition of the Series 2021B Bond prior to its maturity. Even though the owner's basis is reduced, no federal income tax deduction is allowed. Prospective investors should consult their own tax advisors concerning the calculation and accrual of bond premium.

Sale, Exchange, Legal Defeasance or Retirement of Bonds. Upon the sale, exchange, legal defeasance or retirement (including redemption) of a Series 2021B Bond, an owner of the Series 2021B Bond generally will recognize gain or loss in an amount equal to the difference between the amount of cash and the fair market value of any property actually or constructively received on the sale, exchange, legal defeasance or retirement of the Series 2021B Bond (other than in respect of accrued and unpaid interest) and such owner's adjusted tax basis in the Series 2021B Bond. To the extent a Series 2021B Bond is held as a capital asset, such gain or loss will be capital gain or loss and will be long-term capital gain or loss if the Series 2021B Bond has been held for more than 12 months at the time of sale, exchange or retirement. Further, if the Finance Authority establishes a legal defeasance of any Series 2021B Bond, that Series 2021B Bond may be deemed to be retired and "reissued" for U.S. federal income tax purposes as a result of the defeasance. In that event, in general, an owner will recognize taxable gain or loss equal to the difference between (i) the amount realized from the deemed sale, exchange or retirement (less any accrued qualified stated interest) and (ii) the owner's adjusted tax basis in the Series 2021B Bond.

Reporting Requirements. In general, information reporting requirements will apply to certain payments of principal, interest and premium paid on the Series 2021B Bonds, and to the proceeds paid on the sale of the Series 2021B Bonds, other than certain exempt recipients (such as corporations and foreign entities). A backup withholding tax will apply to such payments if the owner fails to provide a taxpayer identification number or certification of foreign or other exempt status or fails to report in full dividend and interest income. The amount of any backup withholding from a payment to an owner will be allowed as a credit against the owner's federal income tax liability.

Collateral Federal Income Tax Consequences. Prospective purchasers of the Series 2021B Bonds should be aware that ownership of the Series 2021BBonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, with respect to the Series 2021B Bonds, financial institutions, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits, certain S corporations with "excess net passive income," foreign corporations subject to the branch profits tax, life insurance companies, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry or have paid or incurred certain expenses allocable to the Series 2021B Bonds. Bond Counsel expresses no opinion regarding these tax consequences. Purchasers of Series 2021B Bonds should consult their tax advisors as to the applicability of these tax consequences and other federal income tax consequences of the purchase, ownership and disposition of the Series 2021B Bonds, including the possible application of state, local, foreign and other tax laws.

LEGAL MATTERS

In connection with the issuance and sale of the Series 2021B Bonds, Gilmore & Bell, P.C., Salt Lake City, Utah, as Bond Counsel to the Finance Authority, will deliver its opinion in substantially the form included in APPENDIX D. Certain legal matters will be passed upon for the Finance Authority by its Chief Legal Officer. Certain legal matters relating to disclosure will be passed upon for the Finance Authority by Orrick, Herrington & Sutcliffe LLP, Austin, Texas, Disclosure Counsel to the Finance Authority. Certain legal matters will be passed upon for the Underwriters by Hogan Lovells US LLP, Denver, Colorado, counsel to the Underwriters. The counsels involved in this transaction have not participated in any independent verification of the information concerning the financial condition or capabilities of the Finance Authority contained in this Official Statement.

MUNICIPAL ADVISOR

The Finance Authority has retained PFM Financial Advisors LLC ("PFM"), San Francisco, California, as municipal advisor in connection with the preparation of this Official Statement and with respect to the issuance of the Series 2021B Bonds. PFM is an independent advisory firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities.

FINANCIAL STATEMENTS

The financial statements of the Finance Authority for the year ended June 30, 2020, included in APPENDIX F of this Official Statement, have been audited by Moss Adams LLP, certified public accountants, Albuquerque, New Mexico, as set forth in its report thereon dated October 9, 2020. Moss Adams LLP has not been asked to consent to the use of its name and audited financial reports of the Finance Authority in this Official Statement nor has Moss Adams LLP participated in the preparation of this Official Statement.

CONTINUING DISCLOSURE UNDERTAKING

The Finance Authority will execute and deliver a Continuing Disclosure Undertaking in connection with the issuance of the Series 2021B Bonds pursuant to which it will agree to provide the following information:

A. to the Municipal Securities Rulemaking Board ("MSRB") in an electronic format prescribed by the MSRB by March 31 of each fiscal year, or the next succeeding business day if March 31 is not a business day (and to the Trustee and to each holder of the Series 2021B Bonds who requests such information):

 1. with respect to the Finance Authority annual financial information and operating data concerning the Subordinate Lien PPRF Revenues, such information to be of the type set forth in the tables under the caption "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Trust Estate–Agreement Revenues" and in the table captioned "Historical Subordinate Lien PPRF Revenues — Fiscal Years 2015-2016 Through 2019-2020 (Released to the Indenture on June 1)" under the caption "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Trust Estate–Subordinate Lien PPRF Revenues" in the Official Statement;

 2. with respect to any Governmental Unit expected by the Finance Authority, on the last business day that is at least 45 days prior to the date specified for providing such information to the MSRB, to have Loan repayment obligations in the then-current fiscal year constituting more than 20% of the estimated Subordinate Lien Revenues for the then-current fiscal year (the "20% Test"), and each additional Governmental Unit designated by the Finance Authority by such business day, information concerning the four-year history of the specific revenues constituting such Governmental Unit's Agreement Pledged Revenues, or such shorter period for which such information is available;

 3. audited financial statements (in each case, prepared in accordance with generally accepted accounting principles consistently applied, as in effect from time to time) for the Finance Authority, any Governmental Unit meeting the 20% Test and each additional Governmental Unit designated by the Finance Authority, or, if audited financial statements are not available by March 31 of each fiscal year, or the next succeeding business day if March 31 is not a business day, unaudited financial statements and audited financial statements as soon as such audited financial statements become available;

B. in a timely manner to the MSRB in an electronic format prescribed by the MSRB, notice of any failure of the Finance Authority to provide the required annual financial information and audited or unaudited financial statements, on or before the date specified in its Continuing Disclosure Undertaking;

C. in a timely manner, but not more than ten business days after the occurrence of the event, to the MSRB in an electronic format prescribed by the MSRB, notice of the occurrence of any of the following events (if applicable) with respect to the Series 2021B Bonds:

 1. principal and interest payment delinquencies;

 2. unscheduled draws on debt service reserves reflecting financial difficulties;

 3. unscheduled draws on credit enhancements reflecting financial difficulties;

 4. substitution of credit or liquidity providers, or their failure to perform;

5. adverse tax opinions or the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the bonds;

6. defeasances;

7. tender offers;

8. bankruptcy, insolvency, receivership or similar proceedings;

9. rating changes; and

10. default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation (as defined by the Rule, which includes certain debt, debt-like, and debt-related obligations) of the Finance Authority, any of which events in this clause (10) reflect financial difficulties.

D. in a timely manner, but not more than ten business days after the occurrence of the event, to the MSRB in an electronic format prescribed by the MSRB, notice of the occurrence of any of the following events (if applicable) with respect to the Series 2021B Bonds, if material:

1. the consummation of a merger, consolidation, or acquisition involving the Finance Authority or the sale of all or substantially all of the assets of the Finance Authority, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms;

2. appointment of a successor or additional trustee or the change of the name of a trustee;

3. non-payment related defaults;

4. modification of rights of owners of the bonds;

5. bond calls;

6. release, substitution, or sale of property securing repayment of the bonds; and

7. incurrence of a financial obligation of the Finance Authority or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Finance Authority, any of which affect security holders.

The Finance Authority may from time to time choose to provide notice of the occurrence of certain other events, in addition to those listed above, if, in the judgment of the Finance Authority, such other event is material with respect to the Series 2021B Bonds. However, the Finance Authority does not undertake to commit to provide any such notice of the occurrence of any event except those events listed above.

The Finance Authority reserves the right to modify from time to time the Continuing Disclosure Undertaking, including the specific types of information provided or the format of the presentation of such information, to the extent necessary or appropriate in the judgment of the Finance Authority; provided that, the Finance Authority has agreed that any such modification will be done in a manner consistent with the Rule as determined by an opinion of counsel experienced in federal securities law selected by the Finance Authority. The Finance Authority acknowledges that its undertaking pursuant to the Rule described under this heading is intended to be for the benefit of the Owners of the Series 2021B Bonds and will be enforceable by the Owners; provided that the right to enforce the provisions of this undertaking are limited to a right to obtain specific performance of the Finance Authority's obligations, and any failure by the Finance Authority to comply with the provisions of the undertaking will not be an event of default with respect to the Series 2021B Bonds.

None of the Governmental Units have represented annual Loan repayment obligations exceeding 20% of estimated Subordinate Lien Revenues in the first full fiscal year immediately following issuance of the Series 2021B Bonds. See APPENDIX A for a discussion of Loans to Governmental Units with the largest outstanding principal loan balances.

The Senior Lien Public Project Revolving Fund Revenue Bonds, Series 2008A maturing on or after June 1, 2019, were defeased on March 7, 2018, and a notice of defeasance was filed with the MSRB on April 13, 2018.

RATINGS

S&P and Moody's have assigned ratings of "AAA" and "Aa2," respectively, to the Series 2021B Bonds. An explanation of the significance of such ratings may be obtained from S&P and Moody's, respectively. On April 13, 2020, Moody's released a Public Sector Pool Programs and Financings Methodology that combined methodologies for U.S. Municipal Pool Program Debt, Public Sector Pool Financings, and U.S. State Revolving Fund Debt. This latest methodology was the basis for Moody's rating of the Series 2021B Bonds.

The ratings listed above reflect only the views of such organizations. The ratings are not a recommendation to buy, sell or hold the Series 2021B Bonds and there is no assurance that such ratings will continue for any given period of time or that such ratings will not be revised downward or withdrawn entirely by the rating agencies if, in their judgment, circumstances so warrant. Any downward revision or withdrawal of the ratings given to the Series 2021B Bonds may have an adverse effect on the market price of the Series 2021B Bonds. The Municipal Advisor has not undertaken any responsibility to bring to the attention of the owners of the Series 2021B Bonds any proposed revision or withdrawal of the ratings on the Series 2021B Bonds, or to oppose any such proposed revision or withdrawal. The Finance Authority undertakes no responsibility to oppose any such revision or withdrawal. Any such downward revision or withdrawal of the ratings or other actions by a rating agency may have an adverse effect on the market price or marketability of the Series 2021B Bonds.

INVESTMENT CONSIDERATIONS

Availability of Subordinate Lien PPRF Revenues

The amount of Subordinate Lien PPRF Revenues actually released to the Indenture on any June 1 may be affected by several factors. Among other things, the amount of governmental gross receipts taxes that will be collected and distributed to the Finance Authority and ultimately released from the Senior Indenture to become Subordinate Lien PPRF Revenues is subject to fluctuation based on the activities that generate those taxes, including general economic conditions. There can be no guarantee that the NFMA Portion of the Governmental Gross Receipts Tax collected in the future will be consistent with historical collection trends. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Trust Estate–The Governmental Gross Receipts Tax."

In addition, the amount of money to be released from the Senior Indenture to become Subordinate Lien PPRF Revenues may be reduced if the other revenues expected to pay debt service on the Senior Bonds in a given year are not available. The availability of those revenues is dependent upon many factors not within the Finance Authority's control, including the ability of entities to which the Finance Authority has loaned the proceeds of the Senior Bonds to repay those loans.

Pursuant to Section 7-9-4.3, NMSA 1978, revisions to laws of the State affecting, among other things, tax rates, taxed activities and distributions of governmental gross receipts taxes could be adopted in the future by the State Legislature. There is no assurance that any future revisions to State laws will not adversely affect, among other things, tax rates, activities now subject to the governmental gross receipts tax or distribution of governmental gross receipts tax revenues to the Finance Authority. However, the State has pledged to and agreed with holders of any bonds or notes issued under the Act that the State will not limit or alter the rights vested by the Act in the Finance Authority to fulfill the terms of any agreements made with the holders thereof or in any way impair the rights and remedies of those holders until the bonds or notes together with the interest thereon, with interest on any unpaid installments of interest, and all costs and expenses in connection with any action or proceedings by or on behalf of those holders, are fully met and discharged.

As previously stated, the Series 2021B Bonds are also payable from Agreement Revenues. Agreement Revenues are derived from a variety of different sources including enterprise system revenues, property taxes and specific taxes. Those sources of Agreement Revenues may be adversely affected by a variety of factors beyond the Finance Authority's control, including, but not limited to, general economic conditions, the demand for and cost of certain services, governmental actions, and certain global, national or regional events, such as embargoes, boycotts, wildfires, droughts, armed conflicts, pandemics or acts of god. There can be no guarantee that future Agreement Revenues will be consistent with historical receipts.

The mandate from the Budget Control Act of 2011 that became effective in March 2013 requires a reduction of federal spending ("Sequestration"). Various entities throughout the State, including certain Governmental Units, receive federal revenues. While some of those entities may experience a reduction in the receipt of federal revenues due to Sequestration, the Finance Authority does not believe that any such reductions will impact the ability of the Finance Authority to pay debt service on its Bonds.

Outbreak of Infectious Disease

Coronavirus Disease 2019 ("COVID-19") is a highly contagious respiratory disease caused by a particular strain of coronavirus that has recently spread to many parts of the world, including the State and elsewhere in the U.S. On March 11, 2020, COVID-19 was declared a pandemic by the World Health Organization. To slow the spread of COVID-19 in the U.S., the federal government and state and local governments, including the State government, as well as many private entities, have imposed numerous restrictions on gatherings, assemblies and other interpersonal contact, non-essential travel and various other commercial, social and cultural activities (collectively, "Responsive Measures"). As of June 2, 2021, according to the State's Department of Health (the "Department of Health"), 56% of State residents age 16 or older have been fully vaccinated for COVID-19, 66% of State residents age 16 or older have received at least one dose of the COVID-19 vaccine, and over 1.7 million doses of the COVID-19 vaccine have been administered to State residents.

The Cabinet Secretary of the Department of Health issued an amended Public Health Order on June 2, 2021, effective June 2, 2021 through June 30, 2021 (the "June 2nd Order") relating to the COVID-19 pandemic. Under the June 2nd Order, all counties in the State are entitled to operate at the "Turquoise Level" of the State's tiered "Red to Green" county-by-county COVID-19 risk system which mandates public health restrictions on places of business and day-to-day activities in an effort to blunt the spread of COVID-19 all across the State. The Turquoise Level is the least restrictive level under the June 2nd Order, removes most pandemic-related restrictions on commercial activities, and effectively allows all counties to graduate out of the county-by-county "Red to Green" system. The Department of Health maintains a COVID-19 webpage, cv.nmhealth.org, which includes a description of the restrictions associated with the Turquoise Level. Under the June 2nd Order, facemasks are required to be worn by unvaccinated individuals in all public places and in schools by all students and staff regardless of vaccination status, businesses, houses of worship and other non-profit entities must follow the "COVID-Safe Practices" outlined by the State government, and businesses which members of the public regularly visit and which accrue a significant number of positive COVID-19 cases within their workforce in a two-week span are subject to temporary closure by the Department of Health.

The spread of COVID-19 and Responsive Measures taken to prevent or reduce its spread have, and are expected to continue to have, potentially adverse impacts to the State's economy and its operations and, accordingly, the financial condition of the State, the Finance Authority, and Governmental Units. In addition, global crude oil prices have experienced significant volatility and remain depressed due to the reaction to COVID-19 and other factors. The State, the Finance Authority, and Governmental Units may be particularly at risk from any contraction of activity in the oil industry caused by COVID-19 and other factors due to the concentration of oil activities in the State and the potential spillover effects such contraction may have on other industries in the State.

In response to COVID-19 and related Responsive Measures, the federal government enacted legislation (fiscal stimulus bills) in March 2020, December 2020, and March 2021 to offset the adverse impact of COVID-19 on economic conditions in the U.S. The March 2020 and March 2021 legislation provided financial assistance to U.S.

governmental entities that qualified for such assistance, including qualifying political subdivisions of the State. In further response to COVID-19 and related Responsive Measures, the Governor called a special session of the State Legislature (the "June 2020 Special Session") which began on June 18, 2020 and ended on June 22, 2020, to address, among other matters, the impact of COVID-19 on the State. During the June 2020 Special Session, the State government adopted legislation addressing the impact of COVID-19 on the State's budget (including enabling the use of federal Coronavirus Aid, Relief, and Economic Security (CARES) Act funding), tax relief for individuals, loans for small businesses and local governments, and election improvements. The Governor called another special session of the State Legislature (the "November 2020 Special Session") which occurred on November 24, 2020, to further address the impact of COVID-19 on the State. During the November 2020 Special Session, the State government adopted legislation providing for financial assistance to individuals and small businesses in the State, including grants to qualifying small businesses, supplemental unemployment benefits, emergency housing assistance, emergency food bank services, and direct assistance to low-income residents of the State who did not receive an "economic impact payment" from the federal government, as well as additional funding for the State's Department of Health to support the Department's response to COVID-19. Additionally, the Finance Authority has implemented, and continues to assess its ability to further implement, to the extent deemed necessary, various mechanisms to assist Governmental Units that may be adversely impacted by COVID-19 and related Responsive Measures.

Due to the unprecedented nature of the outbreak and spread of COVID-19, the duration and extent of the potential economic, operational and financial impacts of COVID-19 and related Responsive Measures on the State, the Finance Authority, and Governmental Units are uncertain and cannot be quantified or predicted at this time. Any adverse impact on the economy, operations or financial condition of the State or on the operations or financial condition of the Finance Authority or Governmental Units caused by COVID-19 or related Responsive Measures may adversely impact the Revenues pledged to support repayment of the Bonds, including the Series 2021B Bonds, and no assurance can be provided as to the future or ultimate impact of COVID-19 and related Responsive Measures. However, the Finance Authority has continued to administer and manage its programs throughout the COVID-19 Pandemic, and no borrowers have failed to make timely Loan payments during the COVID Pandemic. Additionally, the Finance Authority currently anticipates that COVID-19 and the related Responsive Measures will not impair the Finance Authority's ability to pay debt service on the Bonds and to comply with other terms of the Bonds and the Indenture.

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ADDITIONAL INFORMATION

This Official Statement speaks only as of its date, and the information in this Official Statement is subject to change. The quotations from, and summaries and explanations of, the statutes, regulations and documents contained in this Official Statement do not purport to be complete, and reference is made to said laws, regulations and documents for full and complete statements of their provisions. Copies, in reasonable quantity, of such laws, regulations and documents, and of the financial statements of the Finance Authority, may be obtained during the offering period, upon request to the Finance Authority and upon payment to the Finance Authority of a charge for copying, mailing and handling, at 207 Shelby Street, Santa Fe, New Mexico 87501, Attention: Records Custodian.

Any statements in this Official Statement involving matters of opinion, whether or not expressly stated as such, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the Finance Authority and the purchasers or holders of any of the Series 2021B Bonds.

NEW MEXICO FINANCE AUTHORITY

By /s/ Katherine Miller
Katherine Miller,
Chair

By /s/ Marquita D. Russel
Marquita D. Russel,
Chief Executive Officer

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APPENDIX A

2021B GOVERNMENTAL UNITS; LARGEST REPAYMENT OBLIGATIONS

2021B Governmental Units

As previously stated, a portion of the proceeds of the Series 2021B Bonds is being used to finance or refinance Loans to be made to the 2021B Governmental Units or to reimburse the Finance Authority, in whole or in part, for Loans made to 2021B Governmental Units. The 2021B Governmental Units, the revenues pledged, the amount of their respective Loans, the agreement reserve amounts, and the maturity dates of the Loans are listed in the following table:

Governmental Unit[1]	Original Loan Amount[2]	Disadvantaged Loan Amount[3]	Total Loan Amount	Agreement Reserve Amount[4]	Loan Maturity Date[5]
Corrales, Village of (Ad Valorem Taxes)	$ 1,123,106	$ -	$ 1,123,106	$ -	08/01/2030
Ruidoso, Village of (Appropriation Revenue)	6,402,409[6]	-	6,402,409	318,600	12/01/2050
Socorro Consolidated School District No. 1 (Ad Valorem Taxes)	900,000	100,000	1,000,000	-	08/01/2034 & 08/01/2035
Sandoval County (Ad Valorem Taxes)	1,975,000	-	1,975,000	-	05/01/2026
Eunice, City of (Gross Receipts Tax)	2,181,159	-	2,181,159	218,116	07/01/2033
Farmington, City of (Gross Receipts Tax)	435,630	-	435,630	43,563	05/01/2026
La Cueva Fire Department, Sandoval County (Fire Protection Fund)	450,704	-	450,704	-	05/01/2031
Ponderosa Fire Department, Sandoval County (Fire Protection Fund)	238,655	-	238,655	-	05/01/2031
Portales Municipal School District (Ad Valorem Taxes)	3,150,000	350,000	3,500,000	-	08/01/2033 & 08/01/2034
North Central Regional Transit District, Espanola (Gross Receipts Tax)	1,860,047	83,033	1,943,080	116,529	05/01/2040 & 05/01/2041
North Central Regional Transit District, Taos (Gross Receipts Tax)	2,599,031	266,967	2,865,998	166,328	05/01/2040 & 05/01/2041
North Central Regional Transit District, Taos (Gross Receipts Tax)	1,206,971	150,000	1,356,971	135,697	05/01/2030 & 05/01/2031
Truth or Consequences Municipal School District (Ad Valorem Taxes)	1,350,000	150,000	1,500,000	-	08/01/2032 & 08/01/2034
Hagerman Municipal Schools (Ad Valorem Taxes)	400,000	-	400,000	-	08/01/2031
Ruidoso Municipal School District (Ad Valorem Taxes)	8,840,000	-	8,840,000	-	08/01/2025
Socorro Soil & Water Conservation District (Mill Levy)	157,500	17,500	175,000	-	05/01/2041 & 05/01/2041
Roswell, City of (Enterprise System Revenues)	5,436,000	-	5,436,000	543,600	06/01/2031
Total	$ 38,706,212	$ 1,117,500	$ 39,823,712	$ 1,542,433	

(1) The Finance Authority may substitute other Loans and/or Governmental Units for those listed herein.

(2) A portion of the proceeds of the Series 2021B Bonds will be used to provide these Loans to Governmental Units or reimburse the Finance Authority for these Loans.

(3) Proceeds of the Series 2021B Bonds will not be used to reimburse the Finance Authority for these "Disadvantaged" Loans, which are instead reimbursed from equity in the Public Project Revolving Fund. As provided under the policies of the Public Project Revolving Fund, the Finance Authority may provide certain "Disadvantage Qualified Entities" with up to $500,000 per fiscal year in below-market interest rate Loans. To maximize the benefit provided by this "Disadvantaged Entity" interest rate benefit, the Finance Authority may limit these reduced interest rates to Loans of $5 million or less.

(4) The Finance Authority has adopted a policy which does not require an Agreement Reserve Account for certain types of Loans including: (i) Loans less than $250,000; (ii) Loans secured by taxing power where the borrower is required by law to adjust the property tax levy sufficient to meet principal and interest on the debt; (iii) Loans secured by a revenue with an underlying credit rating of at least "A/A2"; (iv) Loans enhanced by a surety policy; or (v) Loans secured by a pledge of the fire protection or state law enforcement funds that produce a debt service coverage ratio of two times, and Loans secured by a general obligation pledge of the respective Governmental Unit. Each of the Loans listed that does not have an Agreement Reserve Account either falls into one of the aforementioned categories or a waiver to the applicable policy has been obtained. All exceptions to the reserve fund policy require Board approval. In lieu of a required bond-funded Agreement Reserve Account, the Finance Authority may allow a borrower to build its debt service reserve fund over a maximum of two years under certain circumstances prescribed in the Finance Authority's reserve fund policy.

(5) Multiple maturity dates represent maturity dates for Loans reimbursed with proceeds of the Series 2021B Bonds and Disadvantaged Loans, respectively.

(6) Loan issued in an aggregate principal amount of $5,310,000 with premium of $1,092,409 for an Original Loan Amount of $6,402,409.

(Source: The Finance Authority.)

The purposes for which the Loans are made to 2021B Governmental Units are listed in the following table:

Governmental Unit[1]	Total Loan Amount	Energy Efficiency	Quality of Life	Roads & Transit	Fire & Police	Water Related	Land, Buildings, Equipment, etc.			Refunding
							Health	Education	Governance	
Corrales, Village of (Ad Valorem Taxes)	$ 1,123,106				✓				✓	
Ruidoso, Village of (Appropriation Revenue)	6,402,409								✓[3]	
Socorro Consolidated School District No. 1 (Ad Valorem Taxes)	1,000,000							✓		
Sandoval County (Ad Valorem Taxes)	1,975,000		✓[1]							
Eunice, City of (Gross Receipts Tax)	2,181,159	✓[5]								
Farmington, City of (Gross Receipts Tax)	435,630		✓[2]							
La Cueva Fire Department, Sandoval County (Fire Protection Fund)	450,704				✓					
Ponderosa Fire Department, Sandoval County (Fire Protection Fund)	238,655				✓					
Portales Municipal School District (Ad Valorem Taxes)	3,500,000							✓		
North Central Regional Transit District, Espanola (Gross Receipts Tax)	1,943,080								✓	
North Central Regional Transit District, Taos (Gross Receipts Tax)	2,865,998								✓	
North Central Regional Transit District, Taos (Gross Receipts Tax)	1,356,971	✓[6]		✓[6]						
Truth or Consequences Municipal School District (Ad Valorem Taxes)	1,500,000							✓		
Hagerman Municipal Schools (Ad Valorem Taxes)	400,000							✓		
Ruidoso Municipal School District (Ad Valorem Taxes)	8,840,000									✓
Socorro Soil & Water Conservation District (Mill Levy)	175,000					✓[4]			✓[4]	
Roswell, City of (Enterprise System Revenues)	5,436,000								✓[7]	
Total	$39,823,712									

(1) Libraries
(2) Golf Courses
(3) Court Houses
(4) Operations Building
(5) Various Energy Upgrades
(6) Electric Vehicles
(7) New Landfill

(Source: The Finance Authority.)

Largest Repayment Obligations

Information regarding the Outstanding Agreements representing the five largest repayment obligations and their obligors is provided below.

General Services Department-State of New Mexico. In 2018, the State refinanced and restructured outstanding lease appropriation bonds for Fort Bayard Medical Center ("FBMC"), a licensed and certified, 200-bed, long-term intermediate and skilled care facility, owned by Grant County and operating under the auspices of the Department of Health. The Department of Health, pursuant to Section 9-7-6.5 NMSA 1978, exercised its option to acquire by purchase the FBMC and the title to the facility is held in the name of the Facilities Management Division of the General Services Department. Annual lease appropriation payments are made from annual appropriations to the Department of Health. As of the date of initial delivery of the Series 2021B Bonds, the lease appropriation bonds will have an outstanding principal amount of $45,025,000, with a final scheduled maturity on June 1, 2038.

In 2018, the State Legislature passed Senate Bill 193 which authorized the Finance Authority's issuance of $20 million of State Building Bonds (the "2018 State Building Bonds") to fund a new Children, Youth and Family Department building in Bernalillo County. In 2018, the Finance Authority issued the 2018 State Building Bonds on behalf of the General Services Department for such purpose, and the Authority purchased the 2018 State Building Bonds with available funds in the Public Project Revolving Fund. Payment of debt service on the 2018 State Building Bonds is provided from the General Service Department's State Gross Receipts Tax receipts. As of the date of initial delivery of the Series 2021B Bonds, the 2018 State Building Bonds will be outstanding in the aggregate principal amount of $18,485,000, with a final scheduled maturity on June 1, 2039.

City of Santa Fe - Convention and Civic Center Loan. The Finance Authority has previously entered into a loan agreement in the amount of $33,790,000 with the City of Santa Fe (the "Santa Fe Agreement") secured by a pledge to the Finance Authority of the City of Santa Fe's Lodgers' Tax. Proceeds from the Santa Fe Agreement were used to finance the construction of a new Convention and Civic Center in the City of Santa Fe. As of the date of initial delivery of the Series 2021B Bonds, the Santa Fe Agreement will have an outstanding aggregate principal amount of $27,110,000, with a final scheduled maturity on June 15, 2035.

Eastern New Mexico University - Residence Hall Construction and General Improvement Loan. The Finance Authority has previously entered into a loan agreement in the amount of $28,050,000 with Eastern New Mexico University (the "ENMU Agreement") secured by a pledge to the Finance Authority of ENMU gross system revenues. Proceeds from the ENMU Agreement were used to finance a new residence hall and make general improvements to the campus. As of the date of initial delivery of the Series 2021B Bonds, the ENMU Agreement will have an outstanding aggregate principal amount of $21,320,000, with a final scheduled maturity on April 1, 2036.

Jicarilla Apache Nation - Refunding Loan. The Finance Authority has previously entered into a loan agreement in the amount of $29,355,000 with the Jicarilla Apache Nation (the "Jicarilla Apache Nation Agreement") secured by a pledge to the Finance Authority of all revenues available to the Jicarilla Apache Nation, a portion of which consists of investment and oil and gas revenues. Proceeds from the Jicarilla Apache Nation Agreement are being used to refinance certain outstanding obligations of the Jicarilla Apache Nation. As of the date of initial delivery of the Series 2021B Bonds, the Jicarilla Apache Nation Agreement will have an outstanding aggregate principal amount of $17,640,000, with a final scheduled maturity on May 1, 2027.

Santa Ana Pueblo - Expansion of Wastewater Treatment Plant. In June 2014, the Finance Authority entered into a loan of $30,970,000 with the Santa Ana Pueblo for purposes of expanding it Wastewater Treatment Plant from 180,000 gallons per day to 800,000 gallons per day over time. As of the date of initial delivery of the Series 2021B Bonds, the Santa Ana Pueblo will have an outstanding aggregate principal amount of $16,145,000, with a final scheduled maturity on May 1, 2033.

APPENDIX B

EXTRACTS OF CERTAIN PROVISIONS OF THE INDENTURE

The following statements are extracts, supplementing the information in the body of the Official Statement, of certain defined terms in and provisions of the Indenture. These extracts do not purport to be complete. Please refer to the Indenture itself for a full and complete statement of such provisions. During the offering period of the Series 2021B Bonds, copies of the Indenture will be available at the principal office of the Municipal Advisor. Subsequent to the offering of the Series 2021B Bonds, copies of the Indenture may be obtained from the Trustee. See "ADDITIONAL INFORMATION."

Definitions

"Account" or "Accounts" means one or more of the special trust accounts created and established pursuant to the Indenture.

"Accreted Amount" means, with respect to Capital Appreciation Bonds of any Series and as of the date of calculation, the amount established pursuant to the Supplemental Indenture authorizing such Capital Appreciation Bonds as the amount representing the initial public offering price, plus the accumulated and compounded interest on such Bonds.

"Act" means the New Mexico Finance Authority Act, being Sections 6-21-1 through 6-21-31, inclusive, NMSA 1978, as amended and supplemented and the Public Securities Short-Term Interest Rate Act, being Sections 6-18-1 through 6-18-16, inclusive, NMSA 1978, as amended and supplemented.

"Additional Bonds and PPRF Secured Obligations" means any Bonds of the NMFA authorized and issued under the Indenture and any PPRF Secured Obligations secured by the lien of the Indenture in compliance therewith, except for the Initial Bonds.

"Additional Pledged Loans" means any additional loans or securities which (i) were made or purchased by the NMFA from amounts on deposit in the Public Project Revolving Fund and (ii) the payments of principal and interest on which have been specifically pledged by the NMFA to the payment of the Bonds and PPRF Secured Obligations and other amounts due under the Indenture. No such loans or securities will be deemed to be Additional Pledged Loans unless such loan or security is identified as an Additional Pledged Loan in a Supplemental Indenture or Pledge Notification or the Trustee has received written notice from the NMFA that a specific loan or security will be included under the Indenture. Additional Pledged Loans do not include loans identified as Additional Senior Pledged Loans.

"Additional Pledged Revenues" means any additional revenues received by the NMFA and designated as part of the Trust Estate pursuant to the Indenture or pursuant to a Supplemental Indenture or Pledge Notification. Additional Pledged Revenues are not revenues attributable to Additional Pledged Loans.

"Additional Senior Pledged Loans" means additional pledged loans at any time pledged pursuant to the Senior Indenture.

"Aggregate Annual Debt Service" means, for any given Bond Fund Year, the sum of the Debt Service payable on all Bonds Outstanding or to be Outstanding (less capitalized interest and principal payable on any Subordinated Bond Anticipation Obligations), and any Security Instrument Repayment Obligations for such Bond Fund Year.

"Agreement" or "Agreements" means, as the case may be, one or more Loan Agreements or Securities executed and delivered by Governmental Units in consideration for the financing of all or a portion of a Project by the NMFA under the Indenture.

"Agreement Reserve Fund" means the Agreement Reserve Fund established by the Indenture and each Agreement Reserve Account, if any, created by an Agreement therein.

"Agreement Reserve Requirement" for each Agreement establishing an Agreement Reserve Account, means the amount, if any, required by such Agreement to be allocated to an Agreement Reserve Account (relating to such Agreement) within the Agreement Reserve Fund.

"Agreement Revenues" means amounts received or earned by the NMFA from or attributable to the Agreements. Agreement Revenues does not include amounts received from Additional Pledged Loans.

"Annual Appropriation Agreement" means any Agreement which is payable solely from funds that are available for an obligation during only one specific fiscal year and the availability of which expires at the end of that fiscal year.

"Approval of Bond Counsel" means an opinion of Bond Counsel to the effect that the matter proposed will not adversely affect the excludability, if any, from gross income for federal income tax purposes of interest on the Bonds.

"Assumed Repayments of Loans and Additional Pledged Loans" means, for any given Bond Fund Year, the sum (expressed as a dollar amount) of the principal and interest payments scheduled to be due and payable with respect to all Loans and Additional Pledged Loans during such Bond Fund Year multiplied by, in each case, the applicable percentage pertaining to each such Loan and Additional Pledged Loan:

Category of Loans and Additional Pledged Loans	Applicable Percentage
Category I Loans and Additional Pledged Loans	100%
Category II Loans and Additional Pledged Loans	80%
Category III Loans and Additional Pledged Loans	50%
Category IV Loans and Additional Pledged Loans	0%

For purposes of calculating Assumed Repayments of Loans and Additional Pledged Loans for a Series of Bonds for which there are Uncommitted Proceeds, and for purposes of calculating Assumed Repayments of PPRF Secured Obligations, the Assumed Repayments of Loans and Additional Pledged Loans in the amount of the Uncommitted Proceeds and PPRF Secured Obligations will be treated as if they were Category IV Loans and Additional Pledged Loans.

"Authorized Amount" means, with respect to a Commercial Paper Program, the maximum principal amount of commercial paper which is then authorized by the NMFA to be outstanding at any one time pursuant to such Commercial Paper Program.

"Authorized Denominations" with respect to any Series of Bonds issued under the Indenture, has the meaning specified in the related Supplemental Indenture.

"Authorized Officer" means: (i) in the case of the NMFA, the Chairman, any Vice Chairman, Secretary, the Chief Executive Officer, the Chief Operating Officer, the Chief Financial Officer, or the Treasurer, and when used with reference to any act or document also means any other person authorized by resolution of the NMFA to perform such act or execute such document; (ii) in the case of a Governmental Unit, means the person or persons authorized by law, resolution or ordinance of the Governmental Unit to perform any act or sign any document; and (iii) in the case of the Trustee or the Paying Agent any person authorized to perform any act or sign any document by or pursuant to the bylaws or any resolution of the governing body of the Trustee or the Paying Agent, respectively.

"Balloon Bonds" means Bonds (and/or Security Instrument Repayment Obligations relating thereto) other than Bonds which mature within one year from the date of issuance thereof, 25% or more of the Principal Installments on which, during any period of twelve consecutive months (a) are due or (b) at the option of the Owner thereof may be redeemed.

"Bond Anticipation Obligations" means notes, lines of credit or other obligations issued or incurred by the NMFA pursuant to the Indenture in advance of the permanent financing of the NMFA for a Project or in connection with any other purposes of the NMFA.

"Bond Counsel" means nationally recognized bond counsel experienced in matters of municipal law, satisfactory to the Trustee and listed in the list of municipal bond attorneys, as published semiannually by The Bond Buyer, or any successor publication.

"Bond Documents" means collectively, the Loan Agreements, the Securities, the Security Documents and the Indenture.

"Bond Fund" means the fund by that name established by the Indenture, to be held by the Trustee and used to pay amounts due on the Bonds.

"Bond Fund Year" means a twelve-month period ending on June 15 of each year, except that the first Bond Year will commence on the date of initial delivery of the Initial Bonds and will end on June 15, 2007.

"Bond Registrar" or "Registrar" means the Trustee or any other registrar appointed under the Indenture.

"Bonds" means all Bonds, Bond Anticipation Obligations, notes, commercial paper or other obligations (other than PPRF Secured Obligations, Security Instrument Repayment Obligations, SWAP Payments and Reserve Instrument Repayment Obligations) authorized by, issued under and secured by the Indenture, including the Initial Bonds and any Additional Bonds.

"Business Day" means any day, other than a day on which banks located in New York, New York or the cities in which the principal offices of the Trustee or the Paying Agent are located are required or authorized by law or executive order to close, or on which the New York Stock Exchange is closed.

"Capital Appreciation Bonds" means Bonds, the interest on which (a) is compounded and accumulated at the rates and on the dates set forth in the Supplemental Indenture authorizing the issuance of such Bonds and designating them as Capital Appreciation Bonds, and (b) is payable upon maturity or redemption of such Bonds.

"Cash Flow Statement" means an NMFA certificate (a) setting forth, for the then current and each future Bond Fund Year during which Bonds will be Outstanding, and taking into account (i) any Bonds or PPRF Secured Obligations expected to be issued or redeemed or purchased for cancellation in each such Bond Fund Year or Interest Rate Swaps to be executed, upon or in connection with the filing of such certificate, (ii) the terms of any Loans or Additional Pledged Loans expected to be made or purchased by the NMFA or Loans or Additional Pledged Loans or Additional Pledged Revenues released from the Trust Estate upon or in connection with the filing of such certificate, and (iii) the application, withdrawal or transfer of any moneys expected to be applied, withdrawn or transferred upon or in connection with the filing of such certificate:

(A) the amount of Subordinate Lien PPRF Revenues and Additional Pledged Revenues to be received in each such Bond Fund Year and to be available to make debt service payments on the Bonds;

(B) the Assumed Repayments of Loans and Additional Pledged Loans to be received in each such Bond Fund Year and to be available to make Debt Service payments;

(C) the earnings on the Bond Fund and the Debt Service Reserve Fund for each such Bond Fund Year; and

(D) the Aggregate Annual Debt Service for each such Bond Fund Year on all Bonds, PPRF Secured Obligations and Security Instrument Repayment Obligations reasonably expected to be Outstanding;

and (b) showing that in each such Bond Fund Year, the aggregate of the amounts set forth in clauses (A), (B) and (C), exceeds 100% of the aggregate of the amount set forth in clause (D) of this definition.

For purposes of the foregoing definition the following assumptions will apply:

(i) the Subordinate Lien PPRF Revenues and Additional Pledged Revenues in any future Bond Fund Year will be assumed to be the greatest amount received by the NMFA in any consecutive 12-month period in the 24 months next preceding the delivery of the Cash Flow Statement;

(ii) for any Bonds issued in a year in which a Cash Flow Statement is prepared, the Aggregate Annual Debt Service and Assumed Repayments of Loans and Additional Pledged Loans will be included in calculating the ratio described above;

(iii) Loans and Additional Pledged Loans will be assumed to remain in their then current category designations throughout the period projected in the Cash Flow Statement; and

(iv) earnings on the Bond Fund will be assumed to equal the greatest amounts from any consecutive 12 months of the immediately preceding 24 months.

"Category I Loans and Additional Pledged Loans" means Loan Agreements, Securities and Additional Pledged Loans, the underlying obligations of which, at the time in question, are designated or rated in at least the third highest full rating category by the Rating Agencies.

"Category II Loans and Additional Pledged Loans" means Loan Agreements, Securities and Additional Pledged Loans, the underlying obligations of which, at the time in question, are designated or rated in the fourth highest full rating category by the Rating Agencies.

"Category III Loans and Additional Pledged Loans" means Loan Agreements, Securities and Additional Pledged Loans the underlying obligations of which, at the time in question, are designated or rated below the fourth highest full rating category by the Rating Agencies, but excluding Category IV Loans and Additional Pledged Loans.

"Category IV Loans and Additional Pledged Loans" means all PPRF Secured Obligations, Nonperforming Loans and Additional Pledged Loans, Loans for which moneys have been drawn on the related Agreement Reserve Account to make payments due under the related Agreement and such moneys have not been fully replenished in accordance with the related Agreement and Loans or Additional Pledged Loans otherwise designated as Category IV by the NMFA or the Rating Agencies.

"Code" means the Internal Revenue Code of 1986, as amended, and the applicable regulations under the Indenture.

"Commercial Paper Program" means commercial paper obligations with maturities of not more than two hundred seventy (270) days from the dates of issuance thereof which are issued and reissued by the NMFA from time to time pursuant to the Indenture and are outstanding up to an Authorized Amount.

"Common Debt Service Reserve Fund" means the fund by that name created and held under the Senior Indenture.

"Covenant Default" with respect to any Loan Agreement, Securities or Additional Pledged Loan means any default or event of default under the Indenture other than (i) a default in payment of principal or interest under the Indenture; (ii) a rendering of the obligor, unable to perform its obligations under the Indenture; or (iii) a bankruptcy, insolvency or similar proceeding with respect to the obligor under the Indenture.

"Cross-over Date" means with respect to Cross-over Refunding Bonds the date on which the Principal portion of the related Cross-over Refunded Bonds is to be paid or redeemed from the proceeds of such Cross-over Refunding Bonds.

"Cross-over Refunded Bonds" means Bonds or other obligations refunded by Cross-over Refunding Bonds.

"Cross-over Refunding Bonds" means Bonds issued for the purpose of refunding Bonds or other obligations if the proceeds of such Cross-over Refunding Bonds are irrevocably deposited in escrow to secure the payment on an applicable redemption date or maturity date of the Cross-over Refunded Bonds (subject to possible use to pay Principal of the Cross-over Refunding Bonds under certain circumstances) and the earnings on such escrow deposit are required to be applied to pay interest on the Cross-over Refunding Bonds until the Cross-over Date.

"Current Interest Bonds" means Bonds not constituting Capital Appreciation Bonds. Interest on Current Interest Bonds will be payable periodically on the Interest Payment Dates provided therefor in a Supplemental Indenture.

"Debt Service" means, for any particular Bond Fund Year and for any Series of Bonds, any PPRF Secured Obligations, and any Security Instrument Repayment Obligations, an amount equal to the sum of (a) all interest payable during such Bond Fund Year on such Series of Bonds, any PPRF Secured Obligations and any Security Instrument Repayment Obligations plus (b) the Principal Installments, if any, payable during such Bond Fund Years on such Series of Bonds (other than Subordinated Bond Anticipation Obligations) any PPRF Secured Obligations and any Security Instrument Repayment Obligations; provided, however for purposes of the Indenture and for purposes of preparing a Cash Flow Statement,

(i) when calculating interest payable during such Bond Fund Year for any Series of Variable Rate Bonds (for which there is no Interest Rate Swap) or Security Instrument Repayment Obligations or any PPRF Secured Obligations bearing interest at a variable rate which cannot be ascertained for any particular Bond Fund Year, it will be assumed that such Series of Variable Rate Bonds or related Security Instrument Repayment Obligations or any PPRF Secured Obligations will bear interest at such market rate of interest applicable to such Series of Variable Rate Bonds or related Security Instrument Repayment Obligations or any PPRF Secured Obligations as are established for this purpose in the opinion of the NMFA's financial advisor, underwriters or similar agent (which market rate of interest may be based upon a recognized comparable market index, an average of interest rates for prior years or otherwise, so long as such estimates are based upon the then-current market conditions);

(ii) when calculating interest payable during such Bond Fund Year for any Series of Variable Rate Bonds for which an Interest Rate Swap will be in effect, pursuant to which, the NMFA has agreed to pay a fixed rate of interest and the SWAP Counterparty has agreed to pay a variable rate of interest, which rate an Authorized Officer of the NMFA has certified in a written certificate of the NMFA approximates or is intended to approximate the variable rate payable on such Series of Variable Rate Bonds, such Series of Variable Rate Bonds will be deemed to bear interest at the fixed rate provided in such Interest Rate Swap; provided that such fixed rate may be utilized only so long as such Interest Rate Swap is contracted to remain in full force and effect;

(iii) when calculating interest payable during such Bond Fund Year for any Series of Bonds which are issued with a fixed interest rate and with respect to which an Interest Rate Swap is in effect pursuant to which the NMFA has agreed to pay a variable rate of interest and the SWAP Counterparty has agreed to pay a fixed rate of interest, which rate an Authorized Officer of the NMFA has certified in a written certificate of the NMFA approximates or is intended to approximate the fixed rate payable on such Series of Bonds, such Series of Bonds will be deemed to bear interest at such market rate as will be established for this purpose, in the opinion of the NMFA's financial advisor, underwriters or similar agent (which market rate of interest may be based upon a recognized comparable market index, an average of interest rates for prior years or otherwise, so long as such estimates are based upon the then-current market conditions); provided that such variable rate will be utilized only so long as such Interest Rate Swap is contracted to remain in full force and effect;

(iv) when calculating the Principal Installments payable during such Bond Fund Year on any Series of Balloon Bonds, there will be treated as payable in such Bond Fund Year the amount of Principal Installments which would have been payable during such Bond Fund Year had the Principal of each Series of Balloon Bonds Outstanding and the related Security Instrument Repayment Obligations then Outstanding (or arising therefrom) been amortized, from their date of issuance over a period of 25 years, on a level debt service basis at an interest rate equal to the rate borne by such Balloon Bonds on the date of calculation, provided that if the date of calculation is within 12 months before the actual maturity of such Balloon Bonds or Security Instrument Repayment Obligations, the full amount of Principal payable at maturity will be included in such calculation;

(v) when calculating principal and interest payable during such Bond Fund Year with respect to any Commercial Paper Program, "Debt Service" means an amount equal to the sum of all principal and interest payments that would be payable during such Bond Fund Year assuming that the Authorized Amount of such Commercial Paper Program is amortized on a level debt service basis over a period of 25 years beginning on the date of calculation or, if later, the last day of the period during which obligations can be issued under such Commercial Paper Program, and bearing interest at the maximum interest rate applicable to such Commercial Paper Program;

provided, however, that there will be excluded from Debt Service (x) interest on Bonds (including Cross-over Refunding Bonds or Cross-over Refunded Bonds) to the extent that Escrowed Interest or capitalized interest is available to pay such interest, (y) Principal on Cross-over Refunded Bonds to the extent that the proceeds of Cross-over Refunding Bonds are on deposit in an irrevocable escrow, and such proceeds or the earnings thereon are required to be applied to pay such Principal (subject to the possible use to pay the Principal of the Cross-over Refunding Bonds under certain circumstances) and such amounts so required to be applied are sufficient to pay such Principal, and (z) Security Instrument Repayment Obligations to the extent that payments on Pledged Bonds relating to such Security Instrument Repayment Obligations satisfy the NMFA's obligation to pay such Security Instrument Repayment Obligations.

"Debt Service Fund" means the fund by that name established by the Indenture to be held by the Trustee and each Account created therein.

"Debt Service Reserve Fund" means the fund by that name created in the Indenture to be held by the Trustee and administered pursuant to the Indenture and each Account created therein.

"Debt Service Reserve Requirement" means with respect to each Series of Bonds issued pursuant to the Indenture, unless otherwise provided in the related Supplemental Indenture, an amount equal to the least of (i) 10% of the proceeds of such Series of Bonds determined on the basis of original principal amount (unless original issue premium or original issue discount exceeds 2% of original principal, then determined on the basis of initial purchase price to the public), (ii) the maximum annual Debt Service during any Bond Fund Year for such Series of Bonds, and (iii) 125% of the average annual Debt Service for such Series of Bonds; provided, however, that in the event any Series of Additional Bonds is issued to refund only a portion and not all of the then Outstanding Bonds of any other Series of Bonds issued pursuant to the Indenture (the "Prior Bonds"), then the portion of such Series of Prior Bonds that remain Outstanding immediately after the issuance of such Additional Bonds and the portion of such Additional Bonds that is allocable to the refunding of such Series of Prior Bonds may be combined and treated as a single Series for the purpose of determining the Debt Service Reserve Requirement relating to such combined Series and the resulting requirement will be allocated among the two Series pro rata based upon the total principal amount remaining Outstanding for each Series. The Debt Service Reserve Requirement may be funded entirely or in part by one or more Reserve Instruments as provided in the Indenture or, if provided in the related Supplemental Indenture, may be accumulated over time. Each Account of the Debt Service Reserve Fund will only be used with respect to the related Series of Bonds.

"Escrowed Interest" means amounts irrevocably deposited in escrow in connection with the issuance of Additional Bonds for refunding purposes or Cross-over Refunding Bonds secured by such amounts or earnings on such amounts which are required to be applied to pay interest on such Cross-over Refunding Bonds or the related Cross-over Refunded Bonds.

"Event of Default" means with respect to any default or event of default under the Indenture any occurrence or event specified in and defined by the Indenture.

"Expense Fund" means the Fund by that name established by the Indenture to be held by the Trustee.

"Fitch" means Fitch Ratings.

"Funds and Accounts" means collectively, the Debt Service Fund and the Accounts created therein, the Agreement Reserve Fund and the Accounts created therein, the Program Fund and the Accounts created therein, the Expense Fund, the Rebate Fund and the Accounts created therein, the Revenue Fund, the Bond Fund, the Debt Service Reserve Fund, and the Supplemental Credit Reserve Fund.

"Governmental Obligations" means direct obligations of, or obligations the payment of the principal of and interest on which are unconditionally guaranteed by, the United States of America.

"Governmental Units" means the NMFA and any "qualified entity" under the Act which has executed and delivered to the NMFA a Loan Agreement or Securities for the purpose of financing all or a portion of a Project under the Indenture.

"Indenture" means the Subordinated General Indenture of Trust and Pledge and all Supplemental Indentures thereto.

"Initial Bonds" means the NMFA's $50,395,000 Subordinate Lien Public Project Revolving Fund Refunding Revenue Bonds, Series 2005C and $8,660,000 Taxable Subordinate Lien Public Project Revolving Fund Refunding Revenue Bonds, Series 2005D.

"Interest Component" has the meaning given in the Indenture.

"Interest Payment Date," with respect to each Series of Bonds and PPRF Secured Obligations, has the meaning set forth in the related Supplemental Indenture.

"Interest Rate Swap" means an agreement between the NMFA or the Trustee (at the written direction of the NMFA) and a SWAP Counterparty providing for an interest rate cap, floor or swap with respect to any Bonds.

"Loan Agreement" means a loan or other similar financing agreement and any amendment thereto, which is entered into by and between the NMFA and a Governmental Unit and which provides for the financing of a Project with proceeds of Bonds and requires the Governmental Unit to repay the amounts advanced.

"Loan Payment" means the payments made by each Governmental Unit pursuant to the provisions of a Loan Agreement or Securities and which are to be used in accordance with the Indenture.

"Loan Payment Date" means the date specified in each Loan Agreement or Securities as the due date for Loan Payments.

"Loans" means collectively, the Loans made pursuant to the Loan Agreements and the Securities; excluding, however, all Additional Pledged Loans. Loans and Additional Pledged Loans may be evidenced by the same document containing two or more separate obligations.

"Moody's" means Moody's Investors Service, Inc.

"NMFA Portion of the Governmental Gross Receipts Tax" means an amount equal to 75% of the net receipts attributable to the governmental gross receipts tax levied pursuant to Section 7-9-4.3, NMSA 1978, as amended, and distributed to the NMFA pursuant to Section 7-1-6.38, NMSA 1978, as amended.

"Nonperforming Loans and Additional Pledged Loans" means Loan Agreements and Securities and Additional Pledged Loans under which there has occurred and is continuing an event of default (other than a Covenant Default) or under which a delinquency exists in payments of principal or interest under the Indenture.

"Outstanding" or "Bonds outstanding" means all Bonds which have been authenticated and delivered by the Trustee under the Indenture, except:

(a) Bonds canceled after purchase in the open market or because of payment at or redemption prior to maturity;

(b) any Bond (or any portion thereof) (i) for the payment or redemption of which there is held in trust under the Indenture and set aside for such payment or redemption, moneys and/or Governmental Obligations (not callable at the option of the issuer thereof) maturing or redeemable at the option of the holder thereof not later than such maturity or redemption date which, together with income to be earned on such Governmental Obligations prior to such maturity or redemption date, will be sufficient to pay the principal or redemption price thereof, as the case may be, together with interest thereon to the date of maturity or redemption, and (ii) in the case of any such Bond (or any portion thereof) to be redeemed prior to maturity, notice of the redemption of which has been given in accordance with the Indenture or provided for in a manner satisfactory to the Trustee;

(c) Bonds deemed paid pursuant to the Indenture; and

(d) Bonds in lieu of which others have been authenticated under the Indenture.

"Outstanding" includes all Bonds the principal and/or interest on which have been paid by any bond insurer pursuant to municipal bond insurance policy.

"PPRF Revenues" means collectively, the NMFA Portion of the Governmental Gross Receipts Tax and the revenues from the Additional Senior Pledged Loans, which amounts are to be deposited to the revenue fund created under the Senior Indenture.

"PPRF Secured Obligations" means any bond, note or other obligation identified in a Supplemental Indenture or Pledge Notification as a PPRF Secured Obligation under the Indenture and secured in accordance with the provisions of the Indenture. PPRF Secured Obligations are not "Bonds" as defined in the Indenture.

"Paying Agent" means the Trustee or any successor or additional paying agent appointed pursuant to the Indenture.

"Permitted Investments" (i) with respect to the investment of the respective Accounts of the Program Fund, the Agreement Reserve Fund and the Debt Service Fund has the meaning set forth in each Agreement, and (ii) with respect to the investment of the Revenue Fund, the Bond Fund, the Debt Service Reserve Fund, the Expense Fund, the Rebate Fund, and the Supplemental Credit Reserve Fund or any other fund created under the Indenture, the following to the extent permitted by New Mexico law:

(a) Governmental Obligations;

(b) Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following federal agencies and provided such obligations are backed by the full faith and credit of the United States of America (stripped securities are only permitted if they have been stripped by the agency itself):

(i) Farmers Home Administration (FmHA) Certificates of Ownership;

(ii) Federal Housing Administration (FHA) Debentures;

(iii) General Services Administration Participation certificates;

(iv) Government National Mortgage Association (GNMA or "Ginnie Mae") GNMA-guaranteed mortgage-backed bonds or GNMA-guaranteed pass-through obligations (participation certificates);

(v) U.S. Maritime Administration Guaranteed Title XI financing;

(vi) U.S. Department of Housing and Urban Development (HUD) Project Notes Local Authority Bonds;

(c) Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following non-full faith and credit U.S. government agencies (stripped securities are only permitted if they have been stripped by the agency itself):

(i) Federal Home Loan Bank System. Senior debt obligations (Consolidated debt obligations);

(ii) Federal Home Loan Mortgage Corporation. (FHLMC or "Freddie Mac") rated AAA by Standard & Poor's and Aaa by Moody's Participation Certificates (Mortgage-backed securities) Senior debt obligations;

(iii) Federal National Mortgage Association. (FNMA or "Fannie Mae") rated AAA by Standard & Poor's and Aaa by Moody's Mortgage-backed securities and senior debt obligations (excluded are stripped mortgage securities which are valued greater than par on the portion of unpaid principal);

(iv) Student Loan Market Association. (SLMA or "Sallie Mae") Senior debt obligations;

(v) Resolution Funding Corp. (REFCORP) Only the interest component of REFCORP strips which have been stripped by request of the Federal Reserve Bank of New York in book-entry form are acceptable;

(vi) Farm Credit System. Consolidated systemwide bonds and notes;

(d) Money market funds registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933, and having a rating by S&P of "AAAm-G," "AAAm" or "AAm" or by Moody's of "Aaa" including funds from which the Trustee or its affiliates receive fees for investment advisory or other services to such fund;

(e) Certificates of deposit ("CD") secured at all times by collateral described in (a) and/or (b) above. CD's must have a one-year or less maturity. Such certificates must be issued by commercial banks, savings and loan associations or mutual savings banks whose short-term obligations are rated "A 1+" or better by S&P, and "Prime-1" or better by Moody's. The collateral must be held by a third party and the third party must have a perfected first security interest in the collateral;

(f) Certificates of deposit, savings accounts, deposit accounts or money market deposits which are fully insured by FDIC, including BID and SAIF;

(g) Commercial paper rated “Prime-1” by Moody’s and “A 1+” or better by S&P and which matures not more than 270 days after the date of purchase;

(h) Bonds or notes issued by any state or municipality which are rated by Moody’s in the highest long-term rating category assigned by such agencies;

(i) Federal funds or bankers acceptances with a maximum term of one year of any bank which has an unsecured, uninsured and unguaranteed obligation rating of “Prime-1” by Moody’s and “A-1+” by S&P;

(j) Repurchase agreements providing for the transfer of securities from a dealer bank or securities firm (seller/borrower) to a municipal entity (buyer/lender), and the transfer of cash from a municipal entity to the dealer bank or securities firm with an agreement that the dealer bank or securities firm will repay the cash plus a yield to the municipal entity in exchange for the securities at a specified date; provided, however, that the repurchase agreement must satisfy certain criteria articulated in writing to the NMFA by the Rating Agencies and, if the amounts to be invested are in the Revenue Fund, such agreement must be approved in writing prior to its acquisition by each bond insurer then insuring any Series of Bonds; provided further, if the amounts to be invested are in the Bond Fund and relate to a Series of Bonds that have been or are then being insured by a bond insurer, such agreement must be approved in writing prior to its acquisition by the bond insurer then insuring such Series of Bonds;

(k) Investment contracts with providers the long term, unsecured debt obligations of which are rated at least “Aaa” by the Rating Agencies and, if the amounts to be invested are in the Revenue Fund, such agreement must be approved in writing prior to its acquisition by each bond insurer then insuring any Series of Bonds; provided further, if the amounts to be invested are in the Bond Fund and relate to a Series of Bonds that have been or are then being insured by a bond insurer, such agreement must be approved in writing prior to its acquisition by the bond insurer then insuring such Series of Bonds; and

(l) The State Treasurer’s short-term investment fund created pursuant to Section 6-10-10.1, NMSA 1978, maintained and invested by the State Treasurer.

“Pledge Notification” means a written notice, executed by an Authorized Officer and delivered to the Trustee, (i) (a) pledging one or more Additional Pledged Loans or (b) identifying loans or securities or obligations to be funded from Uncommitted Proceeds and designating such loans or securities as “Loans” under the Indenture, (ii) describing the Project financed or to be financed with the Additional Pledged Loan or the loan or security to be funded from Uncommitted Proceeds, as appropriate, and (iii) authorizing the Trustee to create Accounts designated in the Loan Agreements or other instruments to be executed and delivered in connection with Additional Pledged Loans or the loan or security to be funded from Uncommitted Proceeds, as appropriate.

“Pledged Bonds” means any Bonds that have been (i) pledged or in which any interest has otherwise been granted to a Security Instrument Issuer as collateral security for Security Instrument Repayment Obligations or (ii) purchased and held by a Security Instrument Issuer pursuant to a Security Instrument.

“Prepayment” means the amount paid by a Governmental Unit pursuant to the provisions of its Loan Agreement or Securities as a prepayment of all or a portion of the principal balance due under its Loan Agreement or a prepayment of the principal amount of the Securities.

“Principal” means (a) with respect to any Capital Appreciation Bond, the Accreted Amount thereof (the difference between the stated amount to be paid at maturity and the Accreted Amount being deemed unearned interest), except as used in connection with the authorization and issuance of Bonds and with the order of priority of payment of Bonds after an Event of Default, in which case “Principal” means the initial public offering price of a Capital Appreciation Bond (the difference between the Accreted Amount and the initial public offering price being deemed interest), and (b) with respect to any Current Interest Bond, the principal amount of such Bond payable at maturity.

“Principal Component” has the meaning given in the Indenture.

“Principal Installment” means, as of any date of calculation, (a) with respect to any Series of Bonds, so long as any Bonds thereof are Outstanding, the Principal amount of Bonds of such Series due on a certain future date, and (b) with respect to any Security Instrument Repayment Obligations, the principal amount of such Security Interest Repayment Obligations due on a certain future date.

"Program" means the NMFA's public project revolving fund program.

"Program Costs" means the fees and expenses payable to the Trustee, any Paying Agent, any Remarketing Agent, any Broker-Dealer, any Auction Agent and any other agent consultant engaged to carry out the purposes of the NMFA and the NMFA and Security Instrument Costs.

"Program Fund" means the fund by that name which is created and established by the Indenture.

"Projects" means, collectively, the projects (i) authorized by the Legislature for financing or refinancing by the NMFA from the Public Project Revolving Fund (to the extent required by law) and (ii) described in a Supplemental Indenture or a Pledge Notification.

"Public Project Revolving Fund" means the public project revolving fund established pursuant to the Act.

"Put Bond" means any Bond that is part of a Series of Bonds subject to purchase by the NMFA, its agent or a third party from the Owner of the Bond pursuant to provisions of the Supplemental Indenture authorizing the issuance of the Bond.

"Rating Agencies" means Moody's, Fitch and S&P, or any of their successors and assigns and any other nationally recognized rating service designated by the NMFA and then maintaining a rating on the Bonds or PPRF Secured Obligations. For purposes of the Cash Flow Statement, however, "Rating Agencies" means Moody's Investors Service, Inc., Standard & Poor's Ratings Services and Fitch Ratings or their successors and assigns; provided that, if more than one such Rating Agency shall be categorizing Loans and Additional Pledged Loans, for purposes of assigning a category, "Rating Agencies" shall refer to the Rating Agency assigning the lower of the categorizations.

"Rebate Calculation Date" means, with respect to each Series of Bonds (other than Taxable Bonds), the interest payment date next preceding the fifth anniversary of the issue date of such Series of Bonds, each fifth anniversary of the initial Rebate Calculation Date for such Series of Bonds, and the date of retirement of the last bond for such Series.

"Rebate Fund" means the Fund so designated, which is created and established by the Indenture.

"Rebate Requirement" means the amount of arbitrage profits earned from the investment of gross proceeds of the Bonds in nonpurpose investments described in Section 148(f)(2) of the Code and defined as "Rebate Amount" in Section 1.148-3 of the Treasury Regulations, which are payable to the United States at the times and in the amounts specified in Section 148(f)(3) of the Code and Section 1.148-3 of the Treasury Regulations.

"Regular Record Date" means, unless otherwise provided in a Supplemental Indenture, with respect to the Bonds, the fifteenth (15th) day immediately preceding each Interest Payment Date (or the Business Day immediately preceding such fifteenth (15th) day, if such fifteenth (15th) day is not a Business Day).

"Registered Owner" or "Owner" or "Bond holder" or "holder" means (i) when used with respect to the Bonds the person or persons in whose name or names a Bond is registered on the books of the Trustee kept for that purpose in accordance with provisions of the Indenture and (ii) when used with respect to the PPRF Secured Obligations the registered owners or other holders thereof (if not registered).

"Reimbursement Bonds" means Bonds issued for the purpose of reimbursing the NMFA for Projects financed with cash advanced from the Public Project Revolving Fund.

"Remarketing Agent" means a remarketing agent or commercial paper dealer appointed by the NMFA pursuant to a Supplemental Indenture.

"Reserve Instrument" means a device or instrument issued by a Reserve Instrument Provider to satisfy all or any portion of the Debt Service Reserve Requirement applicable to a Series of Bonds. The term "Reserve Instrument" includes, by way of example and not of limitation, letters of credit, bond insurance policies, surety bonds, standby bond purchase agreements, lines of credit and other devices.

"Reserve Instrument Agreement" means any agreement entered into by the NMFA and a Reserve Instrument Provider pursuant to a Supplemental Indenture (including the applicable portions of a Supplemental Indenture) and providing for the issuance by such Reserve Instrument Provider of a Reserve Instrument.

"Reserve Instrument Costs" means all fees, premiums, expenses and similar costs, other than Reserve Instrument Repayment Obligations, required to be paid to a Reserve Instrument Provider pursuant to a Reserve Instrument Agreement. Each Reserve Instrument Agreement will specify the fees, premiums, expenses and costs constituting Reserve Instrument Costs.

"Reserve Instrument Coverage" means, as of any date of calculation, the aggregate amount available to be paid to the Trustee pursuant to the Indenture under all Reserve Instruments.

"Reserve Instrument Fund" means the fund by that name created in the Indenture to be held by the Trustee and administered pursuant to the Indenture.

"Reserve Instrument Limit" means, as of any date of calculation and with respect to any Reserve Instrument, the maximum aggregate amount available to be paid under such Reserve Instrument into the Debt Service Reserve Fund assuming for purposes of such calculation that the amount initially available under each Reserve Instrument has not been reduced or that the amount initially available under each Reserve Instrument has only been reduced as a result of the payment of principal of the applicable Series of Bonds.

"Reserve Instrument Provider" means any bank, savings and loan association, savings bank, thrift institution, credit union, insurance company, surety company or other institution issuing a Reserve Instrument.

"Reserve Instrument Repayment Obligations" means, as of any date of calculation and with respect to any Reserve Instrument Agreement, those outstanding amounts payable by the NMFA under such Reserve Instrument Agreement to repay the Reserve Instrument Provider for payments previously made by it pursuant to a Reserve Instrument. There will not be included in the calculation of Reserve Instrument Repayment Obligations any Reserve Instrument Costs.

"Revenue Fund" means the Subordinated Governmental Gross Receipts Tax and Additional Pledged Loan Revenue Fund so designated, which is created and established by the Indenture to be held by the Trustee.

"Revenues" means (i) all revenues received or earned by the NMFA from or attributable to the Agreements (but excluding amounts paid as Program Costs), (ii) all revenues received by the NMFA from the allocation of the NMFA Portion of the Governmental Gross Receipts Tax, (iii) all revenues received or earned by the NMFA from or attributable to Additional Pledged Loans, if any, (iv) all interest earned by and profits derived from the sale of investments in the Funds and Accounts created under the Indenture (except the Rebate Fund), and (v) all Federally provided interest subsidies actually delivered to or for the account of the NMFA in relation to Bonds, including, but not limited to direct payments of the refundable interest credit (i.e., an interest subsidy) paid pursuant to Section 6431(b) of the Code in relation to 'build America bonds' (as such term is defined in such section of the Code).

"S&P" means Standard & Poor's Ratings Services.

"Securities" means the securities purchased or acquired by the NMFA in consideration for a Loan made pursuant to the Indenture.

"Security Documents" means the intercept agreements or other security documents, if any, delivered by Governmental Units to provide additional security for a Loan Agreement or Securities.

"Security Instrument" means an instrument or other device issued by a Security Instrument Issuer to pay, or to provide security or liquidity for, a Series of Bonds. The term "Security Instrument" includes, by way of example and not of limitation, letters of credit, bond insurance policies, standby bond purchase agreements, lines of credit and other security instruments and credit enhancement or liquidity devices; provided, however, that no such device or instrument is a "Security Instrument" for purposes of the Indenture unless specifically so designated in a Supplemental Indenture authorizing the use of such device or instrument.

"Security Instrument Agreement" means any agreement entered into by the NMFA and a Security Instrument Issuer pursuant to a Supplemental Indenture and/or the applicable portions of a Supplemental Indenture providing for the issuance by such Security Instrument Issuer of a Security Instrument.

"Security Instrument Costs" means, with respect to any Security Instrument, all fees, premiums, expenses and similar costs, other than Security Instrument Repayment Obligations, required to be paid to a Security Instrument Issuer pursuant to a Security Instrument Agreement or the Supplemental Indenture authorizing the use of such Security Instrument. Such Security Instrument Agreement or Supplemental Indenture will specify any fees, premiums, expenses and costs constituting Security Instrument Costs.

"Security Instrument Issuer" means any bank or other financial institution, insurance company, surety company or other institution issuing a Security Instrument.

"Security Instrument Repayment Obligations" means, as of any date of calculation and with respect to any Security Instrument Agreement, any outstanding amounts payable by the NMFA under the Security Instrument Agreement or the Supplemental Indenture authorizing the use of such Security Instrument to repay the Security Instrument Issuer for payments previously or concurrently made by the Security Instrument Issuer pursuant to a Security Instrument. There will not be included in the calculation of the amount of Security Instrument Repayment Obligations any Security Instrument Costs. Each Security Instrument Agreement or the Supplemental Indenture authorizing the use of such Security Instrument will specify any amounts payable under it which, when outstanding, will constitute Security Instrument Repayment Obligations and will specify the portions of any such amounts that are allocable as principal of and as interest on such Security Instrument Repayment Obligations.

"Senior Bonds" means the bonds from time to time issued under the Senior Indenture.

"Senior Indenture" means the General Indenture of Trust and Pledge dated as of June 1, 1995 (as amended and supplemented from time to time), between the Finance Authority and BOKF, NA, as trustee.

"Series" means all of the Bonds authenticated and delivered on original issuance and identified pursuant to the Supplemental Indenture authorizing such Bonds as a separate Series of Bonds, and any Bonds thereafter authenticated and delivered in lieu thereof or in substitution therefore.

"Short-Term Borrowing" means any short-term borrowing arrangement or agreement entered into by the Finance Authority with a financial institution to provide funds to the Finance Authority, as its cash flow needs may require, for Loans made from the Public Project Revolving Fund.

"Short-Term Borrowing Payment Date" means the date or dates specified in each Short-Term Borrowing as the due date or dates for repayment of funds advanced under the Short-Term Borrowing."

"Special Record Date" means a special record date established pursuant to the Indenture.

"State" means the State of New Mexico.

"Subordinate Lien PPRF Revenues" means (i) the PPRF Revenues less the portion of the PPRF Revenues which are used during any applicable period to satisfy the obligations of the Finance Authority under the Senior Indenture (or required by the terms of the Senior Indenture to be retained by the Trustee under the Indenture) plus (ii) all revenues received or earned by the Finance Authority from or attributable to Additional Pledged Loans, if any.

"Subordinated Bond Anticipation Obligations" means Bond Anticipation Obligations, the Principal Installments on which have been subordinated pursuant to the Indenture.

"Supplemental Credit Reserve Fund" or "SCRF" means the fund by that name established by the Indenture and held by the Trustee and to be administered as provided in the Indenture.

"Supplemental Credit Reserve Requirement" means an amount equal to the amount of the Common Debt Service Reserve Fund.

"Supplemental Indenture" means any supplemental indenture approved by the NMFA in accordance with the Indenture amending or supplementing the Indenture or any Supplemental Indenture.

"SWAP Counterparty" means a member of the International Swap and Derivatives Association, Inc. which is (a) rated in one of the three top rating categories by at least one of the Rating Agencies and (b) meeting the requirements (including the rating requirements, if any) of applicable laws of the State. The documentation with respect to each Interest Rate Swap will require the SWAP Counterparty to (i) maintain its rating in one of the three top rating categories by at least one of the Rating Agencies (or to collateralize its obligations to the satisfaction of the Rating Agencies rating the related Bonds) and (ii) meet the requirements of State law (including the rating requirements, if any).

"SWAP Payments" means as of each payment date specified in an Interest Rate Swap, the amount, if any, payable to the SWAP Counterparty by the Trustee on behalf of the NMFA. SWAP Payments do not include any Termination Payments.

"SWAP Receipts" means as of each payment date specified in an Interest Rate Swap, the amount, if any, payable to the Trustee for the account of the NMFA by the SWAP Counterparty. SWAP Receipts do not include amounts received with respect to the early termination or modification of an Interest Rate Swap.

"Taxable Bonds" means all Bonds designated in the related Supplemental Indenture as bearing or accruing interest intended to be subject to Federal income taxation.

"Tax-Exempt Bonds" means all Bonds other than the Taxable Bonds.

"Termination Payments" means the amount payable to the SWAP Counterparty by the Trustee on behalf of the NMFA with respect to the early termination or modification of an Interest Rate Swap. Termination Payments will be payable from and secured by Subordinate Lien PPRF Revenues after payment of amounts then due pursuant to the Indenture.

"Trust Estate" means the property held in trust by or pledged to the Trustee pursuant to the Granting Clauses of the Indenture.

"Trustee" means BOKF, NA, Albuquerque, New Mexico, and its successors and any corporation or association resulting from or surviving any consolidation or merger to which it or its successors may be a party and any successor trustee at the time serving as successor trustee under the Indenture.

"Uncommitted Proceeds" means that portion of the proceeds of a Series of Bonds for which no Loans have been made at the time of issuance of such Series of Bonds.

"Variable Rate Bonds" means, as of any date of calculation, Bonds the terms of which on such date of calculation are such that interest thereon for any future period of time is expressed to be calculated at a rate which is not susceptible to a precise determination.

The Bonds and PPRF Secured Obligations

Execution; Limited Obligation. The Bonds will be executed on behalf of the NMFA with the manual or official facsimile signature of an Authorized Officer, countersigned with the manual or official facsimile signature of its Secretary and impressed or imprinted thereon the official seal or facsimile thereof of the NMFA. In case any officer, the facsimile of whose signature appears on the Bonds, ceases to be such officer before the delivery of such Bonds, such facsimile will nevertheless be valid and sufficient for all purposes, the same as if he or she had remained in office until delivery. The Bonds, together with interest thereon, will be limited obligations of the NMFA payable, on a parity with the PPRF Secured Obligations (as to the amounts deposited to the Revenue Fund), the Security Instrument Repayment Obligations and the SWAP Payments solely from the Trust Estate.

The Bonds will be a valid claim of the respective Registered Owners thereof only against the Trust Estate and the NMFA pledges and assigns the same, FIRST, for the equal and ratable payment of the Bonds, the PPRF Secured Obligations (as to amounts deposited to the Revenue Fund), the Security Instrument Repayment Obligations and the SWAP Payments, and, SECOND, for the equal and ratable payment of the Reserve Instrument Repayment Obligations. The Trust Estate will be used for no other purpose than to pay the principal of, premium, if any, and interest on the Bonds, PPRF Secured Obligations as to the amounts deposited to the Revenue Fund, the Security Instrument Repayment Obligations, the SWAP Payments and the

Reserve Instrument Repayment Obligations, except as may be otherwise expressly authorized in the Indenture (including the release of Subordinate Lien PPRF Revenues free and clear of the lien of the Indenture upon satisfaction of the payments then due and payable, as provided in the Indenture and the release of Loans, Additional Pledged Loans and Additional Pledged Revenues as provided in the Indenture). The lien and pledge of the Subordinate Lien PPRF Revenues is subject to the prior lien of the Senior Indenture on the PPRF Revenues in that the PPRF Revenues will first be used to satisfy the requirements of the Senior Indenture and upon the release from the lien of the Senior Indenture the PPRF Revenues will immediately be subject to the lien of the Indenture. The Subordinate Lien PPRF Revenues (including the PPRF Revenues following the release thereof each year from the lien of the Senior Indenture) and the other amounts pledged under the Indenture are not subject to the lien of the Senior Indenture.

The Bonds, the Security Instrument Repayment Obligations and SWAP Payments are special limited obligations of the NMFA payable solely from the Trust Estate and will be a valid claim of the respective Owners thereof only against the Revenue Fund, the Bond Fund, the Debt Service Reserve Fund, the Debt Service Fund, the Agreement Reserve Fund (except as limited by the Indenture), the Supplemental Credit Reserve Fund, and other moneys held by the Trustee under the Indenture (except the Rebate Fund), and the Bonds, the Security Instrument Repayment Obligations and SWAP Payments will not constitute or create a general obligation or other indebtedness of the State or (except as expressly provided in an Agreement or Securities) any Governmental Unit within the meaning of any constitutional or statutory debt limitation. The obligation of the NMFA under the Indenture with respect to the PPRF Secured Obligations is a special limited obligation of the NMFA payable solely from the amounts deposited or to be deposited to the Revenue Fund and will be a valid claim of the respective owners of and fiduciaries for the PPRF Secured Obligations only against the Revenue Fund, and the PPRF Secured Obligations will not constitute nor create a general obligation or other indebtedness of the State or any Governmental Unit within the meaning of any constitutional or statutory debt limitation.

The obligation of the NMFA under the Indenture with respect to the Reserve Instrument Repayment Obligations is a special limited obligation of the NMFA payable solely from the Trust Estate after payment of the Bonds, PPRF Secured Obligations (as to the amounts deposited in the Revenue Fund), Security Instrument Repayment Obligations and SWAP Payments and will be a valid claim of the Reserve Instrument Providers against the Trust Estate and will not constitute or give rise to a general obligation or other indebtedness of the State, the NMFA or any other Governmental Unit within the meaning of any constitutional or statutory debt limitation.

No provision of the Bonds, the PPRF Secured Obligations, the Security Instrument Repayment Obligations, the SWAP Payments or Reserve Instrument Repayment Obligation, will be construed or interpreted as creating a delegation of governmental powers or as a donation by or lending of the credit of the NMFA, the State or any Governmental Unit within the meaning of the Constitution of the State. THE NMFA HAS NO TAXING POWERS. The obligation to pay the Principal of and interest and premium, if any, on the Bonds, the PPRF Secured Obligations, the Security Instrument Repayment Obligations, the SWAP Payments and the Reserve Instrument Repayment Obligations will not constitute or give rise to a pecuniary liability on the part of the members, directors and officers of the NMFA. No breach of any pledge, obligation or agreement of the NMFA will impose a pecuniary liability or a charge upon the general credit or taxing power of the State or any political subdivision of the State.

The provisions of the Indenture relating to the execution of Bonds may be changed as they apply to the Bonds of any Series by the Supplemental Indenture authorizing such Series of Bonds.

Registration and Exchange of Bonds; Persons Treated as Owners. Books for the registration and for the transfer of the Bonds as provided in the Indenture will be kept by the Trustee which is constituted and appointed by the Indenture as the Bond Registrar with respect to the Bonds, provided, however, that the NMFA may by Supplemental Indenture select a party other than the Trustee to act as Bond Registrar with respect to the Series of Bonds issued under said Supplemental Indenture. Upon the occurrence of an Event of Default, which would require any Security Instrument Issuer to make a payment under a Security Instrument Agreement, the Bond Registrar will make such registration books available to the Security Instrument Issuer. Any Bond may, in accordance with its terms, be transferred only upon the registration books kept by the Bond Registrar by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Bond for cancellation, accompanied by delivery of a written instrument of transfer in a form approved by the Registrar, duly executed. No transfer will be effective until entered on the registration books kept by the Registrar. Upon surrender for transfer of any fully registered Bond at the principal office of the Trustee, duly endorsed for transfer or accompanied by an assignment duly executed by the Registered Owner or his attorney duly authorized in writing and satisfactory to the Trustee, the NMFA will execute and the Trustee will authenticate and deliver in the name of the transferee or transferees a new, fully registered Bond or Bonds for a like aggregate principal amount. Bonds may be exchanged at the principal corporate trust office of the Trustee for a like aggregate principal amount of Bonds of other authorized denominations of the same series and the same maturity. The execution by the NMFA of any Bond of any authorized denomination will constitute full and due authorization of such denomination, and the Trustee will thereby be authorized to authenticate and deliver such Bond. The NMFA and the Trustee will not be required to transfer or exchange any Bond of a particular Series (i) during the period from and including any Regular Record Date, to and including the next succeeding Interest Payment Date, (ii) during the period from and including the day fifteen days prior to any Special Record Date, to and including the date of the proposed payment pertaining thereto, (iii) during the period from and including the day fifteen days prior to the mailing of notice calling any Bonds of a particular Series for redemption, to and including the date of such mailing, or (iv) at any time following the mailing of notice calling such Bond for redemption.

The NMFA, the Bond Registrar and the Paying Agent may treat and consider the person in whose name each Bond is registered on the registration books kept by the Registrar as the holder and absolute owner thereof for the purpose of receiving payment of, or on account of, the principal or redemption price thereof and interest due thereon and for all other purposes whatsoever, and neither the NMFA, the Bond Registrar nor the Paying Agent will be affected by any notice to the contrary. Payment of or on account of either principal of or interest on any Bond will be made only to or upon order of the Registered Owner thereof or such person's legal representative, but such registration may be changed as provided in the Indenture. All such payments will be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid.

In each case the Trustee will require the payment by the Registered Owner requesting exchange or transfer, only of any tax or other governmental charge required to be paid with respect to such exchange or transfer.

Nonpresentment of Bonds. In the event that any Bond is not presented for payment when the principal thereof becomes due at maturity, or otherwise, if funds sufficient to pay any such Bond has been made available to the Trustee for the benefit of the holder or holders thereof, all liability of the NMFA to the holder thereof for the payment of such Bond ceases, determines and is completely discharged, and it is the duty of the Trustee to hold such funds, without liability to the holders of such Bonds for interest thereon, for the benefit of the holder of such Bond who thereafter is restricted exclusively to such funds, for any claim of whatever nature on his part under the Indenture or on, or with respect to, such Bond. Moneys so deposited with the Trustee which remain unclaimed four (4) years after the date payment thereof becomes due will, to the extent authorized by applicable law, at the request of the NMFA and if the NMFA is not at the time to the knowledge of the Trustee in default with respect to any covenant contained in the Indenture and if to the knowledge of the Trustee there has been no Event of Default, be repaid to the NMFA and the Owners of the Bonds for which the deposit was made will thereafter be limited to a claim against the NMFA; provided that the Trustee, before making payment to the NMFA, may cause a notice to be given to the Owners of the Bonds at their registered addresses, stating that the moneys remaining unclaimed will be returned to the NMFA after a specified date. Upon payment of such amounts to the NMFA by the Trustee, the NMFA will deal with such money as required by applicable law. The obligation of the Trustee under the Indenture to pay any such amounts to the NMFA will be subject to any provisions of law applicable to the Trustee providing other requirements for disposition of unclaimed property.

PPRF Secured Obligations. The NMFA may secure PPRF Secured Obligations pursuant to a Supplemental Indenture entered into with the Trustee pursuant to the terms of the Indenture. No bond or other obligations will be considered a PPRF Secured Obligation under the Indenture for any purpose or entitled to any security or benefit under the Indenture, unless specifically identified as such in a Supplemental Indenture. Each PPRF Secured Obligation will contain a provision substantially as follows:

> "This Bond is secured by the New Mexico Finance Authority (the "NMFA") as a PPRF Secured Obligation (as defined in the referenced Indenture) under the Subordinated General Indenture of Trust and Pledge (the "Indenture") between the NMFA and Bank of Albuquerque N.A. (the "Trustee"), as trustee dated as of March 1, 2005 and as provided in the _____________ Supplemental Indenture dated as of _______________, _____ (the "Supplemental Indenture") and is entitled to the benefits and is subject to all of the terms and conditions of the Indenture and Supplemental Indenture (as the same may be amended or modified from time to time). The obligations of the NMFA under the Indenture are special limited obligations payable solely from and to the extent of the sources set forth in the Indenture."

Prior to the execution by the Trustee of a Supplemental Indenture relating to any PPRF Secured Obligation or Obligations, there will have been filed with the Trustee:

(a) a copy of the Indenture (to the extent not theretofore so filed) and the related Supplemental Indenture;

(b) a copy, certified by an Authorized Officer of the NMFA, of the proceedings of the NMFA approving the execution and delivery of the PPRF Secured Obligations and the related Supplemental Indenture, together with a certificate, dated as of the date of execution of such Supplemental Indenture, of an Authorized Officer of the NMFA that such proceedings are still in force and effect without amendments except as shown in such proceedings; and

(c) a certificate of the NMFA to the effect that the Legislature of the State has, to the extent required by law, approved each Project designated for financing under such Supplemental Indenture.

The paying agent for each PPRF Secured Obligation will use its best efforts to notify the Trustee, at least five business days prior to each Interest Payment Date or principal payment date for the PPRF Secured Obligations, if such paying agent has determined that it will not have sufficient moneys available for the payment of amounts due with respect to the PPRF Secured Obligations.

Issuance of Additional Bonds and PPRF Secured Obligations and Additional Senior Bonds.

(a) No additional indebtedness, bonds or notes of the NMFA payable on a priority senior to the pledge of the Trust Estate for the payment of the Bonds, PPRF Secured Obligations, the Security Instrument Agreements and Interest Rate Swaps authorized in the Indenture, may be created or incurred without the prior written consent of 100% of the Owners of the Outstanding Bonds, owners of PPRF Secured Obligations and Security Instrument Issuers and SWAP Counterparties; provided however, that additional Senior Bonds or other indebtedness, bonds or notes of the NMFA payable on a priority senior to the pledge of PPRF Revenues under the Indenture may be issued in accordance with the requirements of the Senior Indenture.

(b) In addition, except for the Initial Bonds, no Additional Bonds, PPRF Secured Obligations, Security Instrument Repayment Obligations and SWAP Payments or other indebtedness, bonds or notes of the NMFA payable on a parity with the Bonds, the PPRF Secured Obligations, Securities Instrument Repayment Obligations and SWAP Payments authorized in the Indenture out of the Trust Estate may be issued, created or incurred, unless the following requirements have been met:

(i) the NMFA delivers to the Trustee a Cash Flow Statement taking into account the issuance of the Additional Bonds, PPRF Secured Obligations or other indebtedness, bonds or notes and taking into account the execution and delivery of any related Security Instrument Agreement and Interest Rate Swap;

(ii) all payments required by the Indenture to be made into the Bond Fund must have been made in full;

(iii) the proceeds of the Additional Bonds, PPRF Secured Obligations or other indebtedness, bonds or notes must be used (x) to refund Bonds issued under the Indenture or other obligations of the NMFA (including the funding of necessary reserves and the payment of costs of issuance), (y) to make Loans or to purchase Securities (including the funding of necessary reserves and the payment of costs of issuance) or (z) to finance other projects approved by the NMFA; and

(iv) no Event of Default has occurred and is continuing under the Indenture. The foregoing provisions of this paragraph (iv) will not preclude the issuance of Additional Bonds, PPRF Secured Obligations or other indebtedness, bonds or notes if (x) the issuance of such Additional Bonds and PPRF Secured Obligations or other indebtedness, bonds or notes otherwise complies with the provisions of the Indenture and (y) such Event of Default will cease to continue upon the issuance of the Additional Bonds, PPRF Secured Obligations or other indebtedness, bonds or notes and the application of the proceeds thereof.

(c) There must be on deposit in each Account of the Debt Service Reserve Fund (taking into account any Reserve Instrument coverage) the full amount required to be accumulated therein at the time of issuance of the Additional Bonds.

The requirements above may be revised or deleted with written evidence from the Rating Agencies to the effect that such revision or deletion will not result in the rating on the Outstanding Bonds and outstanding PPRF Secured Obligations being lowered.

Covenant Against Creating or Permitting Liens. Except for (A) the pledge of the PPRF Revenues pursuant to the Senior Indenture and (B) the pledge of the Trust Estate to secure payment of the Bonds, PPRF Secured Obligations, Security Instrument Repayment Obligations, SWAP Payments, and Reserve Instrument Repayment Obligations under the Indenture, the Trust Estate is and will be free and clear of any pledge, lien, charge, or encumbrance thereon or with respect thereto; provided, however, that (i) nothing contained in the Indenture will prevent the NMFA from issuing, if and to the extent permitted by law, indebtedness having a lien on the Trust Estate subordinated to that of the Bonds, the PPRF Secured Obligations, Security Instrument Repayment Obligations and SWAP Payments and (ii) Subordinate Lien PPRF Revenues not needed for payments under the Indenture in any Bond Fund Year may be released to the NMFA free and clear of the lien of the Indenture as provided in the Indenture.

Limitation on Annual Appropriation Agreements. The Finance Authority may enter into Annual Appropriation Agreements with Governmental Units; provided, however, that in no event shall the aggregate principal amount of all Outstanding Annual Appropriation Agreements at any one time exceed twice the amount of the Supplemental Credit Reserve Requirement for the Bond Fund Year in which the calculation is made.

Open Market Purchases of Bonds

Purchases of Outstanding Bonds on the open market may be made by the NMFA at public or private sale as, when and at such prices as the NMFA may in its discretion determine. Any accrued interest payable upon the purchase of Bonds may be paid from the amount reserved in the Bond Fund for the payment of interest on such Bonds on the next following Interest Payment Date. Any Bonds so purchased will be cancelled by the Trustee and surrendered to the NMFA or destroyed and will not be reissued.

Covenants of the NMFA

Payment of Principal, Premium, if any, and Interest. The NMFA covenants that it will promptly pay or cause to be paid the principal of and premium, if any, and interest on every Bond, Security Instrument Repayment Obligation, SWAP Payment or Reserve Instrument Repayment Obligation issued or incurred under or pursuant to the Indenture at the place, on the dates and in the manner provided in the Indenture and in said Bonds, Security Instrument Repayment Obligations, SWAP Payments or Reserve Instrument Repayment Obligations according to the true intent and meaning thereof, but solely from the Subordinate Lien PPRF Revenues and the Agreement Revenues, the Additional Pledged Revenues and other amounts pledged therefor which are from time to time held by the Trustee in the Revenue Fund, the Bond Fund, the Debt Service Reserve Fund (only for the Series of Bonds for which an account is established in the Debt Service Reserve Fund), the Debt Service Fund, the Agreement Reserve Fund, and the Supplemental Credit Reserve Fund, which amounts are specifically pledged by the Indenture to the payment thereof in the manner and to the extent in the Indenture and in the Loan Agreements, Security Documents and Securities specified, and nothing in the Bonds, the Security Instrument Agreements, the Interest Rate Swaps, the Reserve Instrument Agreements or in this Indenture shall be construed as pledging any other funds or assets of the NMFA. The NMFA shall in no event be liable for the payment of the principal of and premium, if any, or interest on any of the Bonds, Security Instrument Repayment Obligations, the SWAP Payments or the Reserve Instrument Repayment Obligation or for the performance of any pledge, obligation or agreement undertaken by the NMFA, except to the extent that the monies pledged in the Indenture or assets granted therein as security are sufficient and available therefor.

The NMFA covenants that it will promptly pay or cause to be paid the principal of, and premium, if any, and interest on every PPRF Secured Obligation secured under the Indenture at the place, on the dates and in the manner provided in the Indenture and in said PPRF Secured Obligation and the related Supplemental Indenture, according to the true intent and meaning thereof, but solely from the Subordinate Lien PPRF Revenues and other amounts pledged therefor which are from time to time held by Trustee in the Revenue Fund which amounts are specifically pledged by the Indenture to the payment thereof in the manner and to the extent in the Indenture and in the related Supplemental Indenture specified, and nothing in this Indenture shall be construed as pledging any other funds or assets of the NMFA. The NMFA shall in no event be liable for the payment of the principal of and premium, if any, or interest on any of the PPRF Secured Obligations or for the performance of any pledge, obligation or agreement undertaken by the NMFA, except to the extent that the aforementioned moneys pledged in the Indenture or assets granted therein as security are sufficient and available therefor. Agreement Revenues and amounts on deposit in the Bond Fund, the Debt Service Fund, the Debt Service Reserve Fund, and the Agreement Reserve Fund are not pledged to the payment of PPRF Secured Obligations.

Existence; Compliance with Laws. The NMFA will take no action to discontinue maintenance of its existence nor to impair its rights, powers, privileges, and franchises, and will comply will all valid and applicable laws, acts, rules, regulations, permits, orders, requirements and directions of any legislative, executive, administrative or judicial body which may relate to the execution and delivery of the Bonds, PPRF Secured Obligations, Security Instrument Repayment Obligations, SWAP Payments and Reserve Instrument Repayment Obligations and the performance of the NMFA's obligations under the Indenture.

No Transfer of Loan Agreements, Additional Pledged Loans, Security Documents and Securities; Exceptions; Further Assurance. The NMFA and the Trustee will not transfer any of the Loan Agreements, Additional Pledged Loans, Security Documents and Securities, except as specifically authorized in the Indenture in furtherance of the security for the Bonds, PPRF Secured Obligations, the Security Instrument Repayment Obligations, SWAP Payments and Reserve Instrument Repayment Obligations; provided that, (i) once the Governmental Unit has repaid all amounts, if any, owing under its Loan Agreement, Securities, or Additional Pledge Loan and complied with the other provisions thereof, the NMFA and the Trustee may release such Agreement or Additional Pledge Loan and any Security Documents from the pledge created under the Indenture; and (ii) the NMFA may direct the release of any Additional Pledged Loan from the lien and pledge of the Trust Estate under the Indenture upon the delivery to the Trustee of a Cash Flow Statement reflecting such release. Except to the extent otherwise provided in the Indenture and in the Senior Indenture, the NMFA will not enter into any contract or take any action by which the rights of the Trustee or the Bond Owners, the owners of PPRF Secured Obligations, Security Instrument Issuers, SWAP Counterparties and Reserve Instrument Providers may be impaired and will, from time to time, execute and deliver such further instruments and will take such further action as may be required to carry out the purposes of the Indenture.

Financing Statements. The NMFA will cause a financing statement to be filed with the Secretary of State of the State, and in such other manner and at such places as may be required by law fully to protect the security interest of the Owners of the Bonds, the owners of PPRF Secured Obligations, Security Instrument Issuers, SWAP Counterparties and Reserve Instrument Providers and the right, title and interest of the Trustee in and to the Trust Estate. From time to time, the Trustee may, but will not be required to, obtain an opinion of counsel setting forth what, if any, actions by the NMFA or Trustee should be taken to preserve such security. The NMFA will execute or cause to be executed any and all further instruments as are reasonably requested by the Trustee for the protection of the interests of the Bond Owners, the owners of PPRF Secured Obligations, Security Instrument Issuers, SWAP Counterparties and Reserve Instrument Providers and will furnish satisfactory evidence to the Trustee that such actions have been taken and will take such other action as is necessary to preserve the lien upon the Trust Estate created by the Indenture until the principal of and interest on the Bonds, the PPRF Secured Obligations, Security Instrument Repayment Obligations, SWAP Payments and Reserve Instrument Repayment Obligations executed and delivered under the Indenture have been paid. The Trustee will execute or join in the execution of any such further or additional instrument and file or join in the filing thereof at such time or times and in such place or places as it may be advised by an opinion of Counsel may be necessary to preserve the lien of the Indenture upon the Trust Estate created by the Indenture or any part thereof until the principal of and interest on the Bonds, the PPRF Secured Obligations, Security Instrument Repayment Obligations, SWAP Payments and Reserve Instrument Repayment Obligations have been paid.

Rights Under Loan Agreements, Security Documents and Securities. The Loan Agreements, Security Documents and Securities set forth the covenants and obligations of the Governmental Units, including provisions that, subsequent to the issuance of a related Series of Bonds and prior to their payment in full or provision for payment thereof in accordance with the provisions in the Indenture, the Loan Agreements, Security Documents and Securities may not be effectively amended, changed, modified, altered or terminated without the prior written consent of the Trustee in accordance with the Indenture, and reference is made to the same for a detailed statement of said covenants and obligations of the Governmental Units under the Indenture.

Tax-Exempt Bonds. The NMFA covenants and agrees to and for the benefit of the Owners of the Tax-Exempt Bonds that the NMFA (i) will not take any action that would cause interest on the Tax-Exempt Bonds to become subject to federal income taxation, (ii) will not omit to take or cause to be taken, in timely manner, any action, which omission would cause the interest on the Tax-Exempt Bonds to become subject to federal income taxation, and (iii) will, to the extent possible, comply with any other requirements of federal tax law applicable to the Tax-Exempt Bonds in order to preserve the exemption from federal income taxation of interest on the Tax-Exempt Bonds.

State Pledge of Non-Impairment. The State has pledged to and agreed with the holders of the Bonds and the owners of PPRF Secured Obligations (as obligations issued under the Act) that the State will not limit or alter the rights vested in the NMFA under the Act to fulfill the terms of the Indenture with the Bond holders and the owners of PPRF Secured Obligations or in any way impair the rights and remedies of those holders until the Bonds and the PPRF Secured Obligations together with the interest thereon, with interest on any unpaid installments of interest, and all costs and expenses in connection with any action or proceedings by or on behalf of those holders, are fully met and discharged.

Financing Loan Agreements and Securities

Restrictions. The following restrictions will apply to Loans made by the NMFA under the Indenture:

(a) The aggregate principal amount of each Loan Agreement and Security will be in whole multiples of Authorized Denomination.

(b) Each Governmental Unit will agree not to take or permit any action which would cause the respective Agreement or the related Series of Bonds to be "arbitrage bonds" under Sections 103 and 148 of the Code.

(c) Amounts disbursed from each Governmental Units' Account within the Program Fund will be used to finance the costs of the related Project and related expenditures on behalf of the Governmental Unit. All funds on deposit in a Governmental Unit's Program Account may be disbursed to fund a capital projects account held by or on behalf of the Governmental Unit, provided that the Governmental Unit establishes an account for such moneys separate from its other funds, and expressly acknowledges and agrees that its use of such moneys is subject to the requirements and restrictions set forth in the Indenture.

(d) Each Governmental Unit agrees to pay the Rebatable Arbitrage relating to its Accounts in the Program Fund, the Agreement Reserve Fund and the Debt Service Fund.

(e) At the time of execution and delivery of each Agreement, the related Governmental Unit will execute and deliver a certificate to the effect that the Governmental Unit (i) will not take any action that would cause the interest on the Bonds to become subject to federal income taxation, (ii) will not omit to take or cause to be taken, in timely manner, any action, which omission would cause the interest on the Bonds to become subject to federal income taxation, and (iii) will, to the extent possible, comply with any other requirements of federal tax law applicable to the Agreement in order to preserve the exemption from federal income taxation of the interest on the Bonds.

The provisions of Subsections (b), (d) and (e) above will not apply to Agreements financed with proceeds of Taxable Bonds.

Waiver of Compliance With Program Requirements. With the Approval of Bond Counsel, any of the requirements of the Indenture may be waived or modified by the Trustee and the NMFA

Loan Agreement and Securities — Loan Payments. The Loan Payments will be governed by the following provisions:

(a) Principal, Program Costs and Interest Components. A portion of each Loan Payment is paid as, and represents payment of, interest on the related Loan (the "Interest Component") and payment of a Program Cost component relating to each Loan (the "Program Cost Component") and the balance of each Loan Payment is paid as, and represents payment of, principal (the "Principal Component") with respect to the related Loan, all as set forth in the related Agreement. Amounts due as the Principal, Program Costs, and Interest Components of Loan Payments due under each Loan Agreement or Securities will be paid on or before each Loan Payment Date. The Interest Component of Loan Payments for each Agreement will be the amount of interest based on a 360-day year comprised of twelve 30-day months, unless otherwise specified in the related Supplemental Indenture or Pledge Notification. The Program Cost Component may be included in the interest rate applicable to a Loan.

(b) Agreement and Term. The "Term" of an Agreement will be defined in the Agreement.

(c) Agreement Payment. Agreements will provide that the related Governmental Unit will pay Loan Payments to the NMFA for remittance to Trustee. In the case of Securities, the Securities will be registered in the name of the Trustee or properly assigned to the Trustee on the books of any registrar for such Securities or if in bearer form delivered to the NMFA for remittance to and to be held by the Trustee.

(d) Prepayments. Agreements may contain a provision permitting the Governmental Unit to prepay the Principal Component of Loan Payments, in accordance with the provisions of the Agreement subject to any conditions set forth in the related Supplemental Indenture or Agreement. Partial prepayments of the Principal Component of Loan Payments will be made in multiples of the minimum Authorized Denomination.

(e) Use of Reserve at Final Payment. At the time of payment in full under each Loan Agreement or Securities, the applicable Agreement Reserve Account in the Agreement Reserve Fund will be applied toward the final payment of amounts due under the related Agreement.

Establishment and Use of Funds

Establishment of Funds; Accounts Within Funds. There are established with the Trustee the following funds and accounts within funds, each of which will be held, for the term of the Indenture, in Accounts segregated from all other moneys of the Trustee or the NMFA:

(a) a Program Fund and within such fund a separate Account for each Agreement or Project;

(b) a Debt Service Fund and within such fund a separate Account for each Agreement;

(c) a Bond Fund;

(d) an Agreement Reserve Fund and within such fund, a separate Account for each Agreement which contemplates the establishment of an Agreement Reserve Account;

(e) an Expense Fund;

(f) a Rebate Fund and within such fund a separate Account for each Agreement (other than Agreements related to Taxable Bonds);

(g) a Subordinate Lien PPRF Revenue Fund (in the Indenture the "Revenue Fund") established as an account of the Public Project Revolving Fund;

(h) a Debt Service Reserve Fund and within such fund a separate Account for each Series of Bonds for which a Debt Service Reserve Requirement is established;

(i) a Supplemental Credit Reserve Fund; and

(j) a Reserve Instrument Fund.

In addition to the foregoing, the NMFA may establish subaccounts within the Program Fund, the Agreement Reserve Fund, the Debt Service Reserve Fund, the Reserve Instrument Fund or the Debt Service Fund.

Program Fund. Except with respect to Reimbursement Bonds, proceeds of which may be deposited directly to the Public Project Revolving Fund, upon the issuance of a Series of Bonds, the Trustee will deposit the amount specified in the related Supplemental Indenture in the Program Fund and except in the case of Uncommitted Proceeds, will allocate such amount to the respective Accounts within the Program Fund as provided in each Agreement, Supplemental Indenture or Pledge Notification. Upon the issuance of a Series of Bonds for which there are Uncommitted Proceeds, the Trustee should deposit such Uncommitted Proceeds in the Program Fund until such time that the Trustee receives a Pledge Notification that identifies the Agreement or Project to which Uncommitted Proceeds are to be allocated and at such time, the Trustee will allocate such Uncommitted Proceeds to the respective Accounts within the Program Fund as provided in each Agreement, Supplemental Indenture or Pledge Notification. Disbursements from each Account within the Program Fund will be made as provided below and may be made in stages or in a single disbursement for the purpose of funding a Governmental Unit's capital projects account.

Application of Loan Payments. Pursuant to the Loan Agreements and Securities and except as otherwise provided in a Supplemental Indenture, the Loan Payments payable under the Indenture will be paid directly to the NMFA for remittance to the Trustee. Any moneys received by the Trustee directly from a Governmental Unit will be remitted to the NMFA for deposit in the NMFA debt service account or other appropriate account for the Governmental Unit or other borrower from which the Trustee received such moneys.

The Trustee will deposit all Loan Payments from the Loan Agreements and Securities immediately upon receipt thereof from the NMFA, as follows:

First: to the related Account in the Debt Service Fund in an amount required to cause the aggregate amount on deposit therein to equal the amount then required to make the principal and interest payments due or to next become due with respect to the Loan (it being anticipated that each Governmental Unit will deposit an amount at least equal to the Loan Payments falling due under the related Loan Agreement or Securities with the NMFA, which will remit that amount to the Trustee for allocation to the related Account in the Debt Service Fund).

Second: to the related Account, if any, in the Agreement Reserve Fund to the extent necessary to cause the balance in said Account to equal the Agreement Reserve Requirement, if any, of such Account.

Third: in the event the Supplemental Credit Reserve Fund has been used to satisfy amounts due under a Loan Agreement or in relation to certain Securities, then to the extent Loan Payments are received as to that specific Loan Agreement or Securities, to the Supplemental Credit Reserve Fund to the extent necessary to cause the payments to the Supplemental Credit Reserve Fund to equal the amounts withdrawn from the Supplemental Credit Reserve Fund to satisfy amounts due under the Loan Agreement or as to such Securities.

Fourth: to the payment of Program Costs (to the extent allocable to such Agreement).

All income earned from the investment of moneys in the respective Accounts (i) held by the NMFA and (ii) of the Debt Service Fund and the Agreement Reserve Fund (but only to the extent that the amount on deposit therein exceeds the related Agreement Reserve Requirement), will be deposited in the related Account of the Debt Service Fund and applied as a credit to the Loan Payment next coming due under the Agreement, provided, however, that all earnings received on the Governmental Unit's Accounts will be allocated solely to the benefit of such Governmental Unit. The NMFA will notify the Governmental Unit at least fifteen (15) days prior to the due date of its next payment of Loan Payments of the amount of earnings so allocated.

At least once each year, and more frequently if required pursuant to the provisions of a Supplemental Indenture, the Trustee will determine the amount necessary (i) to be transferred to the Bond Fund from each Debt Service Account from payments relating to a Governmental Unit's Agreement, (ii) to replenish the Governmental Unit's Account in the Agreement Reserve Fund and (iii) to pay the Governmental Unit's share of Program Costs for the year, and will return any excess which the Trustee does not expect to be required for such payments to the related Governmental Unit or will credit such excess to the Loan Payments next coming due under the Governmental Unit's Agreement, as provided in the Agreement and subject to the following:

(i) Any excess attributable to earnings on funds and accounts for the Governmental Unit will be returned to the Governmental Unit or will credit such excess to the Loan Payments next coming due under the Governmental Unit's Agreement; and

(ii) Any other excess will be deposited into the Revenue Fund.

Debt Service Fund. When required pursuant to the provisions of a Supplemental Indenture, the Trustee will transfer moneys in the respective Accounts of the Debt Service Fund to the Bond Fund to pay principal of, and premium, if any, and interest on the Bonds, any Security Instrument Repayment Obligations, SWAP Payments (less any SWAP Receipts) and Reserve Instrument Repayment Obligations becoming due, to the extent amounts are on deposit therein for such purpose. When any Bond is called for redemption because a Governmental Unit has made a Prepayment under its Loan Agreement or Securities, the Trustee will, on the redemption date for such Bond, transfer the amount necessary for such redemption from the related Account in the Debt Service Fund to the Bond Fund.

The Trustee will keep the Debt Service Fund and each Governmental Unit's Account therein separate and apart from all other Funds and Accounts held by it.

In the event that a subaccount of a Governmental Unit's Account within the Debt Service Fund is created for an Additional Pledged Loan, amounts representing principal of and interest on such Additional Pledged Loan will be deposited to the subaccount within the Debt Service Account and will be transferred on each payment date for such Additional Pledged Loan from the Debt Service Fund to the Revenue Fund. Amounts paid under an Additional Pledged Loan for replenishment of a related subaccount of the Agreement Reserve Fund will be deposited therein upon receipt.

Agreement Reserve Fund. The Trustee will deposit the amount, if any, set forth in a Supplemental Indenture or Pledge Notification to the Agreement Reserve Fund and from the source specified in such Supplemental Indenture or Pledge Notification and will allocate such amount to the respective Accounts as provided in each Agreement.

If the amounts on deposit in any Governmental Unit's Account of the Debt Service Fund are insufficient for payments coming due under the related Agreement on the next Loan Payment Date, on the fifth day preceding a Loan Payment Date (or, if such fifth day is not a Business Day, on the Business Day next preceding such fifth day), the Trustee will transfer to such Governmental Unit's Account in the Debt Service Fund from the related Agreement Reserve Account, an amount sufficient, together with amounts in the related Debt Service Account, to pay the Principal Component and the Interest Component due under such Agreement on such Loan Payment Date.

Amounts on deposit in the respective Account of the Agreement Reserve Fund in excess of the related Agreement Reserve Account Requirement will be transferred at least annually to the related Account of the Debt Service Fund and credited against payments next coming due under the related Agreement.

Amounts on deposit in the respective Account of the Agreement Reserve Fund will be applied toward the final payment of amounts falling due under the related Agreement.

As provided in an Agreement, a Governmental Unit may (i) fund an Account in the Agreement Reserve Fund over time from deposits made by or on behalf of the Governmental Unit or (ii) may use any reserve fund surety or similar instruments in lieu of a cash deposit to the Agreement Reserve Fund, as more fully described in the Supplemental Indenture and the Agreement.

The Trustee will keep the Agreement Reserve Fund and each Governmental Unit's Account therein separate and apart from all other Funds and Accounts held by it.

Amounts on deposit in each Agreement Reserve Account, if any, secure only the payments to be made under the related Agreement and may not be applied toward payments under any other Agreement or toward payment of the Bonds, except to the extent that amounts are due and owing under the related Agreement and amounts are not otherwise available for such payments in the related Account of the Debt Service Fund.

In the event that a subaccount of a Governmental Unit's Account within the Agreement Reserve Fund is created for an Additional Pledged Loan, such amounts will be used, in a manner similar to that described above, to secure payment of principal of and interest on such Additional Pledged Loan. In the event that amounts paid by the related Governmental Unit for the payment of principal of and interest on such Additional Pledged Loan are insufficient to make such payments on the fifth day preceding the payment date for such Additional Pledged Loan, amounts on deposit in the related subaccount of the Agreement Reserve Fund will be transferred to the subaccount within the Debt Service Fund and used toward payments on such Additional Pledged Loan on such payment date. Amounts paid under an Additional Pledged Loan for replenishment of the related subaccount of the Agreement Reserve Fund will be deposited therein upon receipt.

Bond Fund. All moneys held by the Trustee in the Bond Fund will be applied in accordance with the Indenture to pay the principal or redemption price of Bonds as they mature or become due, upon surrender thereof, and the interest on Bonds as it becomes due. There will be deposited into the Bond Fund all accrued interest received, if any, at the time of the execution, sale and delivery of the Bonds. There will also be deposited to the Bond Fund from the Debt Service Fund the amounts described in the Indenture and from the Revenue Fund the amounts described in the Indenture. Amounts remaining on deposit in the Bond Fund at the end of each Bond Fund Year and after payment of all amounts due on the Bonds for such Bond Fund Year will be transferred to the Revenue Fund.

The Trustee will pay out of the Bond Fund to the Security Instrument Issuers and to the SWAP Counterparties, if any, that have issued Security Instruments or Interest Rate Swaps, respectively, with respect to such Series of Bonds, an amount equal to any Security Instrument Repayment Obligations and SWAP Payments (net of SWAP Receipts) as the case may be, then due and payable to such Security Instrument Issuers or SWAP Counterparties, as applicable. Except as otherwise specified in a related Supplemental Indenture, all such Security Instrument Repayment Obligations and SWAP Payments will be paid on a parity with the payments to be made with respect to principal of and interest on the Bonds; provided that amounts paid under a Security Instrument will be applied only to pay the related Series of Bonds. If payment is so made on Pledged Bonds held for the benefit of the Security Instrument Issuer, a corresponding payment on the Security Instrument Repayment Obligation will be deemed to have been made (without requiring an additional payment by the NMFA) and the Trustee will keep its records accordingly.

The NMFA authorizes and directs the Trustee to withdraw sufficient funds from the Bond Fund to pay Debt Service on the Bonds and Security Instrument Repayment Obligations and to pay the SWAP Payments as the same become due and payable and to make said funds so withdrawn available to the Trustee and any Paying Agent for the purpose of paying said Debt Service. In the event that Debt Service on a Series of Bonds is due more frequently than Loan Payments and amounts on deposit in the Bond Fund are insufficient therefor, amounts on deposit in the Revenue Fund will be used to pay Debt Service on such Series of Bonds, and upon receipt of the Loan Payments, the Revenue Fund will be reimbursed for such payments, as directed by the NMFA. Amounts remaining on deposit in the Bond Fund at the end of the Bond Fund Year after the payment of amounts due, as described above for such Bond Fund Year, will be transferred to the Revenue Fund.

The Trustee will deposit to the Bond Fund all moneys transferred from the Debt Service Reserve Fund or from a Reserve Instrument or Instruments then in effect as provided in the Indenture.

Use of Debt Service Reserve Fund. Except as otherwise provided in the Indenture and subject to the immediately following sentence, moneys in each account in the Debt Service Reserve Fund will at all times be maintained in an amount not less than the applicable Debt Service Reserve Requirement, if any. In calculating the amount on deposit in each account in the Debt Service Reserve Fund, the amount of any Reserve Instrument Coverage will be treated as an amount on deposit in such account in the Debt Service Reserve Fund. Each Supplemental Indenture authorizing the issuance of a Series of Bonds will specify the Debt Service Reserve Requirement, if any, applicable to such Series, which amount will either be (i) deposited immediately upon the issuance and delivery of such Series from (a) proceeds from the sale thereof or from any other legally available source, or (b) by a Reserve Instrument or Instruments, or (c) any combination thereof, (ii) deposited from legally available moneys over the period of time specified therein, or (iii) deposited from any combination of (i) and (ii) above; provided however, the foregoing provisions will be subject to the requirements of any Security Instrument Issuer set forth in any Supplemental Indenture. If at any time the amount on deposit in any account of the Debt Service Reserve Fund is less than the minimum amount to be maintained therein under the Indenture, the NMFA is required, pursuant to the Indenture and the provisions of any Supplemental Indenture, to make payments totaling the amount of any such deficiency directly to the Trustee for deposit into the Debt Service Reserve Fund.

In the event of a deficiency in the Bond Fund for a Series of Bonds, the Trustee will transfer moneys on deposit in the related Account of the Debt Service Reserve Fund to the Bond Fund to make up such deficiency.

In the event funds on deposit in an account of the Debt Service Reserve Fund are needed to make up any deficiencies in the Bond Fund as aforementioned, and there is insufficient cash available in such account of the Debt Service Reserve Fund to make up such deficiency and Reserve Instruments applicable to such Series are in effect, the Trustee will immediately make a demand for payment on such Reserve Instruments, to the maximum extent authorized by such Reserve Instruments, in the amount necessary to make up such deficiency, and immediately deposit such payment upon receipt thereof into the Bond Fund. Thereafter, the NMFA will be obligated to reinstate the Reserve Instrument as provided in the Indenture.

No Reserve Instrument will be allowed to expire or terminate while the related Series of Bonds are Outstanding unless and until cash has been deposited into the related account of the Debt Service Reserve Fund, or a new Reserve Instrument has been issued in place of the expiring or terminating Reserve Instrument, or any combination thereof in an amount or to provide coverage, as the case may be, at least equal to the amount required to be maintained in the related account of the Debt Service Reserve Fund.

Moneys at any time on deposit in any Account of the Debt Service Reserve Fund in excess of the amount required to be maintained therein (taking into account the amount of related Reserve Instrument Coverage) will be transferred by the Trustee to the Bond Fund at least once each year.

Moneys on deposit in any Account of the Debt Service Reserve Fund will be used to make up any deficiencies in the Bond Fund only for the Series of Bonds secured by said account and any Reserve Instrument will only be drawn upon with respect to the Series of Bonds for which such Reserve Instrument was obtained.

The NMFA may, upon obtaining approving opinion of bond counsel to the effect that such transaction will not adversely affect the tax-exempt status of any outstanding Bonds, replace any amounts required to be on deposit in the Debt Service Reserve Fund with a Reserve Instrument.

Use of Reserve Instrument Fund. There will be paid into the Reserve Instrument Fund the amounts required by the Indenture and by a Supplemental Indenture to be so paid. The amounts in the Reserve Instrument Fund will, from time to time, be applied by the Trustee on behalf of the NMFA to pay the Reserve Instrument Repayment Obligations which are due and payable to any Reserve Instrument Provider under any applicable Reserve Instrument Agreement.

Supplemental Credit Reserve Fund. The Finance Authority shall determine, as of the end of each Bond Fund Year, the Supplemental Credit Reserve Requirement. The Finance Authority shall deposit the amount, if any, to fund the Supplemental Credit Reserve Fund to the then Supplemental Credit Reserve Requirement within three (3) business days of receipt by the Finance Authority of the disbursement of the Subordinate Lien PPRF Revenues distributed to the Finance Authority by the trustee under the Indenture on June 16, being the day after the end of the applicable Bond Fund Year under the Indenture.

If amounts on deposit in the Supplemental Credit Reserve Fund are greater than the Supplemental Credit Reserve Requirement for a given Bond Fund Year, then no additional deposit shall be made to the Supplemental Credit Reserve Fund for such Bond Fund Year. Any such excess amount may be used during the subsequent Bond Fund Year, at the discretion of the Finance Authority, for the redemption of Bonds prior to maturity by depositing the amount into the Bond Fund or the defeasance of any Bonds. If the Finance Authority does not have sufficient Subordinate Lien PPRF Revenues to fund the Supplemental Credit Reserve Fund to the Supplemental Credit Reserve Requirement, then the Finance Authority shall not be required to fund from any other source any such difference in excess of the then available amount of Subordinate Lien PPRF Revenues.

If the amounts on deposit in any Governmental Unit's Account of the Debt Service Fund or in any repayment account in connection with a Short-Term Borrowing are insufficient for payments coming due under the related Loan Agreement or Securities on the next Loan Payment Date or payments coming due on the next Short-Term Borrowing Payment Date, after applying any applicable Agreement Reserve Account or other source for the payment of Debt Service, on the third day preceding a Loan Payment Date or Short-Term Borrowing Payment Date, as applicable (or, if such third day is not a Business Day, on the Business Day next preceding such third day), the Trustee shall transfer from the Supplemental Credit Reserve Fund, an amount sufficient, together with amounts in the related Debt Service Account, to pay the Principal Component and the Interest Component due under such Loan Agreement or Securities or Short-Term Borrowing on such Loan Payment Date or Short-Term Borrowing Payment Date, as applicable.

Amounts on deposit in the Supplemental Credit Reserve Fund may not be applied toward payment of the Bonds, except to the extent that amounts are due and owing under the Bonds and amounts are not otherwise available for such payments in the Debt Service Fund and the Debt Service Reserve Fund.

If all of the following are true: (i) amounts in the Supplemental Credit Reserve Fund have been disbursed to pay Principal Component or and Interest Component due under a Loan Agreement or in relation to Securities, (ii) at the end of the Bond Fund Year following such disbursement, the amount that was funded into the Supplemental Credit Reserve Fund from Subordinate Lien PPRF Revenues and that was attributable to disbursements that should have been, but were not, restored by a Governmental Unit prior to such Bond Fund Year end (a "SCRF Restorative Funding"), (iii) the relevant Governmental Unit later came into compliance as to certain delinquent payments that had been previously funded from Supplemental Credit Reserve Fund disbursements (a "SCRF Compliance Restoration"), and (iv) the amount in the Supplemental Credit Reserve Fund exceeds the Supplemental Credit Reserve Requirement; then no more frequently than every three months, the Trustee, upon the written request of the Finance Authority (which written request shall also certify that the foregoing conditions have been satisfied) shall disburse to the Finance Authority the amount by which aggregate SCRF Compliance Restoration amounts exceed the aggregate SCRF Restorative Funding amounts.

If no Bonds remain outstanding (or all Bonds have been defeased), then upon the request of the Finance Authority, any amount remaining in the Supplemental Credit Reserve Fund shall be disbursed by the Trustee to the Finance Authority, and the disbursed amounts may be used by the Finance Authority for any purpose described in the Indenture.

Use of Revenue Fund. Pursuant to the Senior Indenture, the PPRF Revenues which are not used to satisfy obligations of the NMFA under the Indenture or required by the terms thereof to be retained by the trustee under the Indenture, are to be released from the lien and pledge of the Senior Indenture on June 1 of each year (being the last day of each bond fund year under the Indenture) and the NMFA covenants and agrees that such amounts are and will be subject to the lien of the Indenture. During each Bond Fund Year, (i) all PPRF Revenues released from the lien of the Senior Indenture will be paid to the Trustee immediately upon the release thereof on June 1 of each year, (ii) all amounts received as Additional Pledged Revenues will be immediately deposited with the Trustee and (iii) all payments representing principal and interest from Additional Pledged Loans will be paid immediately upon receipt thereof by the NMFA to the Trustee, and all of the same will be accounted for and maintained by the Trustee in the Revenue Fund, which fund will be kept separate and apart from all other accounts of the Trustee and which, prior to transfer of any excess therefrom pursuant to the Indenture, will be expended and used by the Trustee only in the manner and order of priority specified below.

(a) (i) If the amounts on deposit in the Bond Fund are insufficient for payments of principal of and interest on the Bonds due on such date or if a deficiency has occurred in the Bond Fund that has not otherwise been rectified, the Trustee will immediately transfer from the Revenue Fund to the Bond Fund, an amount sufficient, together with amounts transferred from the Debt Service Fund, to pay the principal of and interest on the Bonds due on such date and to rectify any such deficiency then still existing;

(ii) if the Trustee receives notice from the paying agent for any PPRF Secured Obligation that the amounts available for payment of principal and interest with respect to such PPRF Secured Obligation then due on such date will be insufficient or if a deficiency in the payment of any PPRF Secured Obligation has occurred that has not otherwise been rectified, the Trustee will immediately transfer from the Revenue Fund to such paying agent an amount sufficient, together with amounts otherwise available for such purpose, to pay the principal and interest then due with respect to the PPRF Secured Obligations on such date and to rectify any such deficiency then still existing; and

(iii) if the amounts on deposit in the Bond Fund are insufficient for payments then coming due on such date with respect to any Security Instrument Repayment Obligations or SWAP Payments (net of SWAP Receipts) then due pursuant to any Security Instrument Agreements or Interest Rate Swaps or if there has been a deficiency in the payment of any Security Instrument Repayment Obligations or SWAP Payments that has not been rectified, the Trustee will immediately transfer from the Revenue Fund to the Bond Fund, an amount sufficient, together with amounts transferred from the Debt Service Fund, to pay the amounts due on the Security Instrument Repayment Obligations and the SWAP Payments (net of SWAP Receipts) then due on such date and to rectify any such deficiency then still existing.

The transfers required by (i), (ii) and (iii) above are to be made on a parity basis. In the event that the amounts available for transfer pursuant to (i), (ii) and (iii) above are insufficient therefor the Trustee will make such transfers ratably according to the amounts due.

(b) Subject to making the transfers set forth in Subsection (a) above, the NMFA will make the following transfers to the Trustee:

(i) To the extent the Debt Service Reserve Requirement, if any, is not funded with a Reserve Instrument or Instruments, (A) to the Accounts in the Debt Service Reserve Fund any amounts required by the Indenture and by any Supplemental Indenture to accumulate therein the applicable Debt Service Reserve Requirement with respect to each Series of Bonds at the times and in the amounts provided in the Indenture and in any Supplemental Indenture and (B) if funds have been withdrawn from an Account in the Debt Service Reserve Fund or any Account in the Debt Service Reserve Fund is at any time funded in an amount less than the applicable Debt Service Reserve Requirement, the NMFA will transfer from the Revenue Fund in such Account(s) in the Debt Service Reserve Fund in an amount sufficient to restore such Account(s) within one year with twelve (12) substantially equal payments during such period (unless otherwise provided for by the Supplemental Indenture governing the applicable Debt Service Reserve Requirement); or a ratable portion (based on the amount to be transferred pursuant to the Indenture) of remaining amounts if less than the amount necessary; and

(ii) Equally and ratably to the Accounts of the Reserve Instrument Fund, with respect to all Reserve Instruments which are in effect and are expected to continue in effect after the end of such month, such amount from the Revenue Fund, or a ratable portion (based on the amount to be transferred pursuant to the Indenture) of the amount so remaining if less than the amount necessary, that is required to be paid, on or before the next such transfer or deposit from the Revenue Fund into the Reserve Instrument Fund, to the Reserve Instrument Provider pursuant to any Reserve Instrument Agreement, other than Reserve Instrument Costs, in order to cause the Reserve Instrument Coverage to equal the Reserve Instrument Limit within one year from any draw date under the Reserve Instrument.

(c) In the event that funds are withdrawn from an Account in the Agreement Reserve Fund, or any Account in the Agreement Reserve Fund is at any time funded in an amount less than the applicable Agreement Reserve Requirement, the NMFA will transfer for deposit in such Account(s) in the Agreement Reserve Fund sufficient Subordinate Lien PPRF Revenues, Agreement Revenues, Additional Pledged Revenues and revenues from Additional Pledged Loans in amount to restore such Account(s) within one year with twelve (12) substantially equal payments during such period (unless otherwise provided for by the Supplemental Indenture governing the applicable Agreement Reserve Requirement); or a ratable portion of remaining Subordinate Lien PPRF Revenues, Agreement Revenues, Additional Pledged Revenues and revenues from Additional Pledged Revenues and revenues from Additional Pledged Loans if less than the amount necessary.

(d) Subject to making the foregoing transfers to the Bond Fund and to the paying agent for the PPRF Secured Obligations and to the Security Instrument Issuers and to the SWAP Providers and to the Reserve Instrument Providers, on June 16 of each year, the NMFA will be entitled to direct the Trustee in writing to release to the NMFA the balance on deposit in the Revenue Fund and the Trustee will transfer the such amount to the NMFA and the NMFA may use such balance for:

(i) deposit to the Public Project Revolving Fund as required by the Act;

(ii) redemption of Bonds prior to maturity by depositing the same into the Bond Fund;

(iii) refinancing, refunding, repurchase or defeasing any Bonds; or

(iv) for any other lawful purpose, including (A) payment of Program Costs for Bonds issued under the Indenture and similar costs for PPRF Secured Obligations, (B) replacement of reserves for Bonds issued under the Indenture or PPRF Secured Obligations, and (C) payment of Termination Payments;.

provided, however, that notwithstanding the foregoing there will be retained in the Revenue Fund an amount, after giving credit for available amounts in all accounts in the Debt Service Reserve Fund and the Agreement Reserve Fund, sufficient to make payments of all Debt Service requirements on all Bonds, all Security Instrument Repayment Obligations, all SWAP Payments and all Reserve Instrument Repayment Obligations coming due in the then current Bond Fund Year; provided further, that once additional moneys are deposited into the Bond Fund to make all of the foregoing payments, the amounts retained in the Revenue Fund may be released from the lien of this Indenture but only to the extent of additional moneys deposited into the Bond Fund. For purposes of calculating the Debt Service on Variable Rate Bonds for purposes of the Indenture, the provisions of clauses (1), (2) and (3) of the definition of "Debt Service" in the Indenture will apply.

(e) The NMFA may, but is not obligated to, use any PPRF Revenues of the NMFA to satisfy its obligations under the Indenture.

Subordinate Lien PPRF Revenues; Additional Pledged Revenues, Revenues from Additional Pledged Loans and Agreement Revenues to be Held for All Bond Owners and Owners of PPRF Secured Obligations. All of the Subordinate Lien PPRF Revenues, Additional Pledged Revenues, revenues from Additional Pledged Loans and the Agreement Revenues will, until applied as provided in the Indenture, be held by the Trustee or the NMFA, as applicable, only for the benefit of the Owners of Bonds, Owners of PPRF Secured Obligations (as to Subordinate Lien PPRF Revenues only), Security Instrument Issuers, SWAP Counterparties and Reserve Instrument Providers.

Moneys to be Held in Trust. All moneys required to be deposited with or paid to the Trustee or the NMFA for account to any fund referred to in any provision of the Indenture will be held by the Trustee and the NMFA, as the case may be, in trust. Moneys held by the NMFA as servicer of the Agreements and the Additional Pledged Loans until paid to the Trustee will be kept separate and apart from all other accounts of the NMFA, who will hold and administer such moneys as agent for the Trustee and such moneys will at all times be subject to the lien and trust imposed by the Indenture.

Repayment to Governmental Units from Debt Service Fund. Any amounts remaining in any Governmental Unit's Debt Service Account or Agreement Reserve Account after payment in full of the principal of and premium, if any, and interest on the related Agreement, the fees, charges, and expenses of Trustee, all other amounts required to be paid under the Indenture will be paid immediately to the Governmental Unit as an overpayment of Loan Payments.

Trustee under the Indenture. The Trustee under the Indenture and the trustee under the Senior Indenture will at all times be one and the same entity.

Investment of Moneys

Any moneys held (i) as part of a Governmental Unit's Account in any of the Funds established by the Indenture or (ii) by the NMFA as agent for the Trustee, will be invested by the Trustee or the NMFA, as the case may be, in Permitted Investments in accordance with the Indenture. The Trustee or the NMFA will sell and reduce to cash a sufficient amount of such investments whenever the cash balance in the related Debt Service Account is insufficient to pay the principal of and premium, if any, and interest on the related Agreement when due.

Any moneys on deposit in the Revenue Fund, the Expense Fund, the Rebate Fund, the Debt Service Reserve Fund or the Bond Fund will be invested and reinvested by the Trustee at the direction of the NMFA only in Permitted Investments in accordance with the Indenture. Any such investments will be held by or under the control of the Trustee. The Trustee will sell and reduce to cash a sufficient amount of the investments on deposit in the Bond Fund whenever the cash balance in the Bond Fund is insufficient to pay the principal of and premium, if any, and interest on the Bonds when due.

All such investments will at all times be a part of the Account or Fund from where the money used to acquire such investments was deposited and all gains thereon will be credited to, and losses thereon will be charged against, such accounts or funds except as expressly provided to the contrary in the Indenture.

All investments will mature or be subject to repurchase, withdrawal without penalty, or redemption at the option of the owner on or before the dates on which the amounts invested are reasonably expected to be needed for the purposes of the Indenture.

The principal of the investments and the interest, income, and profits received in respect thereof will be applied as follows:

> (i) all interest, income, and profits received in respect of the investment of the amounts on deposit in a Governmental Unit's Account in any of the Funds established by Article VI of the Indenture will (after deduction of any losses) be retained in the applicable Governmental Unit's Account from which the investment was derived (except as otherwise required with respect to the Agreement Reserve Fund and deposits to be made to the Rebate Fund);
>
> (ii) all interest, income, and profits received in respect of the investment of the amounts on deposit in the Revenue Fund, the Rebate Fund, the Bond Fund or the Supplemental Credit Reserve Fund shall (after deduction of any losses) be retained in such Fund; and
>
> (iii) whenever any other transfer or payment is required to be made from any particular Fund or Account, such transfer or payment will be made from such combination of maturing principal, redemption, or repurchase prices, liquidation proceeds, and withdrawals of principal as the Trustee deems appropriate for such purpose, after taking into account such factors as future transfers or payments from the Fund or Account in question, the reinvestment opportunities for maturing principal, the current yield on any permitted investments to be redeemed, withdrawn, or sold, and any penalties, gains, or losses to be realized upon any such redemption, withdrawal, or sale.

Neither the NMFA nor the Trustee will be accountable for any depreciation in the value of the Permitted Investments or any losses incurred upon any authorized disposition thereof.

Method and Frequency of Valuation. In computing the amount in any fund or account, Permitted Investments will be valued at least annually at cost, including commissions and accrued interest but excluding interest accrued following acquisition.

Defeasance

When there has been paid, or provisions for payment have been made to or for the holders and Owners of the Bonds and PPRF Secured Obligations, the principal of and premium, if any, and interest due or to become due on the Bonds and PPRF Secured Obligations at the times and in the manner stipulated therein, and if there has been paid to the Trustee and any paying agents all sums of money due or to become due according to the Indenture, and if the NMFA has paid or has caused to be paid to (i) all Security Instrument Issuers all Security Instrument Repayment Obligations due and payable under all Security Instruments, (ii) all SWAP Counterparties all SWAP Payments due and payable under all Interest Rate Swaps, and (iii) all Reserve Instrument Providers all Reserve Instrument Repayment Obligations due and payable under all Reserve Instrument Agreements, then the estate and rights granted by the Indenture will cease, terminate and be void, whereupon the Trustee will cancel and discharge the lien of the Indenture, and on demand of the NMFA will execute such documents to evidence such release as will be reasonably required by the NMFA and will turn over to the NMFA all balances held by the Trustee under the Indenture (other than amounts required for return to the Governmental Units as provided in the Indenture).

Any Bond will be deemed to be paid for all purposes of the Indenture when (a) payment of the principal of and the applicable premium, if any, on such Bond, whether at maturity or prior redemption plus interest thereon to the due date thereof either (i) has been made or caused to be made in accordance with the terms thereof, or (ii) has been provided by irrevocably depositing with the Trustee or other escrow agent, in trust, and the Trustee or other escrow agent has irrevocably set aside exclusively for such payment, (1) moneys sufficient to make such payment, and/or (2) noncallable Governmental Obligations maturing as to principal and interest in such amount and at such times as will insure the availability of sufficient moneys to make such payment, and (b) all necessary and proper fees, compensation and expenses of the Trustee and any paying agents pertaining to the Bonds with respect to which such deposit is made will have been paid or the payment thereof provided for to the satisfaction of the Trustee. At such time as a Bond is deemed to be paid under the Indenture, as aforesaid, it will no longer be secured by or entitled to the benefits of the Indenture, except for the purposes of any such payment from such moneys or noncallable Governmental Obligations.

All moneys so deposited with the Trustee (or other escrow agent) as provided in the Indenture may at the direction of the NMFA also be invested and reinvested in noncallable Governmental Obligations, maturing in the amounts and at times as set forth in the Indenture, and all income from all noncallable Governmental Obligations in the hands of the Trustee pursuant to the Indenture which is not required for the payment of the Bonds and interest and premium, if any, thereon with respect to which such moneys has been so deposited, will be deposited in the Revenue Fund as and when realized and collected for use and application as are other moneys deposited in that fund.

Notwithstanding anything in the Indenture to the contrary, all moneys or noncallable Governmental Obligations set aside and held in trust pursuant to the provisions of the Indenture for the payment of Bonds (including interest and premium thereon, if any) will be applied to and used solely for the payment of the particular Bonds (including interest and premium thereof, if any) with respect to which such moneys and noncallable Governmental Obligations have been so set aside in trust.

Neither the obligations nor the moneys deposited with the Trustee (or other escrow agent) pursuant to the Indenture will be withdrawn or used for any purpose other than, and will be segregated and held in trust for, the payment of the principal or redemption price of, and interest on, the Bonds or portions thereof.

Whenever moneys or obligations are deposited with the Trustee (or other escrow agent) for the payment or redemption of any Bonds more than sixty (60) days prior to the date that such Bonds are to mature or be redeemed, the Trustee will mail a notice stating that such moneys or obligations have been deposited and identifying the Bonds for the payment of which such moneys or obligations are being held, to all Owners of Bonds for the payment of which such moneys or obligations are being held.

Notwithstanding anything in the Indenture to the contrary, if moneys or Government Obligations have been deposited or set aside with the Trustee pursuant to the Indenture for the payment of Bonds and such Bonds have not in fact been actually paid in full, no amendment to the provisions of the Indenture will be made without the consent of the Registered Owner of each Bond affected thereby.

Notwithstanding anything in the Indenture to the contrary, in the event that the principal and/or interest due on any Series of Bonds is paid by a bond insurer with respect to such Series of Bonds pursuant to a municipal bond insurance policy, the Bonds of such Series will remain Outstanding for all purposes, not be defeased or otherwise satisfied and not be considered paid by the NMFA, and the assignment and pledge of the Trust Estate and all covenants, agreements and other obligations of the NMFA to the Registered Owners and related Security Instrument Issuers of such Series of Bonds will continue to exist and will run to the benefit of such bond insurer, and such bond insurer will be subrogated to the rights of such Registered Owners and related Security Instrument Issuers of such Series of Bonds.

Default Provisions and Remedies of the Trustee and Owners

Events of Default Defined. Each of the following events is an "Event of Default" under the Indenture:

(a) if payment of any installment of interest on any of the Bonds is not made by or on behalf of the NMFA when the same becomes due and payable; or

(b) if payment of the principal of or the redemption premium, if any, on any of the Bonds is not by or on behalf of the NMFA when the same becomes due and payable, either at maturity or by proceedings for redemption in advance of maturity or through failure to fulfill any payment to any fund under the Indenture or otherwise; or

(c) if the NMFA for any reason is rendered incapable of fulfilling its obligations under the Indenture; or

(d) if an order or decree is entered, with the consent or acquiescence of the NMFA, appointing a receiver or custodian for any of the Trust Estate, or approving a petition filed against the NMFA seeking reorganization of the NMFA under the federal bankruptcy laws or any other similar law or statute of the United States of America or any state thereof, or if any such order or decree, having been entered without the consent or acquiescence of the NMFA is not vacated or discharged or stayed on appeal within 30 days after the entry thereof; or

(e) if any proceeding is instituted, with the consent or acquiescence of the NMFA, for the purpose of effecting a composition between the NMFA and its creditors or for the purpose of adjusting the claims of such creditors pursuant to any federal or state statute now or enacted after the effective date of the Indenture, if the claims of such creditors are or may be under any circumstances payable from the Trust Estate; or

(f) if (i) the NMFA is adjudged insolvent by a court of competent jurisdiction, or (ii) an order, judgment or decree be entered by any court of competent jurisdiction appointing, without the consent of the NMFA, a receiver, trustee or custodian of the NMFA or of the whole or any part of their property and any of the aforesaid adjudications, orders, judgments or decrees are not vacated or set aside or stayed within 60 days from the date of entry thereof; or

(g) if the NMFA files a petition or answer seeking reorganization, relief or any arrangement under the federal bankruptcy laws or any other applicable law or statute of the United States of America or any state thereof; or

(h) if, under the provisions of any other law for the relief or aid of debtors, any court of competent jurisdiction assumes custody or control of the NMFA or of the whole or any substantial part of the property of the NMFA, and such custody or control will not be terminated within 30 days from the date of assumption of such custody or control; or

(i) if the NMFA defaults in the due and punctual performance of any other of the covenants, conditions, agreements and provisions contained in the Bonds or in the Indenture or any Supplemental Indenture thereto on the part of the NMFA to be performed, other than as set forth in the Indenture, and such Default continues for 30 days after written notice specifying such Event of Default and requiring the same to be remedied has been given to the NMFA by the Trustee, which may give such notice in its discretion and will give such notice at the written request of the Registered Owners of not less than 25% in aggregate principal amount of the Bonds then Outstanding under the Indenture.

Remedies of the Trustee. If an Event of Default has occurred and is continuing, the Trustee in its discretion may, and upon the written request of the Owners of a majority in aggregate principal amount of all Bonds then Outstanding and receipt of indemnity to its satisfaction, will, in its own name:

(a) by mandamus or other action or proceeding or suit at law or in equity enforce the rights of the Owners of the Bonds under the Indenture, including enforcing any rights under the Agreements, Additional Pledged Loans and Security Documents and the provisions of the Indenture for the benefit of the Owners of the Bonds and, as provided in the Indenture, the owners of the PPRF Secured Obligations against the NMFA and any related Governmental Unit, and compel the NMFA and any related Governmental Unit, to perform or carry out its duties under the law and the agreements and covenants required to be performed by it contained in the Indenture or in any Agreement or Additional Pledged Loans (including the appointment of a receiver); or

(b) by suit in equity enjoin any acts or things which are unlawful or violate the rights of the Trustee; or

(c) intervene in judicial proceedings that affect the Bonds, the PPRF Secured Obligations, the Agreements, the Additional Pledged Revenues, the Additional Pledged Loans or the security therefor; or

(d) exercise any or all remedies permitted under the Agreements or Security Documents; or

(e) cause the NMFA or any related Governmental Unit to account as if it were the trustee of an express trust for all of the Subordinate Lien PPRF Revenues, Additional Pledged Revenues, Agreement Revenues and revenues attributable to Additional Pledged Loans pledged under the Indenture or pursuant to the Agreements and any Security Documents; or

(f) terminate the provisions of the Indenture providing for NMFA collection, deposit and loan administration functions in connection with Loans and Additional Pledged Loans and cause such payments to be made directly to the Trustee.

Non-Waiver. A waiver of any default or breach of duty or contract by the Trustee or the Owners of the Bonds or PPRF Secured Obligations will not affect any subsequent default or breach of duty or contract or impair any rights or remedies on any subsequent default or breach of duty or contract. No delay or omission by the Trustee or the Owners of the Bonds or PPRF Secured Obligations to exercise any right or remedy accruing upon any default or breach of duty or contract will impair any such right or be construed to be a waiver of any such default or breach of duty or contract or an acquiescence therein, and every right or remedy conferred upon the Trustee or the Owners by law or by the Indenture may be enforced and exercised from time to time and as often as is deemed expedient by the Trustee or the Owners.

If any action, proceeding or suit to enforce any right or to exercise any remedy is abandoned or determined adversely to the Trustee or the Owners, the Trustee, the Owners, the NMFA, and the Governmental Units will restored to the former positions, rights and remedies as if such action, proceeding or suit had not been brought or taken.

Remedies Not Exclusive. No remedy conferred upon or reserved to the Trustee or the Owners of the Bonds or PPRF Secured Obligations in the Indenture is intended to be exclusive of any other remedy, and each such remedy will be cumulative and will be in addition to every other remedy given under the Indenture or now or hereafter existing in law or in equity or by statute or otherwise and may be extended without exhausting and without regard to any other remedy conferred by any law.

No Liability by the NMFA for Payments of Governmental Units. Other than in its capacity as servicer of Loans and Additional Pledged Loans, the NMFA will not have any obligation or liability to the Trustee or the Owners of the Bonds or PPRF Secured Obligations with respect to the payment when due of the Loan Payments by the Governmental Units, or with respect to the performance by the Governmental Units of the other agreements and covenants required to be performed by them contained in the Loan Agreements, Additional Pledged Loans and Securities, the related Security Documents, or in the Indenture, or with respect to the performance by the Trustee or any right or obligation required to be performed by them contained in the Indenture.

No Liability by the Governmental Units to the Owners. Except for the payment when due of the Loan Payments and Additional Pledged Loans and the performance of the other agreements and covenants required to be performed by it contained in the Agreements, Additional Pledged Loans and Security Documents, the Governmental Units will not have any obligation or liability to the Owners of Bonds and PPRF Secured Obligations with respect to the Indenture or the preparation, execution, delivery or transfer of the Bonds or the disbursement of the Loan Payments, by the Trustee, or with respect to the performance by the NMFA of any right or obligation required to be performed by it contained in the Indenture or for the performance by any other Governmental Unit of such other Governmental Unit's obligations under an Agreement, Additional Pledged Loans or Security Documents.

Limitation of Owners' Right to Bring Suit. No Owner of any Bond or PPRF Secured Obligations will have any right to institute any proceeding, judicial or otherwise, under or with respect to the Indenture, for the appointment of a receiver or trustee or for any other remedy under the Indenture, at law or in equity, unless;

(a) such Owner has previously given written notice to the Trustee of a continuing Event of Default (in the case of the Bonds) or of the payment default or other default pursuant to the Indenture (in the case of PPRF Secured Obligations);

(b) the Owners of Bonds and PPRF Secured Obligations of not less than a majority of the aggregate principal amount of the Bonds Outstanding and PPRF Secured Obligations then outstanding have made written request to the Trustee to institute proceedings in respect of such Event of Default (in the case of the Bonds) or of the payment default or other default pursuant to the Indenture (in the case of PPRF Secured Obligations) in its own name as Trustee under the Indenture;

(c) such Owner or Owners have offered to the Trustee reasonable indemnity, satisfactory to the Trustee, against the costs, expenses and liabilities to be incurred in compliance with such request; and

(d) the Trustee for 60 days after its receipt of such notice, request and offer of indemnity has failed to institute any such proceeding.

No one or more Owners of Bonds and PPRF Secured Obligations has any right in any manner whatever by virtue of, or by availing of, any provision of the Indenture to affect, disturb or prejudice the lien of the Indenture or the rights of any other Owners or to obtain or to seek to obtain priority or preference over any other Owners or to enforce any right under the Indenture, except in the manner provided in the Indenture and for the equal and ratable benefit of all Bond Owners and Owners of PPRF Secured Obligations. Notwithstanding the foregoing, the Owner of any Bond and the Owners of PPRF Secured Obligations has the right, which is absolute and unconditional, to receive payment of interest on such Bond or PPRF Secured Obligation when due in accordance with the terms thereof and of the Indenture and the principal of such Bond or PPRF Secured Obligation at the stated maturity thereof and to institute suit for the enforcement of any such payment in accordance with the provisions of the Indenture and such rights will not be impaired without the consent of such Owner.

The Owners of a majority in aggregate principal amount of the Bonds and PPRF Secured Obligations outstanding have the right, after furnishing indemnity satisfactory to the Trustee, to direct the method and place of conducting all remedial proceedings by the Trustee under the Indenture, provided that such direction is not in conflict with any rule of law or with the Indenture or unduly prejudice the rights of minority Owners of Bonds or PPRF Secured Obligations.

Application of Funds Upon Default. All moneys received by the Trustee or by any receiver pursuant to any right given or action taken under the provisions of the Indenture or under the provisions of the related Agreements, will, after payment of the reasonable costs and fees of, and the reasonable expenses, liabilities and advances incurred or made by the Trustee, and after giving effect to the parity claim of PPRF Secured Obligations to amounts on deposit in the Revenue Fund, be deposited in the Bond Fund and all moneys so deposited during the continuance of an Event of Default (other than moneys deposited to the Bond Fund for the payment of Bonds which have previously matured or otherwise become payable prior to such Event of Default), together with all moneys in the Funds maintained by the Trustee or the NMFA under the Indenture, and after giving effect to the parity claim of PPRF Secured Obligations to amounts on deposit in the Revenue Fund, will be applied as follows:

(a) To the payment of the Principal of, premium, if any, and interest then due and payable on the bonds as follows:

(i) Unless the principal of all Bonds has become due and payable, all such moneys will be applied:

FIRST: To the payment to the persons or entity entitled thereto of all installments of interest then due on the Bonds, in the order of maturity of the installments of such interest, and, if the amount available is not sufficient to pay in full any particular installment of interest, then to the payment ratably according to the amounts due on such installment, to the persons or entity entitled thereto without any discrimination or privilege;

SECOND: To the payment to the persons or entity entitled thereto of the unpaid principal of any of the Bonds which have become due (other than Bonds called for prepayment for the payment of which moneys are held pursuant to the provisions of the Indenture), with interest on such Bonds at their rate from the respective dates upon which they became due, in the order of their due dates, and, if the amount available is not sufficient to pay in full Bonds due on any particular date, together with such interest, then to the payment ratably, according to the amount of principal and interest due on such date, to the persons or entities entitled thereto without any discrimination or privilege;

THIRD: To be held for the payment to the persons entitled thereto as the same becomes due of the principal of, the premium, if any, and interest on the Bonds which may thereafter become due at maturity and, if the amount available is not sufficient to pay in full Bonds due on any particular date, together with interest then due and owing thereon, payment will be made ratably according to the amount of principal due on such date to the persons entitled thereto without any discrimination or privilege.

(ii) If the principal of all the Bonds has become due all such moneys will be applied to the payment of the principal and interest then due and unpaid upon the Bonds, with the interest on overdue principal, as aforesaid, without preference or priority of principal over interest or of interest over principal or of any installment of interest over any other installment of interest, or of any Bonds over any other certificates, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or privilege.

(b) To the payment of all obligations then due and payable to any Security Instrument Issuers under any applicable Security Instrument Agreement.

Whenever moneys are to be applied pursuant to the provisions of the Indenture, such moneys will be applied at such times, and from time to time, as the Trustee determines, having due regard for the amount of such moneys available for such application in the future. Whenever the Trustee applies such moneys it will fix the date (which will be an Interest Payment Date unless it will deem another date more suitable) upon which date such application is to commence and upon such date interest on the amounts of principal to be paid on such date will cease to accrue. The Trustee will give such notice as it may deem appropriate of the deposit with it of any moneys and of the fixing of any such date and of the Special Record Date in accordance with the Indenture. The Trustee is not required to make payment to the holder of any unpaid Bond until such Bond is presented to the Trustee for appropriate endorsement or for cancellation if fully paid.

<u>Waivers of Events of Default</u>. The Trustee may in its discretion waive any Event of Default under the Indenture and its consequences and will do so upon the written request of the Registered Owners of (a) a majority in aggregate principal amount of all the Bonds then outstanding in respect of which Default in the payment of principal and interest exist, or (b) a majority in aggregate principal amount of the Bonds then Outstanding in the case of any other Event of Default; provided, however, that there will not be waived (i) any Event of Default in the payment of the principal of any Bonds at the date of maturity specified therein, or (ii) any default in the payment when due of the interest on any such Bonds, unless prior to such waiver or rescission, all arrears of interest, with interest (to the extent permitted by law) at the rate borne by the Bonds in respect of which such Event of Default has occurred on overdue installments of interest and all arrears of payments of principal and premium, if any, when due and all expenses of the Trustee, in connection with such Event of Default have been paid or provided for, and in case of any such waiver or rescission, or in case any proceeding taken by the Trustee on account of any such Event of Default has been discontinued or abandoned or determined adversely, then and in every such case the NMFA, the Trustee, the Security Instrument Issuers and the Registered Owners will be restored to their former positions and rights under the Indenture, respectively, but no such waiver or rescission will extend to any subsequent or other Event of Default, or impair any right consequent thereon.

<u>Defaults Relating to PPRF Secured Obligations</u>. A default with respect to the PPRF Secured Obligations is not (in and of itself) an Event of Default under the Indenture and the Owners of the PPRF Secured Obligations will be limited to their right to payment from Subordinate Lien PPRF Revenues and performance by the NMFA of its covenants and agreements under the Indenture on their behalf. In the event that NMFA fails to make payment on any PPRF Secured Obligation or defaults in the due and punctual performance of any other covenant, condition or provision of the Indenture relating thereto, the Trustee may and upon the written request of the Owners of a majority of the PPRF Secured Obligations (or any fiduciary therefore) and upon receipt of indemnity to its satisfaction, will in its own name exercise any of the rights and remedies provided in the Indenture to the extent applicable to the collection and application of Subordinate Lien PPRF Revenues.

The Owners of PPRF Secured Obligations will be secured by and entitled to a parity claim on all Subordinate Lien PPRF Revenues deposited to or required to be deposited to the Revenue Fund. In the exercise of remedies under the Indenture relating to the collection and application of Subordinate Lien PPRF Revenues, the Trustee will act for the benefit of the Owners of the PPRF Secured Obligations on the same basis as for Owners of Bonds.

The Trustee

Fees, Charges and Expenses of the Trustee. The Trustee will be entitled to payment and reimbursement for reasonable fees for its services rendered under the Indenture and all advances, counsel fees and other expenses reasonably and necessarily made or incurred by the Trustee in connection with such services. The Trustee will be entitled to payment and reimbursement for the reasonable fees and charges of the Trustee as Paying Agent and Registrar for the Bonds as provided in the Indenture. Upon an Event of Default, but only upon an Event of Default, the Trustee will have a right of payment prior to payment on account of interest or principal of, or premium, if any, on any Bond for the foregoing advances, fees, costs and expenses incurred.

Notice to Owners if Event of Default Occurs. Except as otherwise required by the Indenture, the Trustee will give to the Owners of Bonds and PPRF Secured Obligations notice of each default under the Indenture known to the Trustee within ninety days after the occurrence thereof, unless such default has been remedied or cured before the giving of such notice; provided that, except in the case of default in the payment of principal of or premium, if any, or interest on any of the Bonds or PPRF Secured Obligations, the Trustee will be protected in withholding such notice if and so long as the board of directors, the executive committee or a trust committee of directors or responsible officers of the Trustee in good faith determines that the withholding of such notice is in the interest of the Owners. Each such notice of default will be given by the Trustee by mailing written notice thereof to all holders of Bonds and PPRF Secured Obligations then outstanding whose names appear on the list of Owners as provided in the Indenture and, if required by the Trustee, such Owners have offered the Security or indemnity required by the Indenture.

Intervention by the Trustee. In any judicial proceeding to which the NMFA or a Governmental Unit is a party and which, in the opinion of the Trustee and its counsel, has a substantial bearing on the interest of Owners of the Bonds, the Trustee may intervene on behalf of Owners and will do so if requested in writing by the Owners of a majority in the aggregate principal amount of Bonds then outstanding and, if required by the Trustee, such Owners have offered the Security or indemnity required by the Indenture.

Successor Trustee. Any corporation or association into which the Trustee may be converted or merged, or with which it may be consolidated, or to which it may sell or transfer its corporate trust business and assets as a whole or substantially as a whole, or any corporation or association resulting from any such conversion, sale, merger, consolidation or transfer to which it is a party, will be and become successor to the Trustee under the Indenture and vested with all of the title to the Trust Estate and all the trusts, powers, discretions, immunities, privileges and all other matters as was its predecessor, without the execution or filing of any instrument or any further act, deed or conveyance on the part of any of the parties to the Indenture, anything in the Indenture to the contrary notwithstanding.

Resignation by the Trustee. The Trustee and any successor to the Trustee may at any time resign from the trusts created in the Indenture by giving thirty days' written notice by registered or certified mail to the NMFA and to the owner of each Bond as shown by the list of Owners required by the Indenture to be kept by the Trustee, and such resignation will take effect only upon the appointment of a successor Trustee by the Owners or by the NMFA.

Removal of the Trustee. The Trustee may be removed at any time, by the NMFA (except during the continuance of an Event of Default) by written notice signed by the NMFA or by an instrument or concurrent instruments in writing delivered to the Trustee and to the NMFA and signed by the Owners of a majority in aggregate principal amount of Bonds then outstanding. Any removal will take effect upon the appointment of a successor Trustee.

Appointment of Successor Trustee. In case the Trustee under the Indenture resigns or is removed, or is dissolved, or is in course of dissolution or liquidation, or otherwise become incapable of acting under the Indenture, or in case it is taken under the control of any public officer or officers, or of a receiver appointed by a court, the NMFA covenants and agrees to appoint a successor Trustee. If in a proper case no appointment of a successor Trustee is made by the NMFA pursuant to the Indenture within 45 days after the Trustee gives NMFA written notice of resignation or after a vacancy in the office of the Trustee has occurred by reason of its inability to act or its removal, the Trustee, or any Bondholder may apply to any court of competent jurisdiction to appoint a successor to itself as Trustee. Said court, after such notice, if any, as such court may deem proper, thereupon may appoint a successor Trustee. Every such Trustee appointed pursuant to the Indenture will be a trust company or bank in good standing having a reported capital and surplus of not less than $50,000,000 if there be such an institution willing, qualified and able to accept the trust upon customary terms.

Concerning Any Successor Trustee. Every successor Trustee appointed under the Indenture will execute, acknowledge and deliver to its predecessor and also to the NMFA an instrument in writing accepting such appointment under the Indenture, and thereupon such successor, without any further act, deed or conveyance, will become fully vested with all the estates, properties, rights, powers, trusts, duties and obligations of its predecessors; but such predecessor will, nevertheless, on the written request of the NMFA, or of its successor, execute and deliver an instrument transferring to such successor all the estates, properties, rights, powers and trusts of such predecessor under the Indenture; and every predecessor Trustee will deliver all securities and moneys held by it as Trustee under the Indenture to its successor. Should any instrument in writing from the NMFA be required by any successor Trustee for more fully and certainly vesting in such successor the estate, rights, powers and duties vested by the Indenture or intended to be vested in the predecessor, any and all such instruments in writing will, on request, be executed, acknowledged and delivered by the NMFA. The resignation of any Trustee and the instrument or instruments removing any Trustee and appointing a successor under the Indenture, together with all other instruments provided for in the Indenture, will be filed or recorded by the successor Trustee in each recording office where the Indenture has been filed or recorded.

Supplemental Indentures, Amendments to Agreements, Amendments and Supplements to Senior Indenture

Supplemental Indentures Not Requiring Consent of Owners. The NMFA and the Trustee may, without consent of, or notice to, any of the Owners enter into an indenture or indentures supplemental to the Indenture for any one or more of the following purposes:

(a) To provide for the issuance of the Initial Obligations or Additional Bonds and PPRF Secured Obligations in accordance with the Indenture;

(b) To cure any ambiguity or formal defect or omission in the Indenture;

(c) To grant to or confer upon the Trustee for the benefit of the Owners any additional rights, remedies, powers or authority that may lawfully be granted to or conferred upon the Owners or the Trustee;

(d) To subject to the Indenture additional revenues, properties or collateral;

(e) To evidence the appointment of a separate Trustee or paying agent or the succession of a new Trustee or paying agent under the Indenture;

(f) To make any other change which in the judgment of the Trustee is not materially adverse to the interests of the Trustee or any of the Owners;

(g) To make any amendments with the prior written confirmation from the Rating Agencies that such amendments will not result in the rating on the Bonds and PPRF Secured or any Governmental Unit or to grant additional powers or rights to the Trustee;

(h) To add additional covenants of the NMFA or any Governmental Unit or to surrender any right or power conferred in the Indenture upon the NMFA or any Governmental Unit or to grant additional powers or rights to the Trustee.

Supplemental Indentures Requiring Consent of Owners. Exclusive of supplemental indentures covered by the Indenture and subject to the terms and provisions contained in the Indenture, and not otherwise, the Owners of not less than a majority in aggregate principal amount of the Bonds and PPRF Secured Obligations then outstanding have the right, from time to time, anything contained in the Indenture to the contrary notwithstanding, to consent to and approve the execution by the NMFA and the Trustee of such other indenture or indentures supplemental to the Indenture as is deemed necessary and desirable by the NMFA for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in the Indenture or in any supplemental indenture; provided, however, that nothing in the Indenture permits, or is construed as permitting, (i) an extension of the maturity of the principal of, or the interest on, any Bond issued under the Indenture, or (ii) a reduction in the principal amount of, or redemption premium on, any Bond or the rate of interest thereon, or (iii) a privilege or priority of any Bond or Bonds or PPRF Secured Obligations over any other Bond or Bonds or PPRF Secured Obligations, or (iv) a reduction in the aggregate principal amount of the Bonds or PPRF Secured Obligations required for consent to such supplemental indentures, or (v) permit the creation of any lien ranking prior to the lien of the Indenture on the Trust Estate or any part thereof, or (vi) deprive the Owner of any Bond then outstanding of the lien created by the Indenture on the Trust Estate without the prior consent of 100% of the holders of the Bonds and PPRF Secured Obligations affected by such supplemental indenture. The Trustee may, but is not obligated to, enter into any such supplemental indenture which adversely affects the Trustee's rights, duties or immunities under the Indenture or the Agreements.

Amendment of Agreements and Security Documents. The NMFA has the right to amend an Agreement, Additional Pledged Loan documents and any existing Security Documents with the consent of the Trustee and the related Governmental Unit without Bond Owners' consent, for one or more of the following purposes:

(i) to add additional covenants of the NMFA or the related Governmental Unit, as applicable, or to surrender any right or power conferred in the Indenture upon the NMFA or the related Governmental Unit;

(ii) to make any amendments with the prior written confirmation from the Rating Agencies that such amendment will not result in the rating on the Bonds and PPRF Secured Obligations following such amendment being lower than the rating on the Bonds and PPRF Secured Obligations immediately prior to such amendment;

(iii) for any purpose not inconsistent with the terms of the Indenture or to cure any ambiguity or to correct or supplement any provision contained therein or in any amendment thereto which may be defective or inconsistent with any other provision contained therein or in the Indenture or in any amendment thereto or in any Supplemental Indenture, or to make such other provisions in regard to matters or questions arising under any Agreement, or Security Documents which in the judgment of the Trustee do not adversely affect the interests of the Owners of Bonds or owners of any PPRF Secured Obligations; or

(iv) to make any other change or amendment upon delivery to the Trustee of a Cash Flow Statement and an Approval of Bond Counsel.

If the NMFA or a Governmental Unit proposes to amend an Agreement or related Security Documents in a manner not contemplated by (a) above the Trustee will notify the Owners of the Bonds of the proposed amendment and may consent thereto with the consent of the Owners of at least a majority in aggregate principal amount of the Bonds then Outstanding.

Amendments and Supplements to Senior Indenture. The NMFA will be permitted to amend and supplement the provisions of the Senior Indenture as provided therein including amendments and supplements permitting the issuance of additional Senior Bonds under the Indenture, provided that without the prior written consent of the Owners of not less than a majority in aggregate principal amount of the Bonds then outstanding under the Indenture and the owners of PPRF Secured Obligations, the NMFA and the Trustee will not amend or supplement the Senior Indenture to change the time for release of the PPRF Revenues from the lien of the Senior Indenture or to preclude such release as contemplated under the Indenture.

Miscellaneous

Consents, etc. of Owners. Any consent, request, direction, approval, objection or other instrument required by the Indenture to be signed and executed by the Owners may be in any number of concurrent documents and may be executed by such Owners in person or by agent appointed in writing. Proof of the execution of any such consent, request, direction, approval, objection or other instrument or of the writing appointing any such agent and of the ownership of Bonds, if made in the following manner, will be sufficient for any of the purposes of the Indenture, and will be conclusive in favor of the Trustee with regard to any action taken by it under such request or other instrument, namely:

(a) The fact and date of the execution by any person of any such writing may be proved by the certificate of any officer in any jurisdiction who by law has power to take acknowledgments within such jurisdiction that the person signing such writing acknowledged before him the execution thereof, or by an affidavit of any witness to such execution.

(b) The fact of ownership of Bonds and the amount or amounts, numbers and other identification of such Bonds, and the date of holding the same, will be proved by the registration books of the Trustee maintained by the Trustee pursuant to the Indenture.

(c) The fact of ownership of PPRF Secured Obligations and the amount or amounts, numbers and other identification of such PPRF Secured Obligations, and the date of holding the same, will be proved by the registration books of the registrar for such obligations or otherwise as the NMFA may determine.

For all purposes of the Indenture and of the proceedings for the enforcement thereof, such person will be deemed to continue to be the Owner of such Bond or owner of PPRF Secured Obligations until the Trustee receives notice in writing to the contrary.

Limitation of Rights. With the exception of any rights expressly conferred in the Indenture, nothing expressed or mentioned in or to be implied from the Indenture or the Bonds or PPRF Secured Obligations is intended or is to be construed to give to any person or company other than the parties thereto, the Governmental Units and the Owners of the Bonds or owners of any PPRF Secured Obligations, any legal or equitable right, remedy or claim under or with respect to the Indenture or any covenants, conditions and provisions therein contained; the Indenture and all of the covenants, conditions and provisions thereof being intended to be and being for the sole and exclusive benefit of the parties thereto, the Governmental Units and the holders of the Bonds and PPRF Secured Obligations as provided in the Indenture.

APPENDIX C

CERTAIN ECONOMIC AND DEMOGRAPHIC INFORMATION RELATING TO THE STATE

The following economic and demographic descriptions are furnished for information only. The Series 2021B Bonds do not constitute a general obligation of the State and are special limited obligations of the Finance Authority payable solely from the Trust Estate. THE FINANCE AUTHORITY HAS NO TAXING POWERS. The principal of and interest and premium, if any, on the Series 2021B Bonds do not constitute or give rise to a personal liability on the part of the directors and officers of the Finance Authority. No breach of any pledge, obligation or agreement of the Finance Authority will impose a pecuniary liability or a charge upon the general credit of the State, the Finance Authority or any political subdivision of the State, or upon the taxing power of the State or any political subdivision of the State. For a discussion of the COVID-19 pandemic and its potential impact on the Finance Authority's operations and financial condition, see "INVESTMENT CONSIDERATIONS—Outbreak of Infectious Disease."

The information presented in this Appendix C relates to certain economic and demographic information relating to the State. Such information is for informational purposes and is presented to provide readers a sense of the economic and demographic composition of the State. Such information is available from the sources listed in the tables and is believed to be reliable. However, the Finance Authority has not verified and does not guarantee the accuracy of any such information.

Generally

The State, admitted as the forty-seventh state on January 6, 1912, is the fifth largest state, containing approximately 121,593 square miles. The population of the State in 2020 was 2,117,522 according to the U.S. Census Bureau. The State has a semiarid subtropical climate with light precipitation. Its climate is characterized by sunshine and bright skies in both winter and summer. Every part of the State receives no less than 70 percent sunshine year-round. Humidity ranges from 60 percent (mornings) to 30 percent (afternoons). Thunderstorms in July and August bring most of the moisture. December to March snowfalls vary from 2 inches (lower Rio Grande Valley) to 300 inches (north central mountains).

Governmental Organization

The Executive Branch of State government consists of a Governor, Lieutenant Governor, Secretary of State, State Auditor, State Treasurer, Attorney General, and Commissioner of Public Lands. These officials are elected to four-year terms beginning January 1 after their election. An elected Executive Branch officer may succeed himself or herself in office once. The primary functions of the Executive Branch are currently carried out by the offices of each elected Executive Branch officeholder, in addition to approximately 22 cabinet departments, each headed by a cabinet secretary appointed by the Governor with the advice and consent of the Senate, and approximately 9 cabinet-level agencies. Elections for all executive branch statewide offices were held on November 6, 2018.

The State Board of Finance ("State Board") has seven voting members consisting of the Governor, the Lieutenant Governor, the State Treasurer, and four members appointed by the Governor with the advice and consent of the Senate. No more than two appointed members may be from the same political party. The Department of Finance and Administration (the "DFA") Secretary serves as the Executive Officer of the State Board and is a non-voting member. The State Board, in addition to other powers and duties provided by law, has general supervisory authority over the fiscal affairs of the State and over the safekeeping and depositing of all money and securities belonging to, or in the custody of, the State. The Governor serves as the President of the State Board.

The DFA is the principal financial organization of State government and performs through its divisions the duties and functions relating to State and local government financing and general administration. The executive and administrative head of the DFA is the Secretary, who is appointed by the Governor with the advice and consent of the Senate. The State Board's staff are a division of the DFA. The Director of the State Board is appointed by the Secretary with the approval of the members of the State Board.

The State Legislature consists of 112 members and is divided into a Senate and a House of Representatives. Senators are elected for four-year terms and members of the House are elected for two-year terms. The State Legislature convenes in regular session annually on the third Tuesday in January. Regular sessions are constitutionally limited in length to 60 calendar days in odd-numbered years and 30 calendar days in even-numbered years. Special sessions of the State Legislature may be convened by the Governor. Extraordinary sessions may be convened by the State Legislature under certain limited circumstances. Legislators do not receive any salary but do receive per diem and mileage allowances while in session or performing official State business.

The judicial branch is composed of a statewide system including Magistrate and District Courts, the Court of Appeals and the Supreme Court. The District Courts are the trial courts of record with general jurisdiction.

Economic and Demographic Characteristics

As of 2020, New Mexico was the 36th largest state by population and the fifth largest in land area. The population of the State in 2020 was 2,117,522 according to the U.S. Census Bureau.

There are four Metropolitan Statistical Areas ("MSAs") in the State. The Albuquerque MSA is comprised of Bernalillo, Sandoval, Torrance and Valencia Counties; the Las Cruces MSA is comprised of Doña Ana County; the Santa Fe MSA is comprised of Santa Fe County; and the Farmington MSA is comprised of San Juan County. The fastest growing counties in the State are Los Alamos, Eddy, Sandoval, Doña Ana, Valencia and Otero. The following table sets forth information on population growth in New Mexico and nationally.

RESIDENT POPULATION
NEW MEXICO AND THE UNITED STATES
2011-2020

	Population		Annual Percentage Change	
Year	New Mexico	United States	New Mexico	United States
2011[1]	2,080,450	311,556,874	0.8%	0.7%
2012[1]	2,087,309	313,830,990	0.3%	0.7%
2013[1]	2,092,273	315,993,715	0.2%	0.7%
2014[1]	2,089,568	318,301,008	(0.1%)	0.7%
2015[1]	2,089,291	320,635,163	0.0%	0.7%
2016[1]	2,091,630	322,941,311	0.1%	0.7%
2017[1]	2,091,784	324,985,539	0.0%	0.6%
2018[1]	2,092,741	326,687,501	0.1%	0.6%
2019[1]	2,096,829	328,239,523	0.2%	0.5%
2020 (Census)	2,117,522	334,735,155	1.0%	2.0%

[1] Estimate as of July 1, 2019.
(Source: U.S. Census Bureau, Population Division. Last revised December 2019.)

Major industries in the State include oil and natural gas production, manufacturing, service, tourism, services, arts and crafts, agribusiness, government and mining. Major federally funded scientific research facilities at Los Alamos, Albuquerque and White Sands are also a notable part of the State's economy. The following table sets forth information on employment by industry over the period of 2010 through 2019.

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TOTAL FULL-TIME AND PART-TIME EMPLOYMENT BY INDUSTRY

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	Growth 2018-2019	Growth 2010-2019
Total employment	1,059,977	1,064,267	1,067,211	1,075,465	1,083,772	1,092,255	1,092,500	1,095,372	1,110,785	1,130,618	2.0%	7.0%
Wage and salary employment	223,454	228,087	227,957	228,970	231,134	231,985	231,363	232,795	234,702	240,651	2.5%	7.7%
Proprietors employment	19,083	20,715	21,328	21,547	21,557	21,542	21,476	21,410	21,121	21,206	0.4%	11.1%
Farm proprietors employment	204,371	207,372	206,629	207,423	209,577	210,443	209,887	211,385	213,581	219,445	2.7%	7.4%
Nonfarm proprietors employment	25,631	27,322	28,262	29,208	28,346	29,003	29,826	28,930	28,556	28,135	(1.5)%	9.8%
Farm employment	1,034,346	1,036,945	1,038,949	1,046,257	1,055,426	1,063,252	1,062,674	1,066,442	1,082,229	1,102,483	1.8%	6.6%
Nonfarm employment	816,910	823,130	827,038	835,402	845,767	854,472	854,245	860,376	876,059	894,535	2.1%	9.5%
Private nonfarm employment	5,183	5,221	5,133	5,235	5,674	5,557	5,828	6,004	6,013	6,122	1.8%	18.1%
Forestry, fishing, and related activities[1]	27,064	28,340	34,212	36,857	38,214	36,662	31,814	31,208	31,920	32,532	1.9%	20.2%
Mining[2]	4,612	4,540	4,570	4,652	4,591	4,683	4,899	4,623	4,573	4,412	(3.6)%	(4.3)%
Utilities	61,130	59,142	57,947	59,142	59,584	59,707	60,008	62,068	64,919	68,119	4.7%	11.4%
Construction[3]	34,574	35,740	35,749	35,463	34,027	34,157	33,186	32,562	33,358	34,649	3.7%	0.2%
Manufacturing	23,075	23,696	23,201	22,549	21,238	21,189	20,017	19,250	19,450	19,881	2.2%	(13.8)%
Durable goods manufacturing[4]	11,499	12,044	12,548	12,914	12,789	12,968	13,169	13,312	13,908	14,768	5.8%	28.4%
Nondurable goods manufacturing[5]	26,905	26,490	26,475	26,688	28,854	28,503	25,372	24,989	24,886	25,341	1.8%	(5.8%)
Wholesale trade	110,350	111,426	111,840	112,726	113,924	114,887	113,636	111,466	110,694	109,129	(1.4)%	(1.1%)
Retail trade[6]	23,437	24,330	25,379	25,502	25,905	27,244	26,673	28,058	30,847	32,079	3.8%	36.9%
Transportation and warehousing[7]	17,130	16,501	16,473	16,059	15,725	15,587	16,001	15,491	15,096	14,340	(5.3)%	(16.3)%
Information[8]	34,860	35,798	35,347	35,010	34,781	34,462	35,685	35,674	36,929	38,162	3.2%	9.5%
Finance and insurance[9]	39,357	39,637	38,191	38,414	39,111	39,656	39,859	40,499	41,445	43,035	3.7%	9.3%
Real estate and rental and leasing[10]	78,395	77,519	76,128	75,919	76,116	77,542	77,751	79,918	81,683	85,125	4.0%	8.6%
Professional and technical services	5,377	5,485	5,435	5,502	5,632	5,876	6,336	6,144	6,631	6,809	2.6%	26.6%
Management of companies and enterprises	54,283	54,698	53,429	54,597	54,370	52,994	53,890	56,394	57,322	59,333	3.4%	9.3%
Administrative and waste services[11]	16,812	16,277	16,152	16,426	16,709	16,960	17,017	16,808	16,586	16,876	1.7%	0.4%
Educational services	119,461	121,582	123,225	123,737	124,796	129,721	134,263	134,790	135,924	137,269	1.0%	14.9%
Health care and social assistance[12]	81,144	82,292	83,194	85,494	88,297	90,193	92,523	93,512	94,736	95,956	1.3%	18.3%
Arts, entertainment and recreation[13]	53,732	54,980	54,445	54,245	55,230	55,836	55,354	55,014	57,015	58,040	1.8%	8.0%
Accommodation and food services[14]	217,436	213,815	211,911	210,855	209,659	208,780	208,429	206,066	206,170	207,948	0.9%	(4.4)%
Other services, except public administration[15]	836,523	836,180	839,254	846,495	852,638	860,270	861,137	862,577	876,083	889,967	1.6%	6.4%
Government and government enterprises[16]	223,454	228,087	227,957	228,970	231,134	231,985	231,363	232,795	234,702	240,651	2.5%	7.7%

(1) The "Forestry, fishing, and related activities" category includes: forestry and logging; fishing, hunting and trapping; agriculture and forestry support activities.
(2) The "Mining" category includes: oil and gas extraction; mining (except oil and gas); and support activities for mining.
(3) The "Construction" category includes: construction of buildings; heavy and civil engineering construction; and specialty trade contractors.
(4) The "Durable goods manufacturing" category includes: wood product manufacturing; nonmetallic mineral product manufacturing; primary metal manufacturing; fabricated metal product manufacturing; machinery manufacturing; computer and electronic product manufacturing; electrical equipment and appliance manufacturing; motor vehicles, bodies and trailers, and parts manufacturing; other transportation equipment manufacturing; furniture and related product manufacturing; and miscellaneous manufacturing.
(5) The "Nondurable goods manufacturing" category includes: food manufacturing; beverage and tobacco product manufacturing; textile mills; textile product mills; apparel manufacturing; leather and allied product manufacturing; paper manufacturing; printing and related support activities; petroleum and coal products manufacturing; chemical manufacturing; and plastics and rubber products manufacturing.
(6) The "Retail trade" category includes: motor vehicle and parts dealers; furniture and home furnishings stores; electronics and appliance stores; building material and garden equipment and supplies dealers; food and beverage stores; health and personal care stores; gasoline stations; clothing and clothing accessories stores; sporting goods, hobby, book and musical instrument stores; general merchandise stores; miscellaneous store retailers; and nonstore retailers.
(7) The "Transportation and warehousing" category includes: air transportation; rail transportation; water transportation; truck transportation; transit and ground passenger transportation; pipeline transportation; scenic and sightseeing transportation; support activities for transportation; couriers and messengers; and warehousing and storage.
(8) The "Information" category includes: publishing industries, except Internet; motion picture and sound recording industries; broadcasting, except Internet; Internet publishing and broadcasting; telecommunications; data processing, hosting and related services; and other information services.
(9) The "Finance and insurance" category includes: monetary authorities-central bank; credit intermediation and related activities; securities, commodity contracts, and other financial investments and related activities; insurance carriers and related activities; and funds, trusts and other financial vehicles.
(10) The "Real estate and rental and leasing" category includes: real estate; rental and leasing services; and lessors of nonfinancial intangible assets, except copyrighted works.
(11) The "Administrative and waste services" category includes: administrative and support services; and waste management and remediation services.
(12) The "Health care and social assistance" category includes: ambulatory health care services; hospitals; nursing and residential care facilities; and social assistance.
(13) The "Arts, entertainment and recreation" category includes: performing arts, spectator sports and related industries; museums, historical sites and similar institutions; and amusement, gambling and recreation industries.
(14) The "Accommodation and food services" category includes: accommodation; and food services and drinking places.
(15) The "Other services, except public administration" category includes: repair and maintenance; personal and laundry services; religious, grantmaking, civic, professional and similar organizations; and employment in private households.
(16) The "Government and government enterprises" category includes: federal, civilian; military; and state government and local government.

(Source: Regional Economic Information System, Bureau of Economic Analysis. Last updated September 24, 2020, including new estimates for 2019 and revised estimates for 2015-2018.)

The following tables set forth selected additional economic and demographic data with respect to the State.

EMPLOYMENT AND LABOR FORCE
NEW MEXICO AND THE UNITED STATES
2011-2020

	Civilian Labor Force (Thousands)		Number of Employed (Thousands)		Unemployment Rate		
Year	New Mexico[1]	United States[1]	New Mexico[1]	United States[1]	New Mexico	United States	N.M. as % of U.S. Rate
2011	925	153,617	858	139,869	7.2%	8.9%	81%
2012	929	154,975	864	142,469	7.0%	8.1%	86%
2013	929	155,389	865	143,929	6.9%	7.4%	93%
2014	932	155,922	871	146,305	6.6%	6.2%	106%
2015	938	157,130	876	148,834	6.6%	5.3%	125%
2016	944	159,187	881	151,436	6.7%	4.9%	137%
2017	946	160,320	889	153,337	6.1%	4.4%	139%
2018	948	162,075	901	155,761	4.9%	3.9%	126%
2019	960	163,539	912	157,538	5.0%	3.7%	135%
2020	943	160,742	864	147,795	8.4%[2]	8.1%	104%

(1) Figures rounded to nearest thousand.
(2) Unemployment Rate in New Mexico was 8.3% as of March 31, 2021 according to the U.S. Bureau of Labor Statistics on June 2, 2021.

(Source: U.S. Bureau of Labor Statistics. Last updated: January 22, 2021 for national data and April 12, 2021 for state data.)

PERSONAL INCOME
NEW MEXICO AND THE UNITED STATES
2010-2019

	Personal Income (Thousands)[1]		Annual Percentage Change	
Year	New Mexico	United States	New Mexico	United States
2010	$69,250,200	$12,541,995,000	3.9%	4.1%
2011	72,820,300	13,315,478,000	5.2%	6.2%
2012	74,578,400	13,998,383,000	2.4%	5.1%
2013	73,437,900	14,175,503,000	(1.6%)	1.3%
2014	77,747,600	14,982,715,000	5.9%	5.7%
2015	80,061,700	15,717,140,000	3.0%	4.9%
2016	81,626,500	16,151,881,000	2.0%	2.8%
2017	83,141,600	16,937,582,000	1.9%	4.9%
2018	87,204,600	17,839,255,000	4.9%	5.3%
2019	90,846,895	18,542,262,000	4.2%	3.9%

(1) Figures rounded to the nearest hundred thousand.

(Source: U.S. Department of Commerce, Bureau of Economic Analysis, Regional Data. Last updated: November 17, 2020, including new statistics for 2019 and revised statistics for 2010-2018.)

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PER CAPITA PERSONAL INCOME
NEW MEXICO AND THE UNITED STATES
2010-2019

Year	Per Capita Income: New Mexico	Per Capita Income: United States	N.M. as a % of U.S.	Annual Percentage Change: New Mexico	Annual Percentage Change: United States
2010	$33,542	$40,547	82.7%	2.5%	3.2%
2011	35,002	42,739	81.9%	4.4%	5.4%
2012	35,729	44,605	80.1%	2.1%	4.4%
2013	35,100	44,860	78.2%	(1.76%)	0.57%
2014	37,207	47,071	79.0%	6.00%	4.93%
2015	38,320	49,019	78.2%	2.99%	4.14%
2016	39,025	50,015	78.0%	1.84%	2.03%
2017	39,747	52,118	76.3%	1.85%	4.20%
2018	41,670	54,606	76.3%	4.84%	4.77%
2019	43,326	56,490	76.7%	3.97%	3.45%

(Source: U.S. Department of Commerce, Bureau of Economic Analysis, Regional Data. Last updated: November 17, 2020, including new statistics for 2019 and revised statistics for 2010-2018.)

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WAGES AND SALARIES BY INDUSTRY SECTOR
2010-2019

	New Mexico (Thousands of Dollars)(1)(2)		United States (Thousands of Dollars)(1)(2)		Cumulative Percent Change 2009-2019		Distribution of 2019 Wages & Salaries	
	2010	2019	2010	2019	N.M.	U.S.	N.M.	U.S.
Total Wages and Salary	$33,508,566	$42,803,222	$6,363,368,000	$9,300,811,000	28.54%	48.08%	100.00%	100.00%
Farm Wages and Salary	252,798	240,029	24,281,000	30,019,000	-18.40%	17.59%	0.68%	0.28%
Non-farm Wages and Salary	41,751,105	52,953,144	7,885,531,000	11,385,805,000	28.55%	46.49%	99.32%	99.72%
Private Non-farm Wages and Salary	28,575,089	37,858,867	6,217,311,000	9,328,323,000	33.82%	51.91%	74.07%	84.31%
Forestry, Fishing, and related activities	77,468	137,942	17,373,000	27,647,000	78.59%	61.69%	0.25%	0.23%
Mining, Quarrying, and Oil and Gas Extraction	1,631,546	2,602,721	69,169,000	86,581,000	74.68%	31.64%	5.21%	0.80%
Utilities	442,440	519,020	67,654,000	88,212,000	15.62%	31.60%	0.86%	0.68%
Construction	2,264,387	3,210,527	343,759,000	592,429,000	33.56%	65.18%	6.36%	5.39%
Manufacturing	1,938,063	2,062,422	847,173,000	1,131,335,000	8.11%	34.96%	3.79%	9.78%
Durable Goods Manufacturing	1,393,117	1,266,642	546,225,000	749,653,000	-6.39%	38.52%	2.39%	6.53%
Nondurable Goods Manufacturing	544,946	795,780	300,948,000	381,682,000	45.15%	28.48%	1.40%	3.25%
Wholesale Trade	1,299,474	1,514,281	412,263,000	558,603,000	21.09%	37.23%	2.99%	5.19%
Retail Trade	2,810,141	3,331,971	478,917,000	650,475,000	18.49%	36.79%	6.53%	5.83%
Transportation and Warehousing	989,825	1,530,011	245,460,000	408,643,000	54.62%	68.25%	2.87%	3.52%
Information	789,899	817,550	248,564,000	399,643,000	-1.55%	59.60%	1.59%	3.68%
Finance and Insurance	1,398,585	1,964,965	573,342,000	850,505,000	43.52%	52.76%	3.89%	7.81%
Real Estate and Rental and Leasing	404,025	553,227	103,783,000	168,934,000	39.71%	62.91%	1.09%	1.57%
Professional, Scientific, and Technical Services	4,411,739	5,898,671	682,717,000	1,126,052,000	33.94%	66.88%	11.74%	10.48%
Management of Companies and Enterprises	377,590	531,687	221,175,000	360,022,000	41.97%	68.76%	0.98%	3.33%
Administrative and Waste Services	1,605,386	2,115,504	301,908,000	482,943,000	30.58%	64.19%	4.19%	4.42%
Educational Services	395,736	456,666	145,541,000	209,399,000	19.58%	47.75%	0.86%	1.79%
Health Care and Social Assistance	4,878,209	6,524,634	898,395,000	1,305,748,000	37.99%	49.35%	12.65%	11.58%
Arts, Entertainment, and Recreation	224,062	365,204	79,396,000	125,146,000	61.82%	58.64%	0.68%	1.16%
Accommodations and Food Services	1,496,698	2,248,289	248,330,000	419,466,000	51.48%	71.16%	4.57%	3.94%
Other Services, Except Public Administration	1,139,816	1,473,575	232,392,000	336,540,000	28.21%	43.64%	2.97%	3.14%
Government and Government Enterprises	13,176,016	15,094,277	1,668,220,000	2,057,482,000	17.11%	26.29%	25.24%	15.41%
Federal, Civilian	3,024,640	3,325,519	291,670,000	354,265,000	15.27%	28.10%	5.50%	2.69%
Military	1,194,009	1,431,672	144,314,000	144,642,000	34.81%	3.63%	2.32%	1.09%
State and Local	8,957,367	10,337,086	1,232,236,000	1,558,575,000	15.37%	28.51%	17.42%	11.63%

(1) The estimates of wage and salary disbursements for 2010 are based on the 2007 North American Industry Classification System ("NAICS"). The estimates for 2011-2016 are based on the 2012 NAICS. The estimates for 2017 forward are based on the 2017 NAICS.

(2) All dollar estimates are in current dollars (not adjusted for inflation).

(Source: U.S. Department of Commerce, Bureau of Economic Analysis. Last updated: November 17, 2020, including new statistics for 2019.)

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APPENDIX D

FORM OF OPINION OF BOND COUNSEL

[Form of opinion of Gilmore & Bell, P.C.]

__________, 2021

New Mexico Finance Authority
Santa Fe, New Mexico

Re: $31,305,000 New Mexico Finance Authority Subordinate Lien Public Project Revolving Fund Revenue Bonds, Series 2021B

We have acted as bond counsel to the New Mexico Finance Authority (the "Finance Authority") in connection with the issuance of its Subordinate Lien Public Project Revolving Fund Revenue Bonds, Series 2021B in the aggregate principal amount of $31,305,000 (the "Series 2021B Bonds"). The Series 2021B Bonds are being issued for the purpose of providing funds to (i) originate loans to or purchase securities from, or reimburse the Finance Authority for monies used to originate loans to or purchase securities from certain governmental units within the State of New Mexico (each a "Governmental Unit"), which loans or securities are used to finance or refinance a public project for the use and benefit of the respective Governmental Unit; and (ii) pay costs of issuance associated with the Series 2021B Bonds.

The Finance Authority is a public body politic and corporate created by and existing under the New Mexico Finance Authority Act, Sections 6-21-1 et. seq., NMSA 1978, as amended and supplemented. The Series 2021B Bonds are authorized under and secured by a Subordinated General Indenture of Trust and Pledge dated as of March 1, 2005, as heretofore amended and supplemented (the "General Indenture"), and as further supplemented by a Twenty-Second Supplemental Indenture of Trust dated as of June 1, 2021 (the "Twenty-Second Supplemental Indenture," and collectively with the General Indenture, the "Indenture") between the Finance Authority and BOKF, NA, as successor trustee (the "Trustee"). Capitalized terms not otherwise defined herein shall have the meanings set forth in the Indenture.

We have reviewed the Indenture, an opinion of the Chief Legal Officer to the Finance Authority, certificates of the Finance Authority, the Trustee, and others, and such other documents, opinions and matters to the extent we deemed necessary to render the opinions set forth herein. As to the questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications furnished to us without undertaking to verify the same by independent investigation. Our examination has been limited to the foregoing as they exist or are in effect as of the date hereof. Our opinion is limited to the matters expressly set forth herein, and we express no opinion concerning any other matters.

Based on our examination and the foregoing, we are of the opinion, as of the date hereof and under existing law as follows:

1. The Finance Authority is a public body politic and corporate duly organized and validly existing under the laws of the State of New Mexico and has lawful authority to issue the Series 2021B Bonds.

2. The Indenture has been duly executed and delivered by, and is a valid and binding obligation of, the Finance Authority. The Indenture creates a valid pledge of the Trust Estate pledged under the Indenture to secure the payment of the principal of and interest on the Series 2021B Bonds, subject to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth in the Indenture.

3. The Series 2021B Bonds constitute special limited obligations of the Finance Authority, payable solely from the Trust Estate and do not constitute a general obligation or other indebtedness of the State of New Mexico or any Governmental Unit within the meaning of any constitutional or statutory debt limitation.

4. The interest on the Series 2021B Bonds (i) is excludable from gross income for federal income tax purposes and (ii) is not an item of tax preference for purposes of computing the federal alternative minimum tax. The opinions set forth in this paragraph are subject to the condition that the Finance Authority and the Governmental Units comply with all

requirements of the Internal Revenue Code of 1986 that must be satisfied subsequent to the issuance of the Series 2021B Bonds in order that interest thereon be, or continue to be, excludable from gross income for federal income tax purposes. The Finance Authority and the Governmental Units have covenanted to comply with all of these requirements. Failure to comply with certain of these requirements may cause the interest on the Series 2021B Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2021B Bonds.

5. The interest on the Series 2021B Bonds is exempt from income taxation by the State of New Mexico.

In rendering our opinion, we wish to advise you that:

(a) the rights of the holders of the Series 2021B Bonds and the enforceability thereof and of the documents identified in this opinion may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium, and other laws relating to or affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable, and their enforcement may also be subject to the application of equitable principles and the exercise of judicial discretion in appropriate cases;

(b) we express no opinion herein as to the accuracy, adequacy, or completeness of the Official Statement or any other offering material relating to the Series 2021B Bonds; and

(c) except as set forth above, we express no opinion regarding any other tax consequences relating to the ownership or disposition of, or the accrual or receipt of interest on, the Series 2021B Bonds.

Respectfully submitted,

APPENDIX E

BOOK-ENTRY ONLY SYSTEM

The information in this section concerning DTC and DTC's book-entry only system has been obtained from sources that the Finance Authority and the Municipal Advisor believe to be reliable, but the Finance Authority and the Municipal Advisor take no responsibility for the completeness or accuracy thereof. The following description of the procedures and record keeping with respect to beneficial ownership interests in the Series 2021B Bonds, payment of principal, premium, if any, interest on the Series 2021B Bonds to DTC Participants or Beneficial Owners, confirmation and transfers of beneficial ownership interests in the Series 2021B Bonds and other related transactions by and between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC.

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Series 2021B Bonds. The Series 2021B Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Series 2021B Bond certificate will be issued for each maturity of the Series 2021B Bonds, each in the aggregate principal amount of such issue, and will be deposited with DTC.

DTC and its Participants, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of section 17A of the Securities Exchange Act. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Series 2021B Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2021B Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2021B Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2021B Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Series 2021B Bonds, except in the event that use of the book-entry system for the Series 2021B Bonds is discontinued.

To facilitate subsequent transfers, all Series 2021B Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2021B Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2021B Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2021B Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices will be sent to DTC. If less than all of the Series 2021B Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Series 2021B Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Finance Authority as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2021B Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions and dividend payments on the Series 2021B Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Finance Authority or the Trustee, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC or its nominee, the Trustee or the Finance Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Finance Authority or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Series 2021B Bonds at any time by giving reasonable notice to the Finance Authority or the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, Bond certificates are required to be printed and delivered.

The Finance Authority may decide to discontinue use of the system of book-entry only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

When reference is made to any action which is required or permitted to be taken by the Beneficial Owners, such reference only relates to those permitted to act by statute, regulation or otherwise on behalf of such Beneficial Owners for such purposes. When notices are given, they are to be sent to DTC, and the Finance Authority does not have responsibility for distributing such notices to the Beneficial Owners.

The Finance Authority does not have any responsibility or obligation to the DTC Participants or the Beneficial Owners with respect to (a) the accuracy of any records maintained by DTC or any DTC Participant; (b) the payment by DTC or any DTC Participant of any amount due to any Beneficial Owner in respect of the principal of and premium, if any, and interest on the Series 2021B Bonds; (c) the selection of the Beneficial Owners to receive payment in the event of any partial redemption of the Series 2021B Bonds; (d) any consent given or other action taken by DTC, or its nominee, Cede & Co., as Bond Owner; or (e) the distribution by DTC to DTC Participants or Beneficial Owners of any notices received by DTC as registered owner of the Series 2021B Bonds.

APPENDIX F

AUDITED FINANCIAL STATEMENTS OF THE FINANCE AUTHORITY FOR THE FISCAL YEAR ENDED JUNE 30, 2020

The information contained in this Appendix consists of an excerpt from the Finance Authority's Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2020.

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Report of Independent Auditors

Governing Board
New Mexico Finance Authority

Brian S. Colón, Esq.
New Mexico Office of the State Auditor
Santa Fe, New Mexico

Report on the Financial Statements

We have audited the accompanying financial statements of the enterprise and agency fund for the New Mexico Finance Authority (NMFA), a component unit of the State of New Mexico, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the NMFA's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the enterprise fund and agency fund of the New Mexico Finance Authority as of June 30, 2020, and the changes in financial position and cash flows for the enterprise fund for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

Reporting Entity

As discussed in Note 1, the financial statements of NMFA are intended to present the financial position, the changes in financial position and, where applicable, cash flows of only that portion of the business-type activities of the State of New Mexico that is attributable to the transactions of NMFA. They do not purport to, and do not, present fairly the financial position of the State of New Mexico as of June 30, 2020, the change in its financial position, or, where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 14 through 41 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise NMFA's basic financial statements. The accompanying schedule of expenditures of federal awards as required by *Title 2 U.S. Code of Federal Regulations (CFR)* Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards,* and the supplementary schedules, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of expenditures of federal awards and the supplementary schedules, as listed in the table of contents, are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and the supplementary information, as listed in the table of contents is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory, statistical and other information sections are presented for purposes of additional analysis and are not a required part of the basic financial statements. The introductory, statistical and other information sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 9, 2020 on our consideration of NMFA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of NMFA's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering NMFA's internal control over financial reporting and compliance.

Moss Adams LLP

Albuquerque, New Mexico
October 9, 2020

The New Mexico Finance Authority (NMFA) pursues the mission of *advancing New Mexico by financing impactful, well-planned projects*. It does this by striving to be New Mexico's partner in building economic prosperity and stronger communities. The customers it serves are the State government, regional public utility systems, municipalities, counties, Native American tribes, community health and service providers and businesses. The information presented in this section reflects, at least in part, NMFA's financial performance in this pursuit.

Generally accepted accounting principles (GAAP) require that management provide an overview and analysis of the Basic Financial Statements. As management of NMFA, we offer this narrative of NMFA's financial activities for fiscal year 2020. We encourage readers to consider the information presented here in conjunction with the additional information provided in our Introduction, Statistical Information and Other Information sections of this report.

NMFA's financial results are presented in terms of three basic financial statements:

- The ***Statement of Net Position*** presents information on the assets and liabilities of NMFA, with the difference between the assets and the liabilities reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether financial position is improving or deteriorating.

- The ***Statement of Revenue, Expenses and Changes in Net Position*** presents information reflecting changes in the net position of NMFA resulting from net income during fiscal year 2020. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the cash flows. Thus, revenues and expenses are reported in the statement for some items that will only result in cash flows in future fiscal periods.

- The ***Statement of Cash Flows*** reports the cash flows from operating activities, noncapital financing activities, capital and related financing activities and investing activities, and the resulting change in cash and cash equivalents during fiscal year 2020.

Fund accounting is at the foundation of our internal control and financial reporting. We group related accounts and transactions into distinct funds to maintain control over resources that law and/or governing documents mandate be segregated for specific activities or objectives. We also report the results of NMFA's financial activities in terms of funds to demonstrate compliance.

Although NMFA operates as an instrumentality of the State of New Mexico, it is not a taxing authority and does not undertake any governmental functions. All of its programs and supporting activities are operated as proprietary enterprises. For this reason, we present all of NMFA's financial statements as distinct proprietary funds, including the internal NMFA Operating Fund.

Financial Overview and Analysis

<u>All Funds Combined</u>

In terms of its combined balance sheet (Statement of Net Position), NMFA generated positive results in fiscal year 2020. Total Net Position increased by \$39.5 million (7.3%). Unrestricted cash decreased \$11.9 million to \$16.2 million (-42.4%). Restricted cash increased by \$55.1 million (20.7%) to \$320.6 million. Total assets increased by \$86.7 million (3.7%) to \$2.4 billion as the result of 169 new loans and cash generated from three bond issuances during fiscal year 2020. Net loans receivable increased by \$82.2 million (5.0%). Bonds that provided the capital for these loans increased by \$21.6 million (1.5%) to \$1.4 billion. Loans receivable exceeded bonds payable by \$285.5 million.

The Combined Statements of Net Position reflect net investments, including an unrealized gain of \$2.6 million, in keeping with Governmental Accounting Standards Board (GASB) Statement No. 72 (Fair Value Measurement and Application). The main factors leading to this result were higher investment interest rates during the first three quarters of the fiscal year.

The table on the following page presents, in a condensed fashion, the Combined Statements of Net Position as of June 30, 2020 and 2019 and the corresponding dollar amount and percentage changes.

Condensed Statements of Net Position – NMFA Combined

	2020	2019	Net Increase / (Decrease)	Percentage Increase / (Decrease)
Assets				
Cash and cash equivalents				
Unrestricted	**$ 16,168,066**	$ 28,057,865	$(11,889,799)	(42.4%)
Restricted	**320,578,471**	265,510,263	55,068,208	20.7%
Loans receivable, net of allowance	**1,724,479,238**	1,642,285,541	82,193,697	5.0%
Restricted investments	**369,252,126**	408,804,383	(39,552,257)	(9.7%)
Other receivables	**10,861,578**	10,706,836	154,742	1.4%
Capital assets, net of accumulated depreciation	**1,339,799**	1,054,119	285,680	27.1%
Other assets	**638,132**	162,281	475,851	293.2%
Total Assets	**2,443,317,410**	2,356,581,288	86,736,122	3.7%
Deferred Outflows of Resources				
Deferred loss on refunding	**693,665**	743,687	(50,022)	(6.7%)
Total Deferred Outflows of Resources	**693,665**	743,687	(50,022)	(6.7%)
Liabilities				
Bonds payable, net	**1,438,941,647**	1,417,299,801	21,641,846	1.5%
Undisbursed loan proceeds	**320,840,186**	289,941,611	30,898,575	10.7%
Advanced loan payments	**89,526,221**	96,202,732	(6,676,511)	(6.9%)
Accounts payable, accrued payroll and compensated absences	**1,244,706**	1,078,007	166,699	15.5%
Other liabilities	**8,975,843**	7,206,933	1,768,910	24.5%
Total Liabilities	**1,859,528,603**	1,811,729,084	47,799,519	2.6%
Deferred Inflows of Resources				
Deferred gain on refunding	**3,704,574**	4,279,845	(575,271)	(13.4%)
Total Deferred Inflows of Resources	**3,704,574**	4,279,845	(575,271)	(13.4%)
Net Position				
Net investment in capital assets	**1,339,799**	1,054,119	285,680	27.1%
Restricted for program commitments	**563,270,033**	515,633,477	47,636,556	9.2%
Unrestricted	**16,168,066**	24,628,450	(8,460,384)	(34.4%)
Total Net Position	**$ 580,777,898**	$ 541,316,046	$ 39,461,852	7.3%

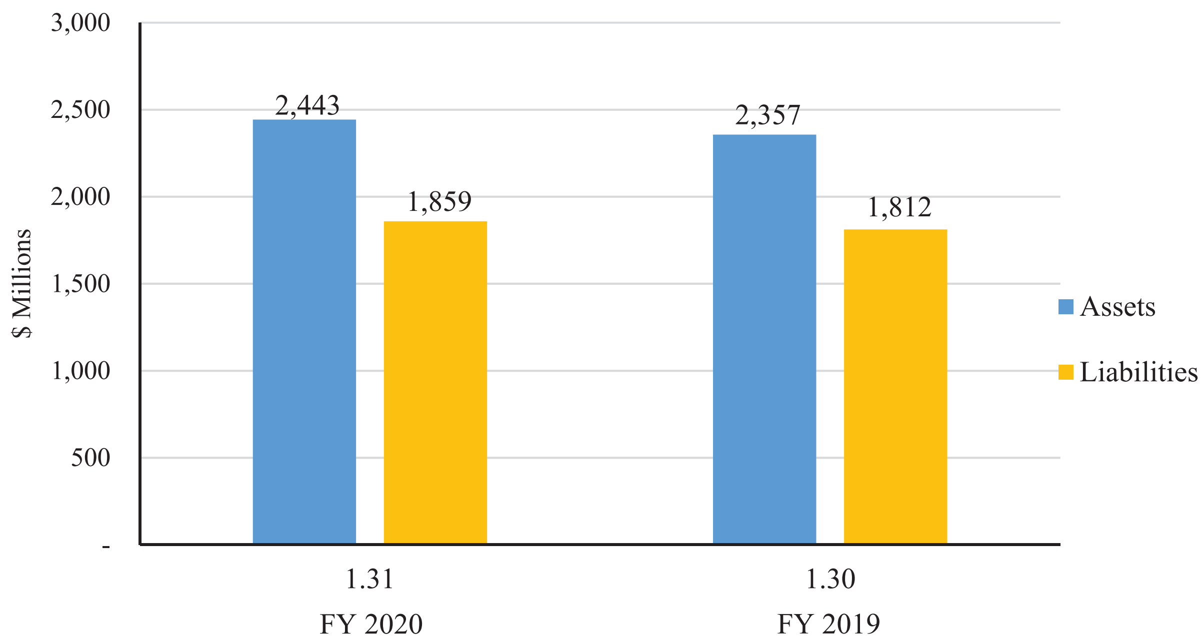
Total cash and investments increased 0.5%, going from $702.4 million to $706.0 million. Restricted cash, which accounts for 45.4% of all cash, was the fastest growing component of this total, increasing by $55.1 million (20.7%).

For fiscal year 2020, total bonds payable increased by $21.6 million (1.5%) to keep up with the demand for capital financing in the state. Three new bonds were issued (2019 D, 2020 A and 2020 B), totaling $166.6 million; two existing bonds totaling $20.5 million were refunded; and one bond totaling $33.9 million was retired with cash.

Undisbursed loan proceeds increased by $30.9 million (10.7%), also due to the timing of bond issuances in June.

NMFA's *assets to liabilities ratio* increased from 1.30 in fiscal year 2019 to 1.31 in fiscal year 2020. The chart below illustrates the trend over the past two years:

Assets vs. Liabilities



In terms of net income (Statement of Revenue, Expenses and Changes in Net Position), total revenue exceeded total expenses. Net operating loss decreased by $3.3 million (8.4%), primarily due to a $2.3 million increase in operating revenue and a $0.9 million decrease in operating expenses. Appropriation revenue increased by $7.4 million by the end of fiscal year 2020, representing an increase of 17.2%.

Administrative fee revenue increased $0.4 million (6.7%) from $6.4 million to $6.8 million, mainly because of increased loan closings and origination fees in the first three quarters. Federal grant revenue and transfers from the State combined for a net decrease of $0.07 million (-0.2%).

Transfers to the State increased $2.4 million (54.1%). Almost all of this came from balances that had built up over the years in debt service escrows that were returned to the State of New Mexico. Operating revenue increased $2.3 million (3.5%) in fiscal year 2020. Interest on loans increased by $1.2 million (2.3%), and interest on investments increased by $0.7 million (8.6%).

Net non-operating revenue increased $4.9 million (7.0%) and went from $70.0 million to $74.9 million. Grant revenue and transfers from the State decreased $0.07 million, primarily in the CIF program. Transfers to the State increased $2.4 million (54.1%) due to a $6.5 million transfer for State Building Purchase.

Total operating expenses decreased $0.9 million (-0.9%) from $104.6 million to $103.7 million. While bond interest expense increased by $3.0 million (6.4%), it was offset by a $2.6 million (-7.7%) decrease in grants to others and a decrease in loan financing pass-through of $2.3 million (-17.8%), making up the largest factors driving this result.

A $2.3 million increase in operating revenue, combined with a $0.9 million decrease in operating expenses, reduced the operating loss from $38.7 million to $35.5 million.

The following table presents in a condensed fashion the Combined Statements of Revenue, Expenses and Changes in Net Position for fiscal year 2020 and 2019 and the corresponding net dollar amount and percentage changes.

Condensed Statements of Revenue, Expenses & Changes in Net Position – NMFA Combined

	2020	2019	Net Increase / (Decrease)	Percentage Increase / (Decrease)
Operating Revenue				
Interest on loans	**$ 52,792,559**	$ 51,584,322	$ 1,208,237	2.3%
Administrative fees revenue	**6,828,344**	6,396,595	431,749	6.7%
Interest on investments	**8,598,789**	7,919,934	678,855	8.6%
Total Operating Revenue	**68,219,692**	65,900,851	2,318,841	3.5%
Operating Expenses				
Bond interest expense	**50,720,720**	47,690,534	3,030,186	6.4%
Grants to others	**31,480,701**	34,104,721	(2,624,020)	(7.7%)
Loan financing pass-through	**10,640,130**	12,943,547	(2,303,417)	(17.8%)
Salaries and benefits	**5,108,045**	4,687,224	420,821	9.0%
Bond issuance costs	**1,243,666**	1,640,333	(396,667)	(24.2%)
Professional services	**3,266,820**	2,635,840	630,980	23.9%
Other operating costs	**997,558**	1,071,794	(74,236)	(6.9%)
Provision for loan losses	**(294,021)**	(849,582)	555,561	(65.4%)
Interest expense	**7,826**	266,620	(258,794)	(97.1%)
Rent and utilities	**414,551**	364,386	50,165	13.8%
Depreciation expense	**101,158**	66,289	34,869	52.6%
Total Operating Expenses	**103,687,154**	104,621,706	(934,552)	(0.9%)
Net Operating Loss	**(35,467,462)**	(38,720,855)	3,253,393	(8.4%)
Non-operating Revenue (Expenses)				
Appropriation revenue	**50,326,048**	42,953,352	7,372,696	17.2%
Grant revenue and transfers from State	**31,382,357**	31,453,528	(71,171)	(0.2%)
Transfers to State and intra-fund	**(6,779,091)**	(4,398,004)	(2,381,087)	54.1%
Net Non-operating Revenue	**74,929,314**	70,008,876	4,920,438	7.0%
Increase in Net Position	**39,461,852**	31,288,021	8,173,831	26.1%
Net position, beginning of year	**541,316,046**	510,028,025	31,288,021	6.1%
Net Position, End of Year	**$ 580,777,898**	$ 541,316,046	$ 39,461,852	7.3%

In terms of net cash flow (Statement of Cash Flows) inflows exceeded outflows by $43.2 million (14.7%) in the fiscal year. This is $10.6 million (32.6%) more than last year's result. See the Condensed Statements of Cash Flows for NMFA Combined on the following page. Fiscal year 2020's increase occurred because cash provided by non-capital financing ($25.7 million) and investing ($48.2 million) activities surpassed the $30.3 million used in operating activities. The increase in appropriations to $50.3 million (15.3%) was a major factor in the $43.2 million increase in cash.

Net cash flow from NMFA's operating activities increased $4.3 million, going from negative $34.6 million in fiscal year 2019 to negative $30.3 million in fiscal year 2020. The main driver of this result was a $23.5 million decrease in total loans funded in this period. NMFA's financing activities generated a net decrease of $81.0 million. This was primarily driven by a $70.5 million decrease in bond proceeds due to fewer bond issuances this fiscal year and a $16.6 million increase in bond debt service due to new bond issuances last year. Net cash flow from investing activities increased $57.7 million (223.1%). The liquidation of investments in an environment of falling interest rates led to this result. The liquidation was done to provide capital for the PPRF in lieu of bond issuances, but it coincided with market conditions that allowed NMFA to realize gains on the investments it sold. Compared to last fiscal year, $28.5 million more investments were sold, and $58.1 million fewer investments were purchased.

The following table presents, in a condensed fashion, the Combined Statements of Cash Flows for fiscal year 2020 and 2019 and the corresponding net percentage changes.

Condensed Statements of Cash Flows – NMFA Combined

	2020	2019	Percentage Increase / (Decrease)
Cash Flows from Operating Activities			
Cash paid for employee services	**$ (4,989,890)**	$ (4,039,520)	23.5%
Cash paid to vendors for services	**(6,724,546)**	(4,488,425)	49.8%
Loan payments received	**220,120,914**	241,029,675	(8.7%)
Loans funded	**(278,281,535)**	(301,762,442)	(7.8%)
Grants to local governments	**(31,480,701)**	(34,104,721)	(7.7%)
Cash received from Federal capitalization grant	**11,599,117**	11,588,018	0.1%
Interest on loans	**52,179,889**	50,625,951	3.1%
Administrative fees received	**7,278,445**	6,505,249	11.9%
Net Cash Used by Operating Activities	**(30,298,307)**	(34,646,215)	12.5%
Cash Flows from Non-capital Financing Activities			
Reversions	**$ (170,035)**	$ -	(100.0%)
Appropriations from the State	**50,326,048**	43,653,352	15.3%
Cash transfers from the State	**19,783,240**	19,865,510	(0.4%)
Cash transfers to the State	**(6,609,056)**	(4,398,004)	50.3%
Proceeds from the sale of bonds	**198,939,647**	269,452,691	(26.2%)
Payment of bonds	**(166,720,000)**	(150,105,000)	11.1%
Bond issuance costs	**(1,243,666)**	(1,640,333)	(24.2%)
Bond interest expense paid	**(57,953,540)**	(57,138,659)	1.4%
Proceeds from line of credit	**15,000,000**	34,500,000	(56.5%)
Payments on line of credit	**(15,000,000)**	(34,500,000)	(56.5%)
Loan financing pass-through to borrower	**(10,640,130)**	(12,943,547)	(17.8%)
Net Cash Provided by Non-capital Financing Activities	**25,712,508**	106,746,010	(75.9%)
Cash Flows from Investing Activities			
Purchase of investments	**(318,075,358)**	(376,144,539)	(15.4%)
Sale of investments	**357,627,615**	329,099,135	8.7%
Interest received on investments	**8,598,789**	7,919,934	8.6%
Net Cash Provided (Used) by Investing Activities	**48,151,046**	(39,125,470)	223.1%
Cash Flows from Capital Financing Activities			
Capital assets	**(386,838)**	(420,759)	(8.1%)
Net Cash Used in Capital Financing Activities	**(386,838)**	(420,759)	(8.1%)
Net Increase in Cash and Cash Equivalents	**43,178,409**	32,553,566	32.6%
Cash and cash equivalents, beginning of year	**293,568,128**	261,014,562	12.5%
Cash and Cash Equivalents, End of Year	**$ 336,746,537**	$ 293,568,128	14.7%

Public Project Revolving Fund

The Public Project Revolving Fund (PPRF), is NMFA's flagship program. It was created by the State Legislature with the approval of the New Mexico Finance Authority Act of 1992 to assist a wide range of public entities throughout the state in accessing the capital markets at low or below-market interest rates. The PPRF is used to finance public projects such as infrastructure improvements, road projects, water system upgrades, fire and law enforcement equipment, public buildings, hospitals and healthcare facilities, electric and broadband utilities and quality of life projects, among others. It provides both market-rate loans and loans to disadvantaged communities at subsidized rates. A share of the State's Governmental Gross Receipts Tax (GGRT) is dedicated to the PPRF, which NMFA uses as a credit enhancement to issue bonds at a high credit rating. NMFA uses available funds to make loans to borrowers and then replenishes the PPRF by issuing tax-exempt bonds secured by the PPRF loans made to qualified entities and the annual GGRT receipts.

In order of size, the PPRF accounts for more than half of NMFA's assets and operations.

PPRF Share of NMFA

	PPRF	Total NMFA	% PPRF
Total Assets	$2.1 billion	$2.4 billion	87.8%
Net Position	$284.3 million	$580.8 million	48.9%
Operating Revenue	$58.1 million	$68.2 million	85.2%
Total Revenue	$79.7 million	$143.1 million	55.7%

The purpose of the PPRF is to coordinate planning and financing of state and local public projects with qualified borrowers who cannot, on their own, access the bond market cost-effectively. Qualified entities, including but not limited to counties, municipalities, school districts and tribes are eligible to borrow from the PPRF.

NMFA makes PPRF loans of up to $15 million from funds on hand. The PPRF's cash is replenished at a later date through bonds that are sold in the open market. Loans larger than $15 million are funded through simultaneous closings with a reimbursement bond issue, ensuring a matching of loan and bond interest rates.

Infrastructure finance agencies similar to NMFA are often called "bond banks." Financial statements for the PPRF are presented in the following pages in a format similar to that employed by commercial banking organizations.

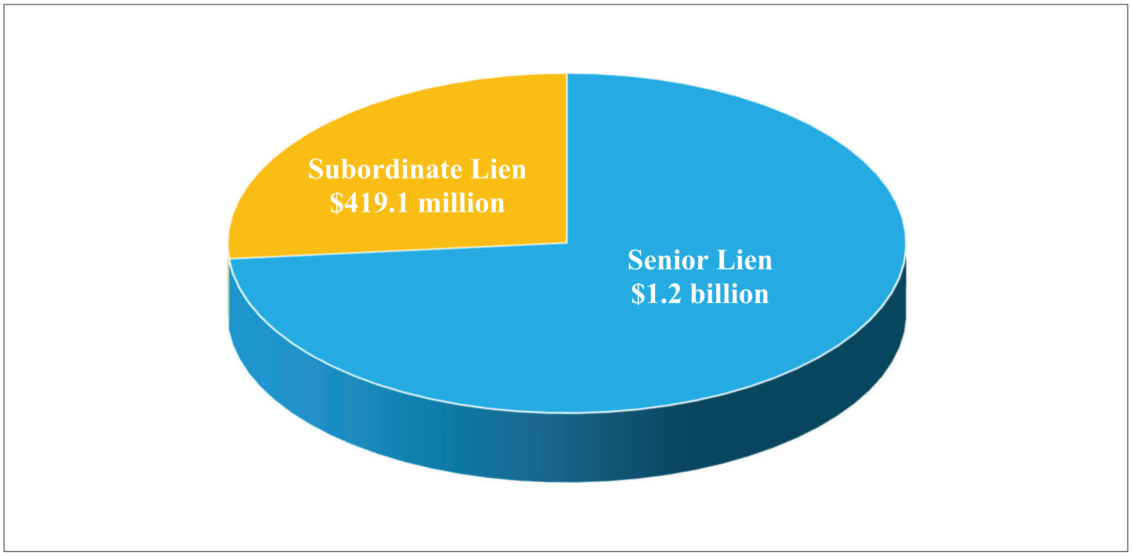
Since the PPRF's inception in 1992, it has made 1,814 loans totaling $4.1 billion through June 30, 2020.

PPRF Project Volume

	FY 2020	FY 2019	Since Inception
Amount of projects funded	$287.5 million	$291.8 million	$4.1 billion
Number of projects funded	102	98	1,814
Refunding loans (included above)	$32.0 million	$42.2 million	---
Average project size	$2.8 million	$3.0 million	$2.3 million

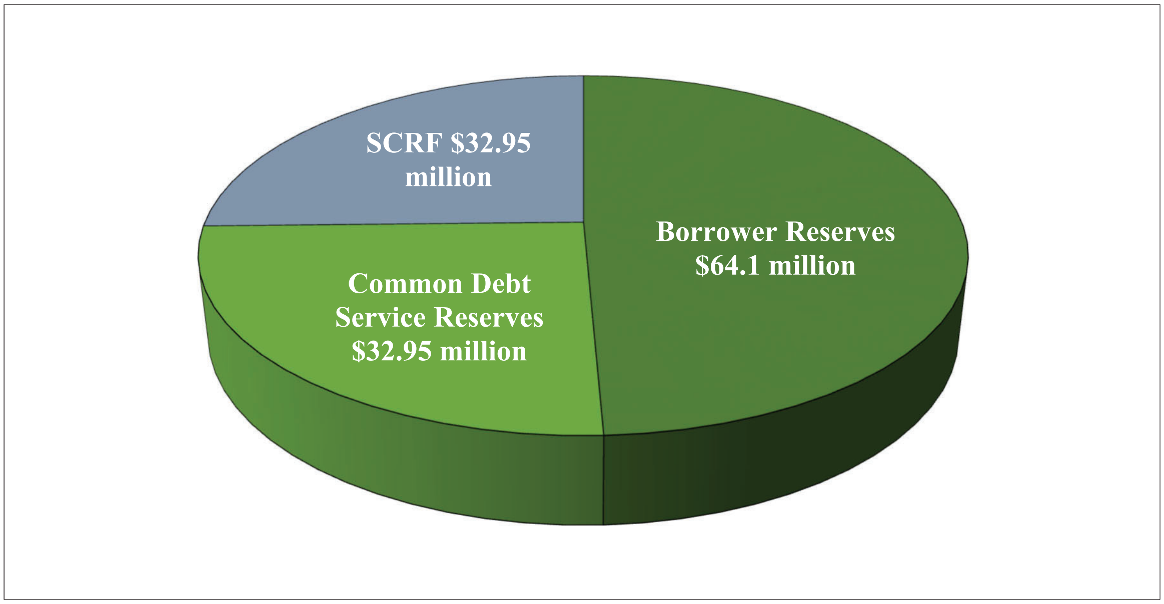
The PPRF maintains a General Indenture of Trust (Senior Lien) and a Subordinated Indenture of Trust (Subordinate Lien). At the end of fiscal year 2020, there were 789 active loans totaling $1.6 billion outstanding. This represents an increase of $76.3 million (5.0%) from last year. Most (71%) of the revenues from the PPRF loans are pledged to the Senior Lien Indenture, with the balance (29%) pledged to the Subordinate Lien Indenture. In terms of outstanding principal, the Senior Lien Indenture loans comprise 73.5% of the total.

PPRF Outstanding Bond Principal: Senior Lien vs. Subordinate Lien



S&P Global Ratings (formerly known as Standard & Poor's) has assigned its AAA rating to both the Senior Lien (since April 2011) and Subordinate Lien (since July 2017). Moody's Investor Services has assigned the Senior Lien with its Aa1 rating and the Subordinate Lien with its Aa2 rating. In order to maintain these ratings, the PPRF holds reserves and credit enhancements. These include the Common Debt Service Reserve fund, Supplemental Credit Reserve Fund (SCRF), and pooled borrower debt service reserve. The Common Debt Service Reserve is subject to the General Indenture of Trust for the Senior Lien, and the SCRF is subject to the Subordinated Indenture of Trust governing the subordinate lien. Borrower reserves are pledged to the individual loans.

Debt Service Reserves



Governmental Gross Receipts Tax

The Governmental Gross Receipts Tax (GGRT) is a tax imposed on the gross receipts of state and local governments for services rendered to customers such as water, sewer and solid waste collection. Three quarters (75%) of GGRT collections are appropriated to the PPRF by statute. NMFA's share of GGRT collections was $33.7 million in fiscal year 2020, down 9.1% from 2019 due to a one-time correction of $4.8 million in August 2018, resulting from a misclassification of taxes by a government entity over a three-year period. This total includes amounts that are not needed for payments under the General Indenture of Trust and Subordinated Indenture of Trust and are appropriated from the PPRF by the Legislature to fund various legislative initiatives. The GGRT funds serve several functions:

- Credit enhancement for the PPRF bonds such that GGRT funds can be used to make up for any shortfall in funds available for bond payments in the event of a default by any of the loans in the portfolio.
- Fund loans to borrowers, especially smaller loans that may not be cost-effective to reimburse in a bond issue.
- Pay operating expenses of the PPRF.

As a not-for-profit lender, NMFA attempts to pass on to its borrowers the same rates paid on the bonds issued to provide loaned funds. In fiscal year 2020, the PPRF had net interest income of $51.2 million, ending up at a net loss of $10.1 million compared to the net loss of $9.6 million in fiscal year 2019. This is mostly a result of a combination of higher-interest loans having been issued and callable portions of outstanding bonds having been replaced by lower interest bonds.

Condensed Statements of Net Position – PPRF

	2020	2019	Net Increase / (Decrease)	Percentage Increase / (Decrease)
Assets				
Cash and cash equivalents				
Unrestricted	**$ -**	$ 3,182,888	$ (3,182,888)	(100.0%)
Restricted	**231,751,645**	199,840,967	31,910,678	16.0%
Loans receivable, net of allowance	**1,590,305,094**	1,514,031,160	76,273,934	5.0%
Restricted investments	**313,997,029**	356,779,792	(42,782,763)	(12.0%)
Other receivables	**9,480,679**	9,219,289	261,390	2.8%
Total Assets	**2,145,534,447**	2,083,054,096	62,480,351	3.0%
Deferred Outflows of Resources				
Deferred loss on refunding	**693,665**	743,687	(50,022)	(6.7%)
Total Deferred Outflows of Resources	**693,665**	743,687	(50,022)	(6.7%)
Liabilities				
Bonds payable, net	**1,438,941,647**	1,417,299,801	21,641,846	1.5%
Undisbursed loan proceeds	**320,840,186**	289,941,611	30,898,575	10.7%
Advanced loan payments	**88,057,094**	95,361,060	(7,303,966)	(7.7%)
Due to other funds	**2,437,306**	46	2,437,260	5298391.3%
Other liabilities	**7,942,372**	4,072,142	3,870,230	95.0%
Total Liabilities	**1,858,218,605**	1,806,674,660	51,543,945	2.9%
Deferred Inflows of Resources				
Deferred gain on refunding	**3,704,574**	4,279,845	(575,271)	(13.4%)
Total Deferred Inflows of Resources	**3,704,574**	4,279,845	(575,271)	(13.4%)
Net Position				
Restricted for program commitments	**284,304,933**	269,660,436	14,644,497	5.4%
Unrestricted	**-**	3,182,842	(3,182,842)	(100.0%)
Total Net Position	**$ 284,304,933**	$ 272,843,278	$ 11,461,655	4.2%

Condensed Statements of Revenue, Expenses & Changes in Net Position – PPRF

	2020	2019	Net Increase / (Decrease)	Percentage Increase / (Decrease)
Operating Revenue				
Interest on loans	**$ 51,224,347**	$ 49,959,774	$ 1,264,573	2.5%
Administrative fees revenue	**2,370,355**	2,832,905	(462,550)	(16.3%)
Interest on investments	**4,503,041**	5,067,487	(564,446)	(11.1%)
Total Operating Revenue	**58,097,743**	57,860,166	237,577	0.4%
Operating Expenses				
Bond interest expense	**50,720,720**	47,690,534	3,030,186	6.4%
Loan financing pass-through	**10,640,130**	12,943,547	(2,303,417)	(17.8%)
Salaries and benefits	**2,928,373**	2,772,036	156,337	5.6%
Bond issuance costs	**1,243,666**	1,640,333	(396,667)	(24.2%)
Professional services	**1,990,022**	1,541,623	448,399	29.1%
Other operating costs	**278,781**	640,029	(361,248)	(56.4%)
Provision for loan losses	**175,916**	(291,231)	467,147	(160.4%)
Interest expense	**7,826**	266,620	(258,794)	(97.1%)
Rent and utilities	**230,672**	210,725	19,947	9.5%
Total Operating Expenses	**68,216,106**	67,414,216	801,890	1.2%
Net Operating Loss	**(10,118,363)**	(9,554,050)	(564,313)	5.9%
Non-operating Revenue (Expenses)				
Appropriation revenue	**33,826,048**	37,153,352	(3,327,304)	(9.0%)
Transfers to State and intra-fund	**(12,246,030)**	(28,503,118)	16,257,088	(57.0%)
Net Non-operating Revenue	**21,580,018**	8,650,234	12,929,784	149.5%
Increase (Decrease) in Net Position	**11,461,655**	(903,816)	12,365,471	1368.1%
Net position, beginning of year	**272,843,278**	273,747,094	(903,816)	(0.3%)
Net Position, End of Year	**$ 284,304,933**	$ 272,843,278	$ 11,461,655	4.2%

NMFA's long-term debt consists entirely of bond issues related to the PPRF program. At the end of fiscal year 2020, the total PPRF bond principal outstanding was $1.4 billion. In addition, $881 million of GRIP bonds issued on behalf of the New Mexico Department of Transportation (NMDOT) were outstanding (which debt is not a direct liability of NMFA). More detailed information about NMFA's long-term debt is presented in Notes 6 and 11 to the Financial Statements.

During fiscal year 2020, NMFA issued $166.6 million in PPRF bonds, which were used to directly fund loans, to reimburse the PPRF loan fund for loans already made, and to pay off a $15.0 million line of credit draw taken out in June.

Condensed Statements of Cash Flows – PPRF

	2020	2019	Percentage Increase / (Decrease)
Net Cash Used by Operating Activities	**$ (2,520,343)**	$ (14,732,605)	(82.9%)
Net Cash (Used) Provided by Non-capital Financing Activities	**(16,037,671)**	56,275,376	(128.5%)
Net Cash Provided (Used) by Investing Activities	**47,285,804**	(43,804,235)	207.9%
Net Increase (Decrease) in Cash and Cash Equivalents	**28,727,790**	(2,261,464)	1370.3%
Cash and cash equivalents, beginning of year	**203,023,855**	205,285,319	(1.1%)
Cash and Cash Equivalents, End of Year	**$ 231,751,645**	$ 203,023,855	14.1%

Drinking Water State Revolving Loan Fund

The Drinking Water State Revolving Loan Fund (DWSRLF), established in 1998 through the Drinking Water State Revolving Loan Fund Act (Section 6-21A-1 et seq. NMSA 1978), provides funds for drinking water projects and is capitalized by Federal grants, State match and loan repayments. The loans are low-cost and in certain cases may contain principal forgiveness up to 75%. NMFA partners with the New Mexico Environment Department (NMED) to administer the program. NMED publishes a Fundable Priority List, and the NMFA accepts applications from the list, which are then underwritten. The projects are financed in the order of priority until all available funds are used. The NMED Construction Programs Bureau provides engineering and construction oversight services required under the program. The State match to the Environmental Protection Agency (EPA) capitalization grant is funded by periodic appropriations made by the Legislature from the PPRF. As of June 30, 2020, NMFA was servicing 100 DWSRLF loans totaling $91.7 million.

The DWSRLF is the second largest fund NMFA operates in terms of net position, total revenues and cash balances. At the end of fiscal year 2020, the net position for this fund rose to $175.7 million, after total revenues of $17.8 million exceeded total expenses of $5.4 million by $12.4 million. The DWSRLF's cash balance, which is entirely restricted for use within the program, rose $7.5 million (18.4%) over the course of the year and stood at $48.1 million at the end of fiscal year 2020.

The DWSRLF's $91.7 million loans receivable portfolio represents its principal asset. Cash and restricted investments ($48.1 million and $37.96 million, respectively) are its second and third biggest assets. Like its cash, all DWSRLF receivables and investments are restricted for program use. See the Condensed Statements of Net Position for the DWSRLF below.

Most (78.5%) of the revenue received by this fund came in the form of non-operating income. $11.6 million of it arrived as Federal grant revenue passed through to the borrowers' loans during the construction phase of their projects. The remaining $2.5 million of this income stream arrived as the State's annual program match, which comes through as an appropriation from PPRF. Similarly, the biggest expense in this fund is grants to others. This line item totaled $4.99 million in fiscal year 2020. See the Condensed Statements of Revenue, Expenses and Changes in Net Position for the DWSRLF below.

The cash flows reflect how DWSRLF operates under the Federal program restrictions. Outflows seldom exceed inflows. Operating expenses are reimbursed to the NMFA Operating Fund from cash received for administrative and cost of issuance fees and interest earned on investments. During fiscal year 2020, all disbursements to borrowers for their construction projects, which equal the grant and loan principal, were made from cash requisitioned and received from the EPA and the State's match, which is transferred into the fund at the start of the fiscal year. As a result, cash flows from all activities were positive: $3.1 million in operations, $2.3 million in financing, and $2.0 million in investing. See the Condensed Statements of Cash Flows for the DWSRLF below.

Condensed Statements of Net Position – DWSRLF

	2020	2019	Net Increase / (Decrease)	Percentage Increase / (Decrease)
Assets				
Cash and cash equivalents				
Restricted	**$ 48,092,678**	$ 40,616,997	$ 7,475,681	18.4%
Loans receivable, net of allowance	**91,661,196**	88,317,081	3,344,115	3.8%
Restricted investments	**37,962,861**	37,683,073	279,788	0.7%
Other receivables	**228,053**	346,555	(118,502)	(34.2%)
Total Assets	**177,944,788**	166,963,706	10,981,082	6.6%
Liabilities				
Advanced loan payments	**1,452,342**	824,887	627,455	76.1%
Due to other funds	**452,166**	368,099	84,067	22.8%
Other liabilities	**388,780**	2,510,238	(2,121,458)	(84.5%)
Total Liabilities	**2,293,288**	3,703,224	(1,409,936)	(38.1%)
Net Position				
Restricted for program commitments	**175,651,500**	163,628,581	12,022,919	7.4%
Unrestricted	**-**	(368,099)	368,099	100.0%
Total Net Position	**$ 175,651,500**	$ 163,260,482	$ 12,391,018	7.6%

Condensed Statements of Revenue, Expenses & Changes in Net Position – DWSRLF

	2020	2019	Net Increase / (Decrease)	Percentage Increase / (Decrease)
Operating Revenue				
Interest on loans	**$ 1,403,875**	$ 1,419,195	$ (15,320)	(1.1%)
Administrative fees revenue	**114,041**	265,469	(151,428)	(57.0%)
Interest on investments	**2,305,923**	1,948,153	357,770	18.4%
Total Operating Revenue	**3,823,839**	3,632,817	191,022	5.3%
Operating Expenses				
Grants to others	**4,986,823**	7,633,385	(2,646,562)	(34.7%)
Salaries and benefits	**126,071**	183,410	(57,339)	(31.3%)
Professional services	**174,990**	69,239	105,751	152.7%
Other operating costs	**40,048**	62,452	(22,404)	(35.9%)
Rent and utilities	**32,420**	26,423	5,997	22.7%
Total Operating Expenses	**5,360,352**	7,974,909	(2,614,557)	(32.8%)
Net Operating Loss	**(1,536,513)**	(4,342,092)	2,805,579	(64.6%)
Non-operating Revenue (Expenses)				
Appropriation revenue	**2,500,000**	1,800,000	700,000	38.9%
Grant revenue and transfers from State	**11,599,117**	11,588,018	11,099	0.1%
Transfers to State and intra-fund	**(171,586)**	-	(171,586)	(100.0%)
Net Non-operating Revenue	**13,927,531**	13,388,018	539,513	4.0%
Increase in Net Position	**12,391,018**	9,045,926	3,345,092	37.0%
Net position, beginning of year	**163,260,482**	154,214,556	9,045,926	5.9%
Net Position, End of Year	**$ 175,651,500**	$ 163,260,482	$ 12,391,018	7.6%

Condensed Statements of Cash Flows – DWSRLF

	2020	2019	Percentage Increase / (Decrease)
Net Cash Provided by Operating Activities	**$ 3,121,132**	$ 4,346,364	(28.2%)
Net Cash Provided by Non-capital Financing Activities	**2,328,414**	2,500,000	(6.9%)
Net Cash Provided by Investing Activities	**2,026,135**	6,693,069	(69.7%)
Net Increase in Cash and Cash Equivalents	**7,475,681**	13,539,433	(44.8%)
Cash and cash equivalents, beginning of year	**40,616,997**	27,077,564	50.0%
Cash and Cash Equivalents, End of Year	**$ 48,092,678**	$ 40,616,997	18.4%

Water Project Fund

The Water Project Fund (WPF), established in 2002 through the Water Project Finance Act (Section 72-4A-1 et seq., NMSA 1978), provides grants and low-cost loans for five types of water projects. Pursuant to the Water Project Finance Act, NMFA staffs the 16-member Water Trust Board and administers this program. The Water Trust Board relies upon evaluations of a multi-agency technical team to prioritize applications for recommendation to the Legislature and determine readiness, following which grants and loans are recommended to NMFA for underwriting and approval. The WPF is capitalized by an annual distribution from the Water Trust Fund and a percentage of Senior Severance Tax Bonds. As of June 30, 2020, the NMFA was servicing 199 WPF loans totaling $30.9 million.

With a total net position of $51.8 million, total revenue of $21.3 million and a cash balance (restricted) of $11.5 million, the WPF is NMFA's third largest fund. See the Condensed Statements of Net Position for the WPF below.

Net position increased by $2.6 million (5.2%), as total revenue exceeded expenditures by that amount in fiscal year 2020. Grants to others make up almost all WPF expenses. In fiscal year 2020, this expense item made up $17.9 million (95.5%) of the total program expenses of $18.7 million.

Grant revenue, which is recognized as the State approves NMFA's requisitions funded from Severance Tax Permanent Bonds for projects financed through this program, totaled $10.6 million and $9.7 million in fiscal year 2020 and 2019, respectively. The main driver behind this increase in revenue stream was the normalization of State funding for this program after a deep cut in fiscal year 2018, which decreased grant funding for projects in fiscal year 2019. See the Condensed Statements of Revenue, Expenses and Changes in Net Position for the WPF below.

Cash flows over the course of the year reflect the same general pattern as net revenues. Operating activities produced a net outflow of $19.3 million. The only inflow of cash in this aspect of WPF activities was $1.97 million in loan repayments. This result was exceeded by the net inflow of cash from financing activities of $20.6 million, which consisted almost entirely of appropriations and transfers from the State. The net sale of investments ($0.08 million) and interest earned on investments ($0.6 million) made up the difference and generated a net cash flow increase of $2.0 million in fiscal year 2020 over fiscal year 2019. See the Condensed Statements of Cash Flows for the WPF below.

Condensed Statements of Net Position – WPF

	2020	2019	Net Increase / (Decrease)	Percentage Increase / (Decrease)
Assets				
Cash and cash equivalents				
Restricted	**$ 11,512,068**	$ 9,486,839	$ 2,025,229	21.4%
Loans receivable, net of allowance	**30,889,529**	30,579,993	309,536	1.0%
Restricted investments	**9,094,435**	9,175,645	(81,210)	(0.9%)
Grants and other receivables	**401,837**	8,041	393,796	4897.4%
Total Assets	**51,897,869**	49,250,518	2,647,351	5.4%
Liabilities				
Due to other funds	**74,359**	-	74,359	100.0%
Total Liabilities	**74,359**	-	74,359	100.0%
Net Position				
Restricted for program commitments	**51,823,510**	49,250,518	2,572,992	5.2%
Total Net Position	**$ 51,823,510**	$ 49,250,518	$ 2,572,992	5.2%

Condensed Statements of Revenue, Expenses & Changes in Net Position – WPF

	2020	2019	Net Increase / (Decrease)	Percentage Increase / (Decrease)
Operating Revenue				
Administrative fees revenue	**$ 57,002**	$ 64,803	$ (7,801)	(12.0%)
Interest on investments	**643,108**	540,770	102,338	18.9%
Total Operating Revenue	**700,110**	605,573	94,537	15.6%
Operating Expenses				
Grants to others	**17,905,208**	15,285,528	2,619,680	17.1%
Salaries and benefits	**419,878**	446,081	(26,203)	(5.9%)
Professional services	**352,516**	273,593	78,923	28.8%
Other operating costs	**35,222**	67,527	(32,305)	(47.8%)
Rent and utilities	**34,735**	34,293	442	1.3%
Total Operating Expenses	**18,747,559**	16,107,022	2,640,537	16.4%
Net Operating Loss	**(18,047,449)**	(15,501,449)	(2,546,000)	16.4%
Non-operating Revenue (Expenses)				
Appropriation revenue	**10,000,000**	4,000,000	6,000,000	150.0%
Grant revenue and transfers from State	**10,621,114**	9,685,850	935,264	9.7%
Transfers to State and intra-fund	**(673)**	-	(673)	(100.0%)
Net Non-operating Revenue	**20,620,441**	13,685,850	6,934,591	50.7%
Increase (Decrease) in Net Position	**2,572,992**	(1,815,599)	4,388,591	241.7%
Net position, beginning of year	**49,250,518**	51,066,117	(1,815,599)	(3.6%)
Net Position, End of Year	**$ 51,823,510**	$ 49,250,518	$ 2,572,992	5.2%

Condensed Statements of Cash Flows – WPF

	2020	2019	Percentage Increase / (Decrease)
Net Cash Used by Operating Activities	**$ (19,319,530)**	$ (14,945,036)	29.3%
Net Cash Provided by Non-capital Financing Activities	**20,620,441**	13,685,850	50.7%
Net Cash Provided by Investing Activities	**724,318**	2,788,045	(74.0%)
Net Increase in Cash and Cash Equivalents	**2,025,229**	1,528,859	32.5%
Cash and cash equivalents, beginning of year	**9,486,839**	7,957,980	19.2%
Cash and Cash Equivalents, End of Year	**$ 11,512,068**	$ 9,486,839	21.3%

NMFA Operating Fund

The NMFA Operating Fund (Operating Fund) is an internal fund that serves as a repository for all unrestricted cash generated and capital assets owned by NMFA and as a clearinghouse for payables and receivables between the program funds.

Fiscal year 2019 was the first time the Operating Fund appeared in NMFA's financial statements as a separate fund. Previously it was embedded in the PPRF and accounted for in a sub-ledger of the General Ledger as unrestricted cash and in another sub-ledger as the sum of intra-program due-to and due-from eliminations. Because of the legal and policy restrictions on the cash and receivables within each fund, none of the program funds can serve as a general fund to the others. Only unrestricted cash can be used to finance the operations of a cash-strapped program. Until fiscal year 2019, unrestricted cash flowing primarily from ongoing administrative fees and one-time origination/processing fees charged by the PPRF and the private lending programs were carried as an accumulated cash balance in the PPRF. When the other programs needed cash to cover their operations in the short term, they borrowed from this balance, with the payable credited as *Due to Other Funds* and a receivable debited to the PPRF as *Due from Other Funds.*

Management decided to present the Operating Fund distinctly alongside all the other funds to give greater transparency to the accumulated cash balances generated by its operations and to account for intra-fund borrowing more efficiently.

Total fund balance (net position) in the Operating Fund at the end of fiscal year 2020 stood at $22.6 million, of which $16.2 million, was unrestricted cash. The remainder was either capital assets or cash in the other funds that at year end could not yet be transferred to the Operating Fund. Due from other funds was $6.9 million at June 30, 2020, as other funds had to tap the cash in this fund to make up liquidity shortfalls. See the Condensed Statements of Net Position for the Operating Fund below.

Net position decreased by $5.8 million (-20.5%), the largest factor of which was the transfer of $12.0 million to the Essential Services Working Capital Program. The operating expenses for the Operating Fund are solely the expenses that the other funds did not have enough liquidity to cover by year end. See the Condensed Statements of Revenue, Expenses and Changes in Net Position below.

The Operating Fund saw a significant decrease in net cash flow, $8.7 million, primarily from non-capital financing activities. The net effect was a decrease in the cash balance from $24.9 million to $16.2 million. See the Condensed Statements of Cash Flows for the Operating Fund below.

Condensed Statements of Net Position – Operating Fund

	2020	2019	Net Increase / (Decrease)	Percentage Increase / (Decrease)
Assets				
Cash and cash equivalents				
Unrestricted	**$ 16,168,066**	$ 24,874,977	$ (8,706,911)	(35.0%)
Restricted	**-**	410	(410)	(100.0%)
Due from other funds	**6,918,176**	3,429,405	3,488,771	101.7%
Other receivables	**310,167**	151,479	158,688	104.8%
Capital assets, net of accumulated depreciation	**1,339,799**	1,054,119	285,680	27.1%
Other assets	**183,683**	162,281	21,402	13.2%
Total Assets	**24,919,891**	29,672,671	(4,752,780)	(16.0%)
Liabilities				
Accounts payable, accrued payroll and compensated absences	**1,233,206**	1,078,007	155,199	14.4%
Due to other funds	**913,992**	-	913,992	100.0%
Other liabilities	**129,561**	124,208	5,353	4.3%
Total Liabilities	**2,276,759**	1,202,215	1,074,544	89.4%
Net Position				
Net investment in capital assets	**1,339,799**	1,054,119	285,680	27.1%
Restricted for program commitments	**5,135,267**	2,541,369	2,593,898	102.1%
Unrestricted	**16,168,066**	24,874,968	(8,706,902)	(35.0%)
Total Net Position	**$ 22,643,132**	$ 28,470,456	$ (5,827,324)	(20.5%)

Condensed Statements of Revenue, Expenses & Changes in Net Position – Operating Fund

	2020	2019	Net Increase / (Decrease)	Percentage Increase / (Decrease)
Operating Revenue				
Administrative fees revenue	**$ 256,250**	$ 260,561	$ (4,311)	(1.7%)
Interest on investments	**431,666**	46,944	384,722	819.5%
Total Operating Revenue	**687,916**	307,505	380,411	123.7%
Operating Expenses				
Salaries and benefits	**240,811**	163,251	77,560	47.5%
Professional services	**98,504**	86,266	12,238	14.2%
Other operating costs	**16,423**	41,123	(24,700)	(60.1%)
Rent and utilities	**10,504**	9,413	1,091	11.6%
Depreciation expense	**101,158**	66,289	34,869	52.6%
Total Operating Expenses	**467,400**	366,342	101,058	27.6%
Net Operating Gain (Loss)	**220,516**	(58,837)	279,353	(474.8%)
Non-operating Revenue				
Transfers to State and intra-fund	**(6,047,840)**	21,469,621	(27,517,461)	(128.2%)
Net Non-operating (Expenses) Revenue	**(6,047,840)**	21,469,621	(27,517,461)	(128.2%)
(Decrease) Increase in Net Position	**(5,827,324)**	21,410,784	(27,238,108)	(127.2%)
Net position, beginning of year	**28,470,456**	7,059,672	21,410,784	303.3%
Net Position, End of Year	**$ 22,643,132**	$ 28,470,456	$ (5,827,324)	(20.5%)

Condensed Statements of Cash Flows – Operating Fund

	2020	2019	Percentage Increase / (Decrease)
Net Cash (Used) Provided by Operating Activities	**$ (2,704,309)**	$ 2,757,276	(198.1%)
Net Cash (Used) Provided by Non-capital Financing Activities	**(6,047,840)**	21,469,621	(128.2%)
Net Cash Provided by Investing Activities	**431,666**	46,944	819.5%
Net Cash Used in Capital Financing Activities	**(386,838)**	(420,759)	(8.1%)
Net (Decrease) Increase in Cash and Cash Equivalents	**(8,707,321)**	23,853,082	(136.5%)
Cash and cash equivalents, beginning of year	**24,875,387**	1,022,305	2333.3%
Cash and Cash Equivalents, End of Year	**$ 16,168,066**	$24,875,387	(35.0%)

Long-term Debt Activity

Demand for PPRF loans remained stable throughout the fiscal year. To meet this demand, NMFA issued three new bond series, for a total of $166.6 million in new debt, to replenish the PPRF revolving loan fund. Part of the bond proceeds, $51.3 million, were used to refinance two older series whose first call dates had arrived. Total actual proceeds from these new issues totaled $198.9 million. This total includes $32.4 million in bond premiums, of which $10.6 million was passed through to borrowers whose loans were funded simultaneously with the bonds. The table below summarizes the source and uses for each series:

Issue Date	Series	Source/Use	Amount	Uses Other Than Loans
June 29, 2020	2020 B	PAR	$81,000,000	
		Premium	18,847,766	
		Line of Credit Repayment		$15,007,826
		Borrower Premium Pass-through		10,640,130
April 17, 2020	2020 A	PAR	32,305,000	
		Premium	3,373,728	
		Bond Refinancing: 2010 A1, B1		17,400,000
September 26, 2019	2019 D	PAR	53,260,000	
		Premium	10,543,153	
		Bond Redemption: 2009 C		33,860,000
TOTALS:		PAR	$166,565,000	
		Premium	$32,764,647	
		Borrower Pass-through		$10,640,130
		Redemptions/Refinancing		$51,260,000

While NMFA did see some interruption in the capital markets in late March immediately after the COVID-19 health emergency was announced, it was able to join the other top-rated issuers and gain access to capital on highly competitive terms with a bond sale on April 6, 2020.

NMFA next entered the bond market on June 17, 2020, after drawing $15 million from its line of credit with Wells Fargo Bank on June 1. That draw was repaid on June 29, 2020.

More detailed information about NMFA's long-term debt is presented in Notes 6 and 11 to the Financial Statements.

Capital Asset Activity

NMFA acquired capital assets during the fiscal year to support improving technology, utilizing new hardware to replace older, outdated products. Laptops were provided to all employees, which greatly enhanced operations by allowing employees to effectively function while working remotely during the public health orders limiting the number of employees allowed to work onsite. The cost of new technology hardware was $86,464.

Implementation of the EnABLE loan servicing software continued throughout the fiscal year, and all water programs now fully reside on this platform. Development, testing and implementation is ongoing, with all programs expected to reside solely on EnABLE by the end of fiscal year 2021. The cost of this project in fiscal year 2020 was $300,374.

More detailed information about capital assets is presented in Note 5 to the Financial Statements.

Economic Outlook

The spread of COVID-19 and responsive measures taken to prevent or reduce its spread have, and are expected to continue to have, potentially adverse impacts to the State's economy and its operations and, accordingly, the financial condition of the State, the NMFA, and Governmental Units. In further response to COVID-19 and related responsive measures, the Governor called a special session of the State Legislature (the "2020 Special Session"), which began on June 18, 2020, and ended on June 22, 2020, to address, among other matters, the impact of COVID-19 on the State. During the 2020 Special Session, the State Legislature passed, and the Governor has signed into law, legislation addressing the impact of COVID-19 on the State's budget (including enabling the use of federal Coronavirus Aid, Relief and Economic Security (CARES) Act funding), tax relief for individuals, loans for small businesses and local governments, and election improvements. Additionally, the NMFA has implemented, and continues to assess its ability to further implement, to the extent deemed necessary, various mechanisms to assist Governmental Units that may be adversely impacted by COVID-19 and related responsive measures. Due to the unprecedented nature of the outbreak and spread of COVID-19, the duration and extent of the potential economic, operational and financial impacts of COVID-19 and related responsive measures on the NMFA cannot be reliably measured at this time.

Contacting NMFA's Financial Management

This financial report is designed to provide citizens, taxpayers, customers, legislators, investors and creditors with a general overview of NMFA's finances and to demonstrate NMFA's accountability for the money it receives.

Substantial additional information is available on NMFA's website at www.nmfinance.com and on NMFA's PPRF investor relations website at www.nmbondfinance.com. If you have any questions about this report or need additional financial information, contact:

New Mexico Finance Authority (NMFA)
207 Shelby Street
Santa Fe, New Mexico 87501

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FINANCIAL STATEMENTS

Assets		
Current Assets		
Cash and cash equivalents		
Unrestricted cash	$	16,168,066
Restricted cash		320,578,471
Current receivables		10,861,578
Other assets		638,132
Loans receivable, net of allowance		141,334,892
Total Current Assets		489,581,139
Non-current Assets		
Restricted investments		369,252,126
Loans receivable, net of allowance		1,583,144,346
Capital assets, net of accumulated depreciation		1,339,799
Total Assets		2,443,317,410
Deferred Outflows of Resources		
Deferred loss on refunding		693,665
Total Deferred Outflows of Resources		693,665
Liabilities		
Current Liabilities		
Accounts payable		455,273
Accrued payroll		262,445
Compensated absences		526,988
Bond interest payable		7,942,372
Undisbursed loan proceeds		320,840,186
Advanced loan payments		89,526,221
Bonds payable, net		116,270,000
Other liabilities		1,033,471
Total Current Liabilities		536,856,956
Non-current Liabilities		
Bonds payable, net		1,322,671,647
Total Liabilities		1,859,528,603
Deferred Inflows of Resources		
Deferred gain on refunding		3,704,574
Total Deferred Inflows of Resources		3,704,574
Net Position		
Net investment in capital assets		1,339,799
Restricted for program commitments		563,270,033
Unrestricted		16,168,066
Total Net Position	$	580,777,898

The accompanying Notes are an integral part of these Financial Statements

Operating Revenue			
Interest on loans		$	52,792,559
Administrative fees revenue			6,828,344
Interest on investments			6,003,467
Unrealized Gain			2,595,322
	Total Operating Revenue		68,219,692
Operating Expenses			
Bond interest expense			50,720,720
Grants to others			31,480,701
Loan financing pass-through			10,640,130
Salaries and benefits			5,108,045
Bond issuance costs			1,243,666
Professional services			3,266,820
Other operating costs			997,558
Recovery of loan loss allowance			(294,021)
Interest expense			7,826
Rent and utilities			414,551
Depreciation expense			101,158
	Total Operating Expenses		103,687,154
	Net Operating Loss		(35,467,462)
Non-operating Revenue (Expenses)			
Appropriation revenue			50,326,048
Federal grant revenue			11,599,117
Transfers from the State			19,783,240
Transfers to the State			(6,779,091)
	Net Non-operating Revenue		74,929,314
	Increase in Net Position		39,461,852
Net position, beginning of year			541,316,046
	Net Position, End of Year	$	580,777,898

NEW MEXICO FINANCE AUTHORITY

Statement of Cash Flows

Fiscal Year Ended June 30, 2020

Cash Flows from Operating Activities	
Cash paid for employee services	$ (4,989,890)
Cash paid to vendors for services	(6,724,546)
Loan payments received	220,120,914
Loans funded	(278,281,535)
Grants to local governments	(31,480,701)
Cash received from Federal capitalization grant	11,599,117
Interest on loans	52,179,889
Administrative fees received	7,278,445
Net Cash Used in Operating Activities	(30,298,307)
Cash Flows from Non-capital Financing Activities	
Reversions	(170,035)
Appropriations from the State	50,326,048
Cash transfers from the State	19,783,240
Cash transfers to the State	(6,609,056)
Proceeds from the sale of bonds	198,939,647
Payment of bonds	(166,720,000)
Bond issuance costs	(1,243,666)
Bond interest expense paid	(57,953,540)
Proceeds from line of credit	15,000,000
Payments on line of credit	(15,000,000)
Loan financing pass-through to borrower	(10,640,130)
Net Cash Provided by Non-capital Financing Activities	25,712,508
Cash Flows from Investing Activities	
Purchase of investments	(318,075,358)
Sale of investments	357,627,615
Interest received on investments	8,598,789
Net Cash Provided by Investing Activities	48,151,046
Cash Flows from Capital Financing Activities	
Capital assets	(386,838)
Net Cash Used in Capital Financing Activities	(386,838)
Net Increase in Cash and Cash Equivalents	43,178,409
Cash and cash equivalents, beginning of year	293,568,128
Cash and Cash Equivalents, End of Year	$ 336,746,537
Reconciliation of Cash and Cash Equivalents	
Unrestricted cash and cash equivalents	$ 16,168,066
Restricted cash and cash equivalents	320,578,471
Total Cash and Cash Equivalents	$ 336,746,537

The accompanying Notes are an integral part of these Financial Statements

Reconciliation of Net Operating Loss to Net Cash (Used) Provided by Operating Activities	
Net operating loss	$ (35,467,462)
Adjustments to Change in Net Position	
Depreciation	101,158
Amortization on bond premiums	(10,577,800)
Provision for loan losses	(294,021)
Interest on investments	(8,598,789)
Bond interest paid	61,298,520
Loan financing pass-through to borrowers	10,640,130
Bond issuance costs	1,243,666
Cash received from Federal grants	11,599,117
Interest expense	7,826
Changes in Assets and Liabilities	
Interest receivable	(612,670)
Grants, prepaid expenses and other receivables	(716,273)
Administrative fees receivable	1,173,535
Loans receivable, net of allowance	(82,382,686)
Accounts payable	48,543
Accrued payroll	52,643
Accrued compensated absences	65,512
Undisbursed loan proceeds	30,898,575
Advanced loan payments	(6,676,511)
Other liabilities	(2,101,320)
Net Cash Used in Operating Activities	**$ (30,298,307)**

Assets		
Cash held by Trustee		**8,135,298**
Total Assets	**$**	**8,135,298**
Liabilities		
Debt service payable		**1,178,767**
Program funds held for NM Dept of Transportation		**6,956,531**
Total Liabilities	**$**	**8,135,298**

The accompanying Notes are an integral part of these Financial Statements

1) Nature of Organization

The New Mexico Finance Authority (NMFA), a component unit of the State of New Mexico (State), is a public body politic and corporate, separate and apart from the State, constituting a governmental instrumentality, organized and existing pursuant to the New Mexico Finance Authority Act (the Act). NMFA has broad powers to provide financing for an array of infrastructure and economic development projects. The Act also provides for long-term planning and assessment of state and local capital needs and improves cooperation among the executive and legislative branches of state government and local governments in financing public projects.

NMFA's governing Board of Directors (NMFA Board) is composed of 11 members. Ex officio members include the Secretary of the Department of Finance and Administration; Secretary of the Economic Development Department; Secretary of the Energy, Minerals and Natural Resources Department; Secretary of the Environment Department; Executive Director of the New Mexico Municipal League; and the Executive Director of New Mexico Counties. The Governor, with the advice and consent of the Senate, appoints the remaining members, including the Chair and a member who must be the Chief Financial Officer of a New Mexico institution of higher education. The appointed members serve at the pleasure of the Governor.

NMFA issues loans to qualified entities pursuant to the rules and regulations governing the Public Project Revolving Fund (PPRF). The PPRF provides low-cost financing to qualified government entities for a variety of qualified projects throughout the state. The PPRF Program receives 75% of the Governmental Gross Receipts Tax (GGRT) collected by the State pursuant to Section 7-1-6.38 NMSA 1978. NMFA may issue bonds in amounts deemed necessary to provide sufficient money for the purposes set forth by the Act. Bonds are issued under a Master Indenture as well as individual Series Indentures, which are administered through a trust relationship established by contract with a trust company or bank bearing trust powers (Trustee) and NMFA.

NMFA may also serve as conduit issuer of revenue bonds for other governmental agencies. This activity is reported as an Agency Fund.

NMFA manages the Drinking Water State Revolving Loan Fund (DWSRLF) and the Water Project Fund (WPF).

The DWSRLF provides low-cost financing for the construction of and improvements to drinking water facilities throughout New Mexico in order to protect drinking water quality and public health. This program is primarily funded through a federal capitalization grant where the Environmental Protection Agency (EPA) and the State 20% cost share.

The WPF program provides grants and interest-free loans to water projects supporting water use efficiency, resource conservation and protection, and fair distribution and allocation of water. In the accompanying statements, the receipt of funds for the WPF program is reflected as Transfers from the State in the amount of $10,621,114 at June 30, 2020.

Other significant programs and financing administered by NMFA include:

- The New Markets Tax Credits Program (NMTC), whereby NMFA is the managing member in Finance New Mexico, LLC, is a subsidiary for-profit company that has received $321 million in total allocations of federal tax credits under the NMTC Program.
- The Economic Development Revolving Fund (ED) comprises two programs: Smart money, which is a loan participation program that allows NMFA to buy interests in loans made by New Mexico banks and financial institutions, and the Essential Services Working Capital Program (ESWCP), which is an emergency working capital program established by the NMFA Board in April 2020 to help community service providers and other essential businesses operating during the emergency health order. The first ESWCP loans were approved in fiscal year 2020 but did not close until fiscal year 2021.
- The Primary Care Capital Fund (PCCF) is a revolving loan program that provides low-interest rate loans to non-profit and government-owned primary care health clinics for infrastructure, construction and capital equipment purchases. These loans can provide up to 20% annual loan forgiveness should the borrower meet certain requirements in providing free or reduced-cost medical care to sick and indigent clients.
- The Behavioral Health Capital Fund (BHCF) in a revolving loan program that provides low-interest rate loans to government owned and non-profit behavioral health providers for infrastructure, construction and capital equipment purchases. These loans can provide up to 20% annual loan forgiveness should the borrower meet certain requirements in providing free or reduced-cost medical care to sick and indigent clients.
- The Local Government Planning Fund Program (LGPF) provides grants to qualified local government entities on a per-project basis for infrastructure planning projects.
- The Colonias Infrastructure Fund (CIF) consists, in part, of proceeds from severance tax bonds authorized in Section 7-27-12.5 NMSA 1978. It provides loans and grants to certain communities located within 150 miles of the Mexican border in southern New Mexico that lack basic infrastructure for water and wastewater, solid waste disposal, flood and drainage control, and roads. In the accompanying statements, the receipt of funds for the CIF is reflected as Transfers from the State in the amount of $9,162,126 at June 30, 2020.
- Through a Memorandum of Understanding entered into with the New Mexico Economic Development Department (NMEDD), NMFA received federal State Small Business Credit Initiative (SSBCI) funds to help increase the flow of capital to small businesses by mitigating bank risk. NMFA uses the funds to buy loan participations from banks for economic development projects under a program marketed as the Collateral Support Participation Program. NMFA is no longer making loans from this program and is transferring the repaid principal to NMEDD quarterly.

NMFA is not subject to the supervision or control of any other board, bureau, department or agency of the State, except as specifically provided in the Act. Bonds and other obligations issued by NMFA under the provisions of the Act are not a debt or liability of the State or any subdivision thereof. The NMFA Oversight Committee was created by the Act, and its membership is appointed by the Legislative Council to provide legislative oversight.

The financial statements include the accounts of NMFA and its blended component unit, Finance New Mexico, LLC (FNMLLC). All intercompany transactions and balances are eliminated. The condensed financial statements of FNMLLC are disclosed in Note 14.

2) Summary of Significant Accounting Policies

Accounting Principles

The financial statements of NMFA have been prepared in accordance with accounting principles generally accepted in the United States of America as applied to governmental units and funds. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting.

Basis of Presentation

The financial statements of NMFA have been prepared using the economic resources measurement focus and the accrual basis of accounting. All of NMFA's activities, except those in which NMFA acts as an agent, are reported as an enterprise fund.

NMFA distinguishes operating revenues and expenses from non-operating revenues and expenses. Operating revenues and expenses generally result from providing financial services in connection with ongoing operations. Primary operating revenues include financing income and fees charged to program borrowers. Operating expenses include interest expense and program support, as well as funds granted to others in the form of loan forgiveness and other subsidies to governmental entities.

Non-operating items consist of State appropriations for GGRT revenue and Water Project Fund legislated designations. Grant revenue and transfers to and from the State consist of excess distributions and reversions of prior-year appropriated revenue.

Revenues from grants that are restricted for specific uses are recognized as revenues and as receivables when the related costs are incurred. When restricted resources meet the criteria to be available for use and unrestricted resources are also available, NMFA uses restricted resources first. Expenses are recorded when they are incurred. Expenses charged to federal programs are recorded utilizing the cost principles prescribed or permitted by the various funding sources.

Agency Funds

Agency Funds are used to report resources held by NMFA in a purely custodial capacity. These funds result from bond transactions in which NMFA acts as fiscal agent for the New Mexico Department of Transportation (NMDOT). The amounts reported as agency funds do not belong to NMFA and are held in separate accounts on NMFA's books in the name of

NMDOT. Accordingly, all assets held and reported in the Agency Funds are offset by a corresponding liability.

Cash, Cash Equivalents and Investments

NMFA considers all highly liquid financial instruments with a maturity of three months or less when purchased to be cash equivalents. Cash and cash equivalents consist of cash on deposit with Wells Fargo Bank and the Bank of Albuquerque, which also acts as NMFA's bond trustee. Certain proceeds of NMFA's bonds, as well as certain resources set aside for their repayment, are invested in certain permitted securities.

NMFA has implemented GASB 72, *Fair Value Measurement and Application*. Fair value is the amount that would be received on the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The statement provides guidance for determining a fair value measurement for financial reporting purposes. The statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.

Restricted vs. Unrestricted Cash

If it is obligated contractually, statutorily or by an official vote of the Board to a specific purpose or program, cash is presented as restricted. Otherwise it is presented as unrestricted cash.

Current Receivables

Current receivables comprise interest receivable, administrative fees receivable, grants and other receivables arising from the normal course of operations.

Loans Receivable

Loans are carried at amounts advanced, net of collections and reserves for loan losses, if any. Loans that become past-due as to principal and interest are evaluated for collectability. Generally, loans are not placed on nonaccrual status if they are sufficiently insured, guaranteed or collateralized.

The allowance for loan losses is maintained to cover possible losses inherent in the loan portfolio based on management's evaluation of the loan portfolio, giving consideration to various factors, including collateral value, past loan loss experience, current facts and economic conditions. The allowance is based on management's estimates, and ultimate losses may vary from the current estimates. These estimates are reviewed periodically, and any necessary adjustments are reported as a charge to income in the period they become known.

Assets obtained through loan foreclosure are initially recorded at the fair value less cost to sell at the date of foreclosure, establishing a new cost basis. Subsequent to foreclosure, valuations are periodically performed by NMFA and the assets are carried at the lower of carrying amount or fair value less cost to sell. These assets are included in the other assets on the statement of net position.

State Loans Receivable

State loans receivable consist of amounts due from the State based on legislated appropriations of specified taxes for repayment of certain bonds issued by NMFA on behalf of State entities. The related statutes direct NMFA to issue bonds and make proceeds available to specified State entities to fund various projects. The statutes appropriate a portion of pledged future taxes or fees to fund the payment of the related bonds. No allowance has been established, as all such receivables are considered reliably collectable.

Capital Assets

Capital assets are recorded at historical cost and depreciated over their estimated useful lives. Donated capital assets are recorded at their estimated fair value at the date of donation. Additions, improvements and other capital outlays individually exceeding $5,000 that significantly extend the useful life of an asset are capitalized.

Estimated useful life is management's estimate of how long the asset is expected to meet service demands. Straight-line depreciation is used, based on estimated useful lives ranging from three to seven years.

Deferred Outflows/Inflows of Resources

The statement of net position, where applicable, includes separate sections for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources represent consumption of net position that applies to future periods that will be recognized as an expense in future periods. Deferred inflows of resources represent an acquisition of net position that applies to future periods and will be recognized as revenues in future periods.

Bond Discounts and Premiums

Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount.

Loan Financing Pass-Through

Loan financing pass-through expenses are bond premiums associated with certain loans passed through by NMFA to the respective borrowers. The refinanced loans were associated with certain bond premiums, which reduced the outstanding principal of the associated loans. The reductions represent a loan financing pass-through expense to NMFA. For fiscal year 2020, loan financing pass-through expenses were $10,640,130.

Compensated Absences

Full-time employees with up to ten years of employment with NMFA are entitled to fifteen days of vacation leave each fiscal year. Employees with more than ten years of service receive twenty days per fiscal year. Employees are permitted to receive vacation leave and carry over unused balances each year, capped at 320 hours. When employees terminate, they are compensated at their current hourly rate for accumulated unpaid vacation leave, up to a maximum of 320 hours.

Full-time employees are entitled to twelve days of sick leave each fiscal year. When employees terminate, they are compensated at twenty-five percent (25%) of their current hourly rate for accumulated unpaid sick leave, up to 320 hours. Part-time employees accrue vacation and sick leave on a prorated basis based on the number of hours they work. Accrued compensated absences are recorded and liquidated in the NMFA Operating Fund.

Undisbursed Loan Proceeds

Undisbursed loan proceeds represent loan amounts awaiting disbursement to loan recipients. Funds are not automatically disbursed in their entirety when a loan closes. Proceeds are disbursed as the related project costs are incurred. Most of the balance in undisbursed loan proceeds is for loans in the PPRF program.

Advanced Loan Payments

Advanced loan payments represent the amounts received from loan recipients that have not been applied as a payment against their loan, as well as debt service reserve accounts funded from the loan proceeds. NMFA applies loan payments semi-annually. Any payments received prior to being applied to the loan are held in an account that earns interest, and the interest is credited to the borrower. These funds are held by the trustee and in accounts at the State Treasurer's Office (STO). The balance of advanced loan payments was $89,526,221 at June 30, 2020.

Net Position

The difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources is referred to as net position. Net position is categorized as net investment in capital assets (net of related debt), restricted or unrestricted based on the following:

Net investment in capital assets is intended to reflect the portion of net position associated with capital assets less outstanding capital asset related debt. The net of related debt is the debt less the outstanding liquid assets and any associated unamortized cost. NMFA has no capital asset-related debt.

Restricted net position reflects the portion of net position with third-party (statutory, bond covenant or granting agency) limitations on their use. When there is an option, NMFA spends restricted resources first.

The following lists significant programs and the associated restricting statutes and bond covenants:

PPRF	6-21-6 NMSA 1978; General and Subordinated Indentures of Trust
DWSRLF	6-21A-4 NMSA 1978; EPA Capitalization Grant Agreements
WPF	72-4A-9 NMSA 1978
NMTC	6-25-6.1 NMSA 1978; NMTC Allocation Agreement
ED	6-25-1 NMSA 1978 (ESWCP 6-25-1 NMFA 1978; Emergency Rules)
PCCF	24-1C-4 NMSA 1978
BHCF	6-26-4 NMSA 1978
LGPF	6-21-6.4 NMSA 1978
CIF	6-30-7 NMSA 1978
SSBCI	6-25-13 NMSA 1978; SSBCI Allocation Agreement

Unrestricted net position represents the portion of net position not otherwise classified as invested in capital assets or restricted net position.

Income Taxes

NMFA is a tax-exempt, quasi-governmental organization under Section 115 of the Internal Revenue Code. Accordingly, no provision for income taxes is included in the accompanying financial statements. NMFA is subject to other Internal Revenue Code sections relating to the tax-exempt status of the bonds issued by NMFA.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

Budget

Although NMFA's budget represents a financial plan, not a legal constraint, management constrains itself to the amounts approved by the NMFA Board for the main categories of the Operating Fund: Salaries and Benefits, Contractual Services, and Operations; therefore, budgetary comparison information is not presented in the financial statements or as required supplementary information.

3) Investments

NMFA follows GASB No. 40, *Deposit and Investment Risk Disclosures*. This statement requires the disclosure of applicable interest rate, credit, custodial credit, concentration of credit and foreign currency risks.

NMFA's investments conform to the provisions of the Amended and Restated Investment Policy (Investment Policy) dated October 24, 2019, the provisions of the General Indenture of Trust and Subordinated Indenture of Trust applicable to NMFA's bond issuances, bond resolutions and other documents or agreements that control the investment of funds.

Except where prohibited by statute, trust indenture, bond resolution or other controlling authority, NMFA consolidates cash and reserve balances from all funds to maximize investment earnings and to increase efficiencies with regard to investment pricing, safekeeping and administration. Investment income is allocated to the various funds based on their respective participation. The primary objectives of investment activity, in order of priority, shall be safety, liquidity and yield.

The Investment Policy provides investments are undertaken in a manner that seeks to ensure the preservation of principal in the overall portfolio while mitigating credit risk and interest rate risk.

Credit Risk

NMFA minimizes credit risk (the risk of loss due to the failure of securities issuer or backer) by limiting investments; prequalifying financial institutions, broker/dealers, intermediaries and advisors with which NMFA does business; and diversifying the investment portfolio to minimize the impact of potential losses from any one type of security or from any one individual issuer.

FNMLLC cash balances are maintained in several accounts in several banks. At times, these balances may exceed the federal insurance limits; however, FNMLLC has not experienced any losses with respect to its bank balances in excess of government provided insurance. Management believes that no significant concentration of credit risk exists with respect to these cash balances at June 30, 2020.

Interest Rate Risk

NMFA minimizes interest rate risk (the risk that the market value of securities in the portfolio will decline due to changes in market interest rates) by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations (thereby avoiding the need to sell securities in the open market prior to maturity) and by investing operating funds primarily in short-term securities, limiting the average maturity of the portfolio.

For additional deposit and investment risk disclosure information regarding cash held by the STO, the reader should refer to the separate audit report for the New Mexico State Treasurer's Office for June 30, 2020.

State General Fund Investment Pool

NMFA, as required by Section 24-1C-4, NMSA, 1978, administers the Primary Care Capital Fund (PCCF), which was created as a revolving fund in the STO. PCCF funds are deposited into the State General Fund Investment Pool (SGFIP), as are funds of State agencies. In fiscal year 2020, PCCF funds totaled $7,512,088, representing less than 1% of total NMFA funds.

All other funds of NMFA, including PPRF funds that are subject to the General and Subordinated Indentures of Trust, are held outside of the STO with a Trustee and secured in accordance with NMFA's Investment Policy.

Permitted Investments

As provided in Sections 6-21-6 and 6-21-5 of the Act, money pledged for or securing payment of bonds issued by NMFA is deposited and invested as provided in the bond resolution, trust indenture or other instrument under which the bonds were issued. The following table identifies the investment types permitted by the Investment Policy:

Description	Maximum Percentage of NMFA Funds[1]
Direct and general U.S. Government Obligations (Treasury Bills, Treasury Notes, Treasury Bonds)	100%
U.S. Government Agencies (any federal agency or instrumentality notes, bonds, debentures, with implicit guarantee of the United States of America)	75%
SEC-registered money market funds with total assets at time of deposit in excess of $100,000,000[2]	100%
Certificates of deposits and bank deposits[3]	20%
Commercial paper issued by corporations organized and operating on the United States and rated A1 P1 or equivalent by two or more rating services.	10%
Bonds or notes issued by any municipality, county or school district of the State	10%
Overnight repurchase agreements[4]	25%
Fixed income mutual funds	10%
Investment contracts (guaranteed investment contracts (GIC's) and flexible repurchase agreements)[1]	10%
State Treasurer's Local Government Investment Pool	50%

Investment of Bond Proceeds

All or any portion of the proceeds of bonds or other obligations of NMFA may be invested in a guaranteed investment contract (GIC) or flexible repurchase agreement without regard to the investment allocation constraints set forth in the Investment Policy, if the GIC or repurchase agreement provides for disbursement upon request of NMFA in amounts necessary to meet expense requirements for the bonds or other obligations.

[1] Limits do not apply to cash invested by trustee per bond indenture.
[2] Money markets must be rated AAA by Standard & Poor and be in compliance with the diversification, quality and maturity requirements 2a-7 of the U.S. Securities and Exchange Commission applicable to money markets with no sales load or deferred sales charge.
[3] Interest bearing certificates of deposit or bank deposits must be in banks having a branch location in New Mexico, and all principal and interest must be fully insured by the Federal Deposit Insurance Corporation or secured by obligations described above, registered in the name of NMFA and held by a third party safe-keeping agent, or collateralized as required by 6-10-16 NMSA 1978 at 102% of the value of the deposit that is not FDIC insured.
[4] Investment contracts and repurchase agreement investments must be fully secured by obligations described above, with all collateral held by an independent third party safe-keeping agent.

Cash and equivalents at June 30, 2020 were as follows:

Description		Balance at June 30, 2020	Rated	Percentage of NMFA Funds[5]
FNMLLC cash equivalents	$	11,351,668	N/A	1%
Wells Fargo deposit account book balance		646,163	N/A	<1%
Wells Fargo repurchase agreement – fully secured[6]		335,917	N/A	<1%
Government Money Market Funds		316,900,702	AAA	41%
PCCF funds held with the SGFIP		7,512,088	N/A	<1%
Total Cash and Equivalents	$	336,746,538		
Cash held in agency fund	$	8,135,298		

[5] Limits described in the "permitted investments" section above to not apply to cash invested by trustee per bond indenture.
[6] Wells Fargo accounts FDIC insured for $250,000. Remaining is secured by a pledge of NMFA securities in the name of the State of New Mexico, monitored by the New Mexico State Treasurer's Office.

Maturity Restrictions

It is the policy of NMFA to diversify investment maturities based on cash flow requirements. Unless matched to a specific cash flow, NMFA will invest in securities maturing five years or fewer from date of purchase.

Investments consist of bond proceeds, which are restricted to uses specified in the related bond indentures. Such restricted investments at June 30, 2020 are comprised of the following:

Description	Fair Value as of June 30, 2020	Average Years to Maturity	Percentage of NMFA Funds
US Treasury Notes	$ 328,428,478	0.97	48%
US Government Agencies	40,823,648	1.88	6%
Total Restricted Investments	$ 369,252,126		

Fair Value Measurement

NMFA's investments measured and reported at fair value are classified according to the following hierarchy:

Level 1 – Investments reflect prices quoted in active markets.

Level 2 – Investments reflect prices that are based on a similar observable asset, either directly or indirectly, which include inputs in markets that are not considered to be active.

Level 3 – Investments reflect prices based upon unobservable sources.

The categorization of investments within the hierarchy is based upon the pricing transparency of the instrument and should not be perceived as the particular investment's risk.

At June 30, 2020, NMFA's investments are classified as Level 1.

4) Loans Receivable

Loans receivable activity for fiscal year 2020 was as follows:

Program	Term (Years)	Rates	2019	Increases	Decreases	2020
PPRF	1 to 30	0% to 6%	$ 1,515,120,635	$ 287,527,943	$ 211,078,092	$ 1,591,570,486
DWSRLF	1 to 30	0% to 4%	88,317,081	9,508,114	6,163,999	91,661,196
PCCF	10 to 20	3%	1,503,737	-	273,115	1,230,622
WPF	10 to 20	0%	30,579,993	2,276,652	1,967,116	30,889,529
ED	3 to 20	2% to 5%	1,911,183	749,404	904,376	1,756,211
BHCF	15	3%	696,303	1,442,256	523,862	1,614,697
CIF	10 to 20	0%	4,300,046	922,891	349,253	4,873,684
SSBCI	10 to 20	3%	2,637,689	-	125,951	2,511,738
			1,645,066,667	302,427,260	221,385,764	1,726,108,163
Less allowance for loan losses			2,781,126	175,917	1,328,118	1,628,925
Net Total			$ 1,642,285,541	$ 302,251,343	$ 220,057,646	$ 1,724,479,238

The following is a summary of scheduled payments to be collected on loans receivable as of June 30, 2020:

Fiscal Year Ended June 30	Principal	Interest	Total
2021	$ 160,918,191	$ 51,313,124	$ 212,231,315
2022	144,613,086	47,619,493	192,232,579
2023	136,377,968	43,615,195	179,993,163
2024	122,549,481	39,730,790	162,280,271
2025	120,346,714	36,187,663	156,534,377
2026-2030	521,166,874	130,655,107	651,821,981
2031-2035	337,401,639	62,162,080	399,563,719
2036-2040	146,888,691	17,529,536	164,418,227
2041-2045	28,160,517	3,275,692	31,436,209
2045-2050	7,685,002	434,658	8,119,660
Subtotals	$ 1,726,108,163	$ 432,523,338	$ 2,158,631,501
Less allowance for loan loss	1,628,925		
Net Loans Receivable	$ 1,724,479,238		

State Loans Receivable

NMFA has agreements with various state entities relating to the issuance of bonds. Pursuant to the underlying legislation and resolutions, the bond proceeds financed various State projects in the PPRF. Pursuant to the legislation, the debt service on these bonds is payable solely from pledged future revenues from the State and state entities. The following activity represents amounts due to NMFA under these agreements as of June 30, 2020. These loans are included in the PPRF loans above.

Loan Number	Project Name	State Entity	Balance at June 30, 2020
PPRF-3268	METROCRT4	Administrative Office of the Court	$ 17,020,000
PPRF-1592	CULTAFFAIRS	Cultural Affairs Department	467,971
PPRF-4432	PPRF-4432	Department of Health	4,055,000
PPRF-2668	DOH9	Department of Health	7,836,400
PPRF-5127	PPRF-5127	Eastern New Mexico University	22,340,000
PPRF-3797	PPRF-3797	Eastern New Mexico University	5,223,964
PPRF-3283	ENMU2	Eastern New Mexico University	14,495,000
PPRF-4955	PPRF-4955	General Services Department	11,500,000
PPRF-4431	PPRF-4431	General Services Department	26,360,000
PPRF-4717	PPRF-4717	General Services Department	18,520,000
PPRF-3446	GSD7	General Services Department	1,218,907
PPRF-3445	GSD8	General Services Department	32,470,000
PPRF-4769	PPRF-4769	General Services Department	46,685,000
PPRF-3018	GILA 2	Gila Regional Medical Center (Energy Efficiency)	2,320,645
PPRF-2702	HIGHLANDS2	New Mexico Highlands University	13,085,000
PPRF-2345	HIGHLANDS3	New Mexico Highlands University	9,720,000
PPRF-5009	PPRF-5009	New Mexico Military Institute	6,689,000
PPRF-5008	PPRF-5008	New Mexico Military Institute	5,181,000
PPRF-2288	NMSPACE	New Mexico Spaceport Authority	31,125,000
PPRF-2527	NMSPACE2	New Mexico Spaceport Authority	14,860,000
PPRF-3296	NMSU2	New Mexico State University - Grants Branch	6,160,000
PPRF-1574	ENMRD2	Parks & Recreation Department	1,491,433
PPRF-2662	MOUNTAINAIR5	State of New Mexico (Energy Efficiency)	191,567
PPRF-4718	PPRF-4718	State of New Mexico (Energy Efficiency)	942,260
PPRF-3472	SANTAFE28	State of New Mexico (Energy Efficiency)	2,668,620
PPRF-2661	SOCORROSCH 8	State of New Mexico (Energy Efficiency)	227,195
PPRF-4803	PPRF-4803	State of New Mexico (Energy Efficiency)	404,547
PPRF-4956	PPRF-4956	State of New Mexico (Energy Efficiency)	3,507,034
PPRF-3424	UNMHEALTH	University of New Mexico - Health Sciences Center	14,635,000
PPRF-2700	WNMU	Western New Mexico University	9,765,000
PPRF-2909	WNMU2	Western New Mexico University	3,885,000
		Total State Loans Receivable	**$ 335,050,543**

5) Capital Assets

A summary of changes in capital assets during fiscal year 2020 is as follows:

	Balance at June 30, 2019	Increases	Decreases	Balance at June 30, 2020
Capital assets not being depreciated				
Construction in progress	$ 818,965	$ 300,374	$ -	$ 1,119,339
Capital assets being depreciated				
Furniture and fixtures	46,033	-	-	46,033
Computer hardware and software	1,070,606	86,464	-	1,157,070
Leasehold improvement	8,241	-	-	8,241
	$ 1,943,845	$ 386,838	$ -	$ 2,330,683
Accumulated depreciation				
Furniture and fixtures	$ (44,585)	$ (1,448)	$ -	$ (46,033)
Computer hardware and software	(836,900)	(99,710)	-	(936,610)
Leasehold improvement	(8,241)	-	-	(8,241)
	$ (889,726)	$ (101,158)	$ -	$ (990,884)
Net total	$ 1,054,119	$ 285,680	$ -	$ 1,339,799

Depreciation expense for fiscal year 2020 was $101,158.

6) Bonds Payable

Bonds have been issued to provide financing for PPRF and are collateralized as follows:

- Loan Agreements and securities executed and delivered by governmental units in consideration for the financing of all or a portion of their respective projects by NMFA.
- Amounts held in the Agreement Reserve Accounts.
- Additional pledged loans.
- Revenues received by NMFA from the allocation of PPRF's portion of the GGRT.
- Revenues pledged through legislation as security for the payment of principal and interest on bonds. These revenues include mainly Court Facilities Fees, Cigarette Excise and Tax, GGRT.

Bonds payable consisted of the following at June 30, 2020:

Bond Series	Rate	Maturities		Original Amount		Outstanding at June 30, 2020
PPRF REVENUE BONDS - SENIOR LIEN DEBT						
2009 C	Paid off	Redeemed with cash	$	55,810,000	$	-
2010 A-1	Paid off	Redeemed by Bond 2020 A		15,170,000		-
2010 A-2	4.932% to 6.406%	June 1, 2021 to June 1, 2039		13,795,000		9,435,000
2010 B-1	Paid off	Redeemed by Bond 2020 A		38,610,000		-
2010 B-2	4.746% to 6.230%	June 1, 2021 to June 1, 2035		17,600,000		16,200,000
2011 B-1	3.000% to 4.000%	June 1, 2021 to June 1, 2036		42,735,000		15,575,000
2011 B-2	3.800% to 4.950%	June 1, 2021 to June 1, 2031		14,545,000		7,170,000
2011 C	3.500% to 5.000%	June 1, 2021 to June 1, 2036		53,400,000		24,080,000
2012 A	3.000% to 5.000%	June 1, 2021 to June 1, 2038		24,340,000		14,640,000
2013 A	3.000% to 5.000%	June 1, 2021 to June 1, 2038		44,285,000		21,875,000
2013 B	3.750% to 5.000%	June 1, 2021 to June 1, 2036		16,360,000		8,155,000
2014 B	3.000% to 5.000%	June 1, 2021 to June 1, 2035		58,235,000		33,070,000
2015 B	2.250% to 5.000%	June 1, 2021 to June 1, 2045		45,325,000		31,820,000
2015 C	3.000% to 5.000%	June 1, 2021 to June 1, 2035		45,475,000		43,760,000
2016 A	2.500% to 5.000%	June 1, 2021 to June 1, 2036		52,070,000		34,330,000
2016 C	3.000% to 5.000%	June 1, 2021 to June 1, 2046		67,540,000		61,195,000
2016 D	2.000% to 5.000%	June 1, 2021 to June 1, 2046		116,485,000		88,705,000
2016 E	3.000% to 5.000%	June 1, 2021 to June 1, 2046		40,870,000		25,615,000
2016 F	3.375% to 5.000%	June 1, 2021 to June 1, 2046		38,575,000		27,735,000
2017 A	3.000% to 5.000%	June 1, 2021 to June 1, 2046		60,265,000		50,635,000
2017 C	3.000% to 5.000%	June 1, 2021 to June 1, 2030		37,675,000		24,220,000
2017 E	5.000%	June 1, 2021 to June 1, 2038		40,190,000		32,580,000
2018 A	3.250% to 5.000%	June 1, 2021 to June 1, 2038		124,330,000		107,770,000
2018 B	2.50% to 5.000%	June 1, 2021 to June 1, 2031		22,530,000		18,100,000
2018 D	5.000%	June 1, 2021 to June 1, 2038		53,310,000		45,115,000
2019 B	4.000% to 5.000%	June 1, 2021 to June 1, 2039		43,870,000		41,595,000
2019 D	3.000% to 5.000%	June 1, 2021 to June 1, 2041		53,260,000		52,280,000
2020 A	2.000% to 5.000%	June 1, 2021 to June 1, 2040		32,305,000		32,305,000
2020 B	3.000% to 5.000%	June 1, 2021 to June 1, 2041		81,000,000		81,000,000
				1,349,960,000		**948,960,000**

Bond Series	Rate	Maturities	Original Amount	Outstanding at June 30, 2020
PPRF REVENUE BONDS - SUBORDINATE LIEN DEBT				
2014 A-1	3.250% to 5.000%	June 15, 2021 to June 15, 2033	$ 15,135,000	$ 11,665,000
2014 A-2	2.782% to 4.491%	June 15, 2021 to June 15, 2034	16,805,000	7,530,000
2015 A	3.000% to 5.000%	June 15, 2021 to June 15, 2035	63,390,000	45,470,000
2015 D	5.000%	June 15, 2021 to June 15, 2027	29,355,000	19,730,000
2016 B	5.000%	June 15, 2021 to June 15, 2021	8,950,000	1,580,000
2017 B	3.500% to 5.000%	June 15, 2021 to June 15, 2026	68,015,000	35,175,000
2017 D	5.000%	June 15, 2021 to June 15, 2033	41,395,000	29,685,000
2017 F	2.287% to 3.655%	June 15, 2021 to June 15, 2036	19,315,000	14,035,000
2018 C-1	4.000% to 5.000%	June 15, 2021 to June 15, 2039	19,400,000	18,340,000
2018 C-2	2.953% to 4.090%	June 15, 2021 to June 15, 2038	13,175,000	11,530,000
2018 E	5.000%	June 15, 2021 to June 15, 2038	70,205,000	63,155,000
2019 A	2.000% to 5.000%	June 15, 2021 to June 15, 2036	37,145,000	35,120,000
2019 C-1	4.000% to 5.000%	June 15, 2021 to June 15, 2039	18,930,000	17,495,000
2019 C-2	2.150% to 3.375%	June 15, 2021 to June 15, 2039	12,480,000	11,740,000
			433,695,000	**322,250,000**
		Total Bonds Outstanding	**$ 1,783,655,000**	**1,271,210,000**
		Add net unamortized premium		**167,731,647**
		Total bonds payable, net		**1,438,941,647**
		Less current portion of bonds payable		**(116,270,000)**
		Non-current portion of bons payable		**$ 1,322,671,647**

Maturities of bonds payable and interest are as follows:

	Principal	Interest	Total
Fiscal year ending June 30			
2021	$ 116,270,000	$ 57,469,383	$ 173,739,383
2022	113,350,000	52,094,084	165,444,084
2023	108,720,000	46,720,040	155,440,040
2024	94,815,000	41,542,331	136,357,331
2025	91,395,000	37,000,960	128,395,960
2026-2030	360,190,000	127,009,890	487,199,890
2031-2035	254,660,000	56,963,725	311,623,725
2036-2040	112,245,000	14,571,655	126,816,655
2041-2045	17,665,000	1,708,050	19,373,050
2046	1,900,000	57,000	1,957,000
	1,271,210,000	$ 435,137,118	$ 1,706,347,118
Add unamortized premium	167,731,647		
Bonds payable, net	$ 1,438,941,647		

The bonds payable activity is as follows:

	Balance at June 30, 2019	Increases	Decreases	Balance at June 30, 2020	Due within One Year
Bonds payable	$ 1,271,365,000	$ 166,565,000	$ 166,720,000	$ 1,271,210,000	$ 116,270,000
Add unamortized premium	145,934,801	32,374,646	10,577,800	167,731,647	-
Total	**$1,417,299,801**	**$198,939,646**	**$ 177,297,800**	**$1,438,941,647**	**$116,270,000**

Current and Advance Refunding of Debt

During fiscal year 2020, the PPRF Revenue Refunding Bonds Senior Lien 2020 A series, issued in the total par amount of $32,305,000, refunded the outstanding portion of the PPRF Revenue Bonds Senior Lien 2010 A-1 and 2010 B-1 series in the amounts of $3,050,000 and $14,350,000, respectively. The refunding resulted in debt service savings over 1 to 15 years of $2,046,395 and a Net Present Value (NPV) savings of $1,733,089 (9.96%).

7) Line of Credit

NMFA maintains a credit facility with Wells Fargo for the PPRF which provides for a borrowing limit of up to $100,000,000 for the purpose of obtaining necessary funding, on an interim basis, to make loans to qualified entities prior to the issuance, sale and delivery of certain PPRF Revenue Bonds and to reimburse NMFA for such loans that have been made. The terms of the credit facility require payment in full of any outstanding balance from the proceeds of the next PPRF bond issuance. Interest is due monthly on the outstanding balance and accrues at 70% of U.S. dollar monthly LIBOR plus 55 basis points. The LIBOR rate at June 30, 2020, was 0.16225%. NMFA pays a fee of 25 basis points on the unused portion of the facility. For fiscal year 2020, the line of credit had $15 million in proceeds and payments, resulting in a zero balance at year end.

8) Operating Lease Commitment

NMFA is committed under various lease agreements for office space, employee parking and off-site storage. These leases are classified as operating leases. Lease expenditure for fiscal year 2020 was $414,551. Future minimum lease payments are as follows:

Fiscal Year Ending June 30	Minimum Payment
2021	$ 429,939
2022	438,538
Total	**$ 868,477**

9) Retirement Plans

The NMFA's retirement plan was organized under Section 401(a) of the Internal Revenue Code. The retirement plan is not subject to the general claims of the creditors of NMFA. Each eligible employee participating in the plan must contribute 3% of their compensation. NMFA makes a contribution of 15% of their compensation. Employees can make an additional, voluntary contribution of up to 4% of their compensation. NMFA also makes a 50% matching contribution on all voluntary contributions. Employee contributions are 100% vested, and NMFA's contributions will vest 100% to the employee over five years. The contributions are invested in various mutual funds selected by the employee. NMFA's contributions for this retirement plan for the year ended June 30, 2020 were $591,787. Additionally, employee contributions for the retirement plan for the year ended June 30, 2020 were $260,872. Substantially all full-time employees participate in this plan.

NMFA maintains a retirement plan in accordance with an "eligible deferred compensation plan" pursuant to Section 457 of the Internal Revenue Code for its highly compensated employees. Employer contributions are limited by IRS Code Section 457(e)(15)(A). The employee contributions are fully vested at all times.

10) Compensated Absences

The following changes occurred during fiscal year 2020 in the compensated absences liabilities:

Balance at June 30, 2019	$	461,476
Additions		246,221
Deletions		(180,709)
Balance at June 30, 2020		526,988
Due within one year	$	526,988

11) Agency Transactions

NMFA was authorized in 2003 to issue bonds as agent for the New Mexico Department of Transportation (NMDOT). Approximately $881 million of such bonds was outstanding at June 30, 2020.

Debt service for the bonds is payable solely from certain revenues of NMDOT. In the opinion of legal counsel, there is no claim that could be asserted against NMFA's assets for payment of debt service on the NMDOT bonds; therefore, these bonds are not reflected in NMFA's financial statements. NMFA receives a biannual fee from NMDOT equal to its overhead costs for management of the bond issues. The fee is recognized on a cost reimbursement basis.

12) Contingencies

<u>Litigation</u>

In the normal course of operations, NMFA is involved in certain litigation and arbitration proceedings involving former employee complaints and subcontractor claims.

Management and legal counsel believe the outcomes will not have a materially adverse impact on the financial position of NMFA.

NMFA is exposed to various risks of loss related to torts; theft of, damages to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. NMFA participates in the State of New Mexico self-insurance program (Risk Management Program). Under this program, NMFA pays an annual premium to the State for the following types of insurance coverage:

- Workers' compensation insurance
- General liability insurance
- Civil rights
- Blanket property insurance
- Boiler and machinery insurance
- Auto physical damage insurance
- Crime insurance
- Cyber insurance

NMFA also carries commercial insurance to cover losses to which it may be exposed related to their leased office space.

During the year, there were no significant reductions in commercial insurance coverage. For the past five years, no insurance settlements exceeded commercial insurance coverage.

13) Related Party Transactions

NMFA has issued bonds or purchased securities for several other State entities to finance the construction of certain capital projects. Representatives of two of these entities (the Secretary of the New Mexico Department of Finance and Administration and the Secretary of the New Mexico Department of Energy, Minerals and Natural Resources) are ex officio members of the NMFA Board. Additionally, a representative serving on the NMFA Board holds a position as Cabinet Secretary of the New Mexico Environmental Department (NMED). NMFA assists NMED in the administration of the DWSRLF federal program pursuant to a Memorandum of Understanding.

14) Finance New Mexico, LLC

NMFA has invested in, and is the managing member of, Finance New Mexico, LLC (FNMLLC), which was formed on June 19, 2006, under the laws of the State of New Mexico. FNMLLC is an approved Community Development Entity (CDE) that holds New Markets Tax Credits (NMTC) allocation authority to be used for investment in Qualified Active Low-Income Community Businesses (QALICB) pursuant to Section 45D of the Internal Revenue Code (IRC).

The principal business objective of FNMLLC is to provide nontraditional investment capital to underserved markets and to enhance the return on such investments by providing its members with new markets tax credits. In general, under Section 45D of the Internal Revenue Code, a qualified investor in a CDE can receive the tax credits to be used to reduce Federal taxes.

In accordance with the operating agreement of FNMLLC, 99% of profits, losses and cash flows are allocated to NMFA, the managing member, and 1% to New Mexico Community Capital, the non-managing member.

FNMLLC has financial accountability to NMFA. Financial accountability is measured through the degree to which NMFA can appoint a voting majority of the governing body, impose its will, ascertain a potential financial benefit, or face a potential financial burden with regard to the potential component unit. Based on the above criteria, it was determined that the FNMLLC is a blended component unit of NMFA. As such, NMFA has consolidated FNMLLC's financial statement amounts within NMFA's New Markets Tax Credit program. The condensed component unit information for FNMLLC and subsidiaries for the year ended June 30, 2020 was as follows:

Statement of Net Position – FNMLLC

		2020
Assets		
Cash and cash equivalents	$	11,351,668
Asset management fee receivable		328,123
Investment in limited liability companies		13,593
Due from affiliate		955
Total Assets	$	11,694,339
Liabilities		
Accounts payable and accrued expenses	$	117,622
Due to affiliates		1,349,181
Total Liabilities		1,466,803
Net Position		
Unrestricted		10,227,536
Total Liabilities and Net Position	$	11,694,339

Statement of Revenue, Expenses and Changes in Net Position – FNMLLC

		2020
Revenue		
Sponsor fee income	$	765,000
Asset management fee income		706,516
Success fees		2,559,180
Total Operating Revenue		4,030,696
Operating Expenses		
Sponsor fee expense		700,453
Professional fees		71,850
Gross receipts tax		340,090
Bank fees		5,168
Total Operating Expenses		1,117,561
Net Income from Operations		2,913,135
Other Income (Expense)		
Share of income from investment in LLC's		163
Interest earned on cash		7,558
Interest earned on note		12,253
Net Other Income		19,974
Increase in Net Position		2,933,109
Net position, beginning of year		7,294,437
Return of equity		(10)
Net Position, End of Year	$	10,227,536

Statement of Cash Flows – FNMLLC

		2020
Cash Flows from Operating Activities		
Sponsor fees	$	765,000
Asset management fees		1,247,436
Exit fees		2,558,222
Audit and tax fees		15,000
Total Receipts		4,585,658
Payment of gross receipts tax		(303,802)
Bank fees		(5,168)
Engagement deposit		(25,000)
Total Disbursements		(333,970)
Net Cash Provided by Operating Activities		4,251,688
Cash Flows from Investing Activities		
Investment income		19,811
Capital contributions to limited liability companies		(2,550)
Return of capital from limited liability companies		(10)
Distributions from limited liability companies		5,764
Net Cash Provided by Investing Activities		23,015
Net Increase in Cash and Cash Equivalents		4,274,703
Cash and cash equivalents, beginning of year		7,076,965
Cash and Cash Equivalents, End of Year	$	11,351,668

15) COVID-19

Coronavirus Disease 2019 ("COVID-19") is a highly contagious respiratory disease caused by a particular strain of coronavirus that has recently spread to many parts of the world, including the state and elsewhere in the U.S. On March 10, 2020, a State public health emergency was declared and a series of State public health orders were subsequently issued that prohibited all mass gatherings, instructed state residents to stay at home except for outings absolutely necessary for health, safety and welfare, and closed all non-essential business, non-profit, and governmental activities.

The spread of COVID-19 and responsive measures taken to prevent or reduce its spread have, and are expected to continue to have, potentially adverse impacts to the State's economy and its operations and, accordingly, the financial condition of the State, the NMFA, and Governmental Units. In further response to COVID-19 and related responsive measures, the Governor called a special session of the State Legislature (the "2020 Special Session"), which began on June 18, 2020, and ended on June 22, 2020, to address, among other matters, the impact of COVID-19 on the State. During the 2020 Special Session, the State Legislature passed, and the Governor has signed into law, legislation addressing the impact of COVID-19 on the State's budget (including enabling the use of federal Coronavirus Aid, Relief and Economic Security (CARES) Act funding), tax relief for individuals, loans for small businesses and local governments, and election improvements. Additionally, the NMFA has implemented, and continues to assess its ability to further implement, to the extent deemed necessary, various mechanisms to assist Governmental Units that may be adversely impacted by COVID-19 and related responsive measures. Due to the unprecedented nature of the outbreak and spread of COVID-19, the duration and extent of the potential economic, operational and financial impacts of COVID-19 and related responsive measures on the NMFA cannot be reliably measured at this time.

16) Subsequent Event

In response to COVID-19 and related responsive measures, the Governor called a special session of the State Legislature (the “2020 Special Session”) which began on June 18, 2020, and ended on June 22, 2020. During the 2020 Special Session, the State Legislature passed, and the Governor signed into law on July 7, 2020, Senate Bill 3, as amended, titled the Small Business Recovery Act of 2020 (the “Recovery Act Legislation”), which created in the NMFA the Small Business Recovery Loan Fund (“SBRLF”) to provide loans to businesses that experienced financial hardship due to COVID-19. The Recovery Act Legislation directs the State Investment Council (“SIC”) to make an investment in the SBRLF from the Severance Tax Permanent Fund (“STPF”). The Recovery Act Legislation also directs the NMFA and the SIC to coordinate and develop a funding schedule to ensure that sufficient funding is available in the SBRLF for the NMFA to carry out the provisions of the Recovery Act Legislation. The Recovery Act Legislation permits 1% of the funding to be used by NMFA for administration of the SBRLF. On August 3, the SIC transferred $100 million to the NMFA for deposit into the SBRLF. On August 5, 2020, after amending its operating budget to support the SBRLF, the NMFA began accepting applications and processing non-collateralized loans for amounts not to exceed $75,000 to qualifying small businesses. The first loan closed on August 7, 2020. At this time, there is no anticipated adverse impact on NMFA’s operations or financial state.

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