Moody's Investors Service

Global Credit Research
New Issue
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New Issue: New Mexico Fin. Auth., Public Proj. Rev. Fund

MOODY'S ASSIGNS Aa2 UNDERLYING RATING TO NEW MEXICO FINANCE AUTHORITY'S SENIOR LIEN PUBLIC PROJECT REVOLVING FUND REVENUE BONDS, SERIES 2009A AND SERIES 2009B

Aa2 RATING AFFECTS $736.033 MILLION IN PARITY DEBT, INCLUDING THE CURRENT ISSUES

State Revolving Funds
NM

Moody's Rating

ISSUE		RATING
Senior Lien Public Project Revolving Fund Revenue Bonds, Series 2009A		Aa2
Sale Amount	$18,190,000	
Expected Sale Date	05/22/09	
Rating Description	Revenue	
Senior Lien Public Project Revolving Fund Revenue Bonds, Series 2009B		Aa2
Sale Amount	$29,800,000	
Expected Sale Date	05/22/09	
Rating Description	Revenue	

Opinion

NEW YORK, May 27, 2009 -- Moody's Investors Service has assigned a Aa2 underlying rating to the New Mexico Finance Authority's (NMFA) upcoming sales of $18.19 million Senior Lien Public Project Revolving Fund (PPRF) Revenue Bonds, Series 2009A and $29.8 million Senior Lien Public Project Revolving Fund (PPRF) Revenue Bonds Series 2009B. Concurrently, Moody's affirmed the Aa2 rating on the Authority's $688 million in outstanding parity debt obligations. The rating actions reflect the NMFA's strong management oversight, distribution controls, and the historical performance of the PPRF program. Additional rating rationale includes the authority's satisfactory debt service coverage derived from pledged loan repayments made by a diverse and sizable pool of borrowers and improved coverage derived by the cross-collateralization of loans through the pledge of the NMFA's share of governmental gross receipts tax (GGRT) revenues.

USE OF PROCEEDS: Originating loans or to reimburse the NMFA for moneys used to originate loans or to purchase securities from certain governmental entities that will be or were used to finance certain projects.

LEGAL SECURITY: Loan principal repayments from individual borrowers and a senior pledge of the NMFA's share of GGRT.

DEBT RELATED DERIVATIVE INSTRUMENTS: None

MANAGEMENT OVERSIGHT AND DISBURSEMENT CONTROLS CONSIDERED BENEFICIAL

The Public Project Revolving Fund (PPRF) of the New Mexico Finance Authority was created in 1995 to assist a wide range of municipal credits in accessing the capital markets. The PPRF's goal is to provide financial assistance and flexible loan structures to underlying borrowers. When first created, the pool contained only four borrowers, which has grown to 171. Beginning with five loans in 1995, the senior lien pool has grown to 441 loans with an accumulated loan value of $688 million. As of May 15, 2009, the PPRF has made 780 loans totaling more than $1.514 billion since 1995.

In Moody's opinion a key credit strength is the NMFA's management and oversight of the PPRF. Since 1995 no loans have defaulted and there has never been a late payment. The NMFA did provide a workout for one borrower by renegotiating the terms of a loan and extending the final maturity. Loan agreements with borrowers include rate covenants and for loans over $100,000 a debt service reserve account. The amount of government unit debt service reserve is equal to the lesser of 10% of par, MADS, or 125% of average annual debt service. Borrowers may fund the required debt service reserves with bond proceeds, surety, or a cumulative cash contribution over a three year period.

In addition to debt service reserve requirements, the NMFA employs strong lending criteria and has the authority to decline applications. PPRF loans are usually parity with a borrower's outstanding obligations, if any, although for stronger credits the PPRF has accepted subordinate liens. The authority designates a large portion of its reserve ($140.46 million at FYE 2008) for debt; which is derived from previously issued bonds. The authority maintains the funds and then disburses to individual governmental unit borrowers on an as-needed-basis. Additional authority oversight includes: that all applications are reviewed and credit committee recommendations are made to approve or deny individual issuers; the authority tracks loans and reviews borrowers quarterly; the authority has internal financial advisors which are in frequent contact with borrowers; and the State monitors the monthly fiscal health of communities. Moody's considers the Authority's multi-layered oversight to be a credit positive which is reflected in the high rating quality.

LOAN POOL REFLECTS STRONG UNDERLYING CREDIT QUALITY OF TOP BORROWERS

Nearly 40% of the total outstanding loan pool is concentrated in the top ten borrower's loans. The top three borrowers in this category are highly rated including: Albuquerque Bernalillo Water Utility Authority (Moody's Utility Rated Aa2); the State of New Mexico General Services Department (Moody's State General Obligation Rated Aa1); and the City of Las Cruces (Moody's Utility Rated Aa3). Concurrently, Moody's considers the portion of PPRF loans which have a direct intercept of revenue to be a credit strength. Directly interceptable pledges represent approximately 40% of the PPRF's total portfolio. The authority further has a memorandum of understanding (MOU) with the state school district enhancement program (Moody's rated Aa2) to intercept funds of individual school districts prior to default. The school district MOU represents approximately 13% of additionally interceptable monies to help mitigate bondholder risks. Moody's recognizes that the credit quality of the underlying borrowers will vary, given the NMFA's goal of providing capital to a wide range of New Mexico municipalities. Future rating reviews for both senior and subordinate pools will continue to consider the overall profile of borrowers.

STABLE DEBT SERVICE COVERAGE AND IMPROVED ASSET POSITION; GGRT PROVIDES HEALTHY CROSS-COLLATERALIZATION

Inclusive of governmental unit pledged revenues and the PPRF's 75% share of the state's governmental gross receipts tax (GGRT) collections, projections for the 2010 fiscal year indicate senior lien coverage of 1.33 times debt service coverage. A maximum debt service requirement of $72.55 million also occurs in 2010. In fiscal 2010 nearly $75 million in borrower loan repayments and $21.4 million (fiscal 2008 actual collections) are anticipated to support the senior lien bonds. The authority anticipates fiscal 2009 GGRT revenues to increase 1.4%. Coverage for the senior lien debt service is projected to average approximately 2.0 times through final maturity in 2039. Senior lien debt service coverage of only government unit borrowers' pledge revenues results in a more narrow coverage calculation of 1.03 times in fiscal 2010. Officials additionally maintain a capital ratio goal to control the total amount of lending. The goal is to maintain net PPRF Assets (FYE 2008 total assets were $1.45 billion minus total liabilities of $1.31 billion) between 8% to 10%. The FYE 2008 net PPRF assets result in a capital ratio of 9.67%.

A key consideration in the rating actions is the credit strength; through cross-collateralization, provided by the GGRT which was first enacted in 1991. Imposed at a rate of 5% on public services by political subdivisions of the State of New Mexico (excluding school districts and health care providers), the majority of revenues are generated from water, sewer, and refuse collection and disposal services. The authority receives 75% of the GGRT revenues generated state-wide. In fiscal 2008, the authority's share of the GGRT was nearly $21.4 million, a 0.45% increase over fiscal 2007 collections. Over a five year period, the GGRT has grown at a average annual rate of 4.75%. GGRT receipts, while pledged to the bonds, also provide an annual source of liquidity to the PPRF. These funds can be loaned out to municipalities prior to an aggregate issuance of PPRF bonds. The authority funds government unit loans below $5 million and simultaneously funds loans in excess of $5 million with bonds sales. The top ten GGRT contributors in fiscal 2007 were the Albuquerque Bernalillo Water Authority (Moody's Revenue Rated Aa2), The City of Albuquerque (Moody's General Obligation Rated Aa2) and the City of Santa Fe (Moody's General Obligation Rated Aa3).

Additional bondholder security is provided by the newly established Contingency Liquidity Reserve. In fiscal 2007, the authority established the CLR with an initial allotment of $25M. Annually, the authority seeks to increase the CLR by contributing a minimum of 25% of GGRT collections. Officials plan to add $5 million to

$7 million at fiscal year end 2009. The CLR totaled $29.6 million on April 30, 2009. Officials report a goal to maintain an minimum of one year of debt service within five years. Exact calculations concerning the determination of debt service are yet to be determined. Upon establishing the Contingency Liquidity Reserve, the authority obtained a line of credit through Bank of America for $100 million. There is currently no outstanding liability associated with the line which is not rated by Moody's and there are no plans to access the liquidity in the near term. The CLR is available as a source of liquidity to make interim financing of additional loans or for repayments of bondholders.

KEY INDICATORS:

Revolving Fund Structure: Cash Flow

Debt Service Reserve: the lesser of 10% of par, MADS, or 125% of average annual debt service

Number of Borrowers: 171

Number of Loans: 441

2009 Debt Service Coverage for Sr. Lien - total revenues: 1.33 times

2009 Debt Service Coverage for Senior Lien - borrower loan repayments only: 1.03 times

2008 GGRT: $21.43 million

Contingency Liquidity Reserve (as of 4/30/2009): $29.6 million

Post Sale Parity Debt Outstanding: $736.033 million (Sr. Lien)

MOST RECENT RATING ACTION AND PRINCIPAL METHODOLOGY

The NMFA rating was assigned by evaluating factors believed to be relevant to the credit profile of the authority, such as i) the business risk and competitive position of the issuer versus others within its industry or sector, ii) the capital structure and financial risk of the issuer, iii) the projected performance of the issuer over the near to intermediate term, iv) the issuer's history of achieving consistent operating performance and meeting budget or financial plan goals, v) the nature of the dedicated revenue stream pledged to the bonds, vi) the debt service coverage provided by such revenue stream, vii) the legal structure that documents the revenue stream and the source of payment, and viii) and the issuer's management and governance structure related to payment. These attributes were compared against other issuers both within and outside of the NMFA's core peer group, and the NMFA rating is believed to be comparable to ratings assigned to other issuers of similar credit risk.

The last rating action with respect to the New Mexico Finance Authority PPRF was on October 16, 2008, when a rating of Aa2 was affirmed.

Analysts

Gera M. McGuire
Analyst
Public Finance Group
Moody's Investors Service

Kristin Button
Backup Analyst
Public Finance Group
Moody's Investors Service

Douglas Benton
Senior Credit Officer
Public Finance Group
Moody's Investors Service

Contacts

Journalists: (212) 553-0376
Research Clients: (212) 553-1653

Moody's Investors Service

New Issue: MOODY'S ASSIGNS Aa2 UNDERLYING RATING TO NEW MEXICO FINANCE AUTHORITY'S $58 MILLION SENIOR LIEN PUBLIC PROJECT REVOLVING FUND REVENUE BONDS, SERIES 2009C

Global Credit Research - 24 Jun 2009

Aa2 RATING AFFECTS $755 MILLION IN OUTSTANDING PARITY DEBT OBLIGATIONS

State Revolving Funds
NM

Moody's Rating

ISSUE	RATING
Senior Lien Public Project Revolving Fund Revenue Bonds, Series 2009C	Aa2

Sale Amount	$58,000,000
Expected Sale Date	06/25/09
Rating Description	Senior Lien Public Project Revolving Fund Revenue Bonds, Series 2009C

Opinion

NEW YORK, Jun 24, 2009 -- Moody's Investors Service has assigned a Aa2 underlying rating to the New Mexico Finance Authority's (NMFA) upcoming sales of $58 million Senior Lien Public Project Revolving Fund (PPRF) Revenue Bonds, Series 2009C. The rating actions reflect the NMFA's strong management oversight, distribution controls, and the historical performance of the PPRF program. Additional rating rationale includes the authority's satisfactory debt service coverage derived from pledged loan repayments made by a diverse and sizable pool of borrowers and improved coverage derived by the cross-collateralization of loans through the pledge of the NMFA's share of governmental gross receipts tax (GGRT) revenues.

USE OF PROCEEDS: The bonds will be used to purchase securities from the New Mexico Spaceport Authority and to pay the costs of issuance.

LEGAL SECURITY: Loan principal repayments from individual borrowers and a senior pledge of the NMFA's share of GGRT.

DEBT RELATED DERIVATIVE INSTRUMENTS: None

MANAGEMENT OVERSIGHT AND DISBURSEMENT CONTROLS CONSIDERED BENEFICIAL

The Public Project Revolving Fund (PPRF) of the New Mexico Finance Authority was created in 1995 to assist a wide range of municipal credits in accessing the capital markets. The PPRF's goal is to provide financial assistance and flexible loan structures to underlying borrowers. When first created, the pool contained only four borrowers, which has grown to 171. Beginning with five loans in 1995, the senior lien pool has grown to 442 loans with an accumulated loan value of $755 million. As of May 15, 2009, the PPRF has made 780 loans totaling more than $1.514 billion since 1995.

In Moody's opinion a key credit strength is the NMFA's management and oversight of the PPRF. Since 1995 no loans have defaulted and there has never been a late payment. The NMFA did provide a workout for one borrower by renegotiating the terms of a loan and extending the final maturity. Loan agreements with borrowers include rate covenants and for loans over $100,000 a debt service reserve account. The amount of government unit debt service reserve is equal to the lesser of 10% of par, MADS, or 125% of average annual debt service. Borrowers may fund the required debt service reserves with bond proceeds, surety, or a cumulative cash contribution over a three year period.

In addition to debt service reserve requirements, the NMFA employs strong lending criteria and has the authority to decline applications. PPRF loans are usually parity with a borrower's outstanding obligations, if any, although for stronger credits the PPRF has accepted subordinate liens. The authority designates a large portion of its reserve ($140.46 million at FYE 2008) for debt; which is derived from previously issued bonds. The authority maintains the funds and then disburses to individual governmental unit borrowers on an as-needed-basis. Additional authority oversight includes: that all applications are reviewed and credit committee recommendations are made to approve or deny individual issuers; the authority tracks loans and reviews borrowers quarterly; the authority has internal financial advisors which are in frequent contact with borrowers; and the State monitors the monthly fiscal health of communities. Moody's considers the Authority's multi-layered oversight to be a credit positive which is reflected in the high rating quality.

LOAN POOL REFLECTS STRONG UNDERLYING CREDIT QUALITY OF TOP BORROWERS

Nearly 40% of the total outstanding loan pool is concentrated in the top ten borrower's loans. The top three borrowers in this category are highly rated including: Albuquerque Bernalillo Water Utility Authority (Moody's Utility Rated Aa2); the State of New Mexico General Services Department (Moody's State General Obligation Rated Aa1); and the City of Las Cruces (Moody's Utility Rated Aa3). Concurrently, Moody's considers the portion of PPRF loans which have a direct intercept of revenue to be a credit strength. Directly interceptable pledges represent approximately 40% of the PPRF's total portfolio. The authority further has a memorandum of understanding (MOU) with the state school district enhancement program (Moody's rated Aa2) to intercept funds of individual school districts prior to default. The school district MOU represents approximately 13% of additionally interceptable monies to help mitigate bondholder risks. Moody's recognizes that the credit quality of the underlying borrowers will vary, given the NMFA's goal of providing capital to a wide range of New Mexico municipalities. Future rating reviews for both senior and subordinate pools will continue to consider the overall profile of borrowers.

STABLE DEBT SERVICE COVERAGE AND IMPROVED ASSET POSITION; GGRT PROVIDES HEALTHY CROSS-COLLATERALIZATION

Inclusive of governmental unit pledged revenues and the PPRF's 75% share of the state's governmental gross receipts tax (GGRT) collections, projections for the 2010 fiscal year indicate senior lien coverage of 1.31 times debt service coverage. A maximum debt service requirement of $78.3 million occurs in 2012. In fiscal 2010 approximately $76 million in borrower loan repayments and $21.4 million (fiscal 2008 actual collections) are anticipated to support the senior lien bonds. The authority anticipates fiscal 2009 GGRT revenues to increase 1.4%. Coverage for the senior lien debt service is projected to average approximately 2.0 times through final maturity in 2039. Senior lien debt service coverage of only government unit borrowers' pledge revenues results in a more narrow coverage calculation of 1.03 times in fiscal 2010. Officials additionally maintain a capital ratio goal to control the total amount of lending. The goal is to maintain net PPRF Assets (FYE 2008 total assets were $1.45 billion minus total liabilities of $1.31 billion) between 8% to 10%. The FYE 2008 net PPRF assets result in a capital ratio of 9.67%.

A key consideration in the rating actions is the credit strength; through cross-collateralization, provided by the GGRT which was first enacted in 1991. Imposed at a rate of 5% on public services by political subdivisions of the State of New Mexico (excluding school districts and health care providers), the majority of revenues are generated from water, sewer, and refuse collection and disposal services. The authority receives 75% of the GGRT revenues generated state-wide. In fiscal 2008, the authority's share of the GGRT was nearly $21.4 million, a 0.45% increase over fiscal 2007 collections. Over a five year period, the GGRT has grown at a average annual rate of 4.75%. GGRT receipts, while pledged to the bonds, also provide an annual source of liquidity to the PPRF. These funds can be loaned out to municipalities prior to an aggregate issuance of PPRF bonds. The authority funds government unit loans below $5 million and simultaneously funds loans in excess of $5 million with bonds sales. The top ten GGRT contributors in fiscal 2007 were the Albuquerque Bernalillo Water Authority (Moody's Revenue Rated Aa2), The City of Albuquerque (Moody's General Obligation Rated Aa2) and the City of Santa Fe (Moody's General Obligation Rated Aa3).

Additional bondholder security is provided by the newly established Contingency Liquidity Reserve. In fiscal 2007, the authority established the CLR with an initial allotment of $25M. Annually, the authority seeks to increase the CLR by contributing a minimum of 25% of GGRT collections. Officials plan to add $5 million to $7 million at fiscal year end 2009. The CLR totaled $29.6 million on April 30, 2009. Officials report a goal to maintain an minimum of one year of debt service within five years. Exact calculations concerning the determination of debt service are yet to be determined. Upon establishing the Contingency Liquidity Reserve, the authority obtained a line of credit through Bank of America for $100 million. There is currently no outstanding liability associated with the line which is not rated by Moody's and there are no plans to access the liquidity in the near term. The CLR is available as a source of liquidity to make interim financing of additional loans or for repayments of bondholders.

KEY INDICATORS:

Revolving Fund Structure: Cash Flow

Debt Service Reserve: the lesser of 10% of par, MADS, or 125% of average annual debt service

Number of Borrowers: 172

Number of Loans: 442

2009 Debt Service Coverage for Sr. Lien - total revenues: 1.31 times

2009 Debt Service Coverage for Senior Lien - borrower loan repayments only: 1.03 times

2008 GGRT: $21.43 million

Contingency Liquidity Reserve (as of 4/30/2009): $29.6 million

Post Sale Parity Debt Outstanding: $755 million (Sr. Lien)

MOST RECENT RATING ACTION AND PRINCIPAL METHODOLOGY

The NMFA rating was assigned by evaluating factors believed to be relevant to the credit profile of the authority, such as i) the business risk and competitive position of the issuer versus others within its industry or sector, ii) the capital structure and financial risk of the issuer, iii) the projected performance of the issuer over the near to intermediate term, iv) the issuer's history of achieving consistent operating performance and meeting budget or financial plan goals, v) the nature of the dedicated revenue stream pledged to the bonds, vi) the debt service coverage provided by such revenue stream, vii) the legal structure that documents the revenue stream and the source of payment, and viii) and the issuer's management and governance structure related to payment. These attributes were compared against other issuers both within and outside of the NMFA's core peer group, and the NMFA rating is believed to be comparable to ratings assigned to other issuers of similar credit risk.

The last rating action with respect to the New Mexico Finance Authority PPRF was on May 27,2008 when a rating of Aa2 was affirmed.

Analysts

Gera M. McGuire
Analyst
Public Finance Group
Moody's Investors Service

Kristin Button
Backup Analyst
Public Finance Group
Moody's Investors Service

Contacts

Journalists: (212) 553-0376
Research Clients: (212) 553-1653

Moody's Investors Service

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Moody's Investors Service

New Issue: **MOODY'S ASSIGNS AN Aa2 UNDERLYING RATING TO THE NEW MEXICO FINANCE AUTHORITY'S SENIOR LIEN PUBLIC PROJECT REVOLVING FUND REVENUE BONDS, SERIES 2009D-1 AND SERIES 2009D-2**

Global Credit Research - 22 Sep 2009

Aa2 RATING AFFECTS $806.62 MILLION IN OUTSTANDING PARITY DEBT OBLIGATIONS

State Revolving Funds
NM

Moody's Rating

ISSUE		RATING
Senior Lien Public Project-Revolving Fund Revenue Bonds, Tax-Exempt Series 2009D-1		Aa2
Sale Amount	$8,670,000	
Expected Sale Date	09/30/09	
Rating Description	Revenue	
Senior Lien Public Project Revolving Fund Revenue Bonds, Tax-Exempt Series 2009D-2		Aa2
Sale Amount	$44,920,000	
Expected Sale Date	09/30/09	
Rating Description	Revenue	

Opinion

NEW YORK, Sep 22, 2009 -- Moody's Investors Service has assigned a Aa2 underlying rating to the New Mexico Finance Authority's (NMFA) upcoming sales of $8.67 million Senior Lien Public Project Revolving Fund (PPRF) Revenue Bonds, Tax-Exempt Series 2009D-1 and $44.92 million Senior Lien Public Project Revolving Fund (PPRF) Revenue Bonds, Taxable Series 2009D-2. Concurrently, Moody's affirmed the Aa2 rating on the Authority's $754.061 million in outstanding parity debt obligations. The rating actions reflect the NMFA's strong management oversight, distribution controls, and the historical performance of the PPRF program. Additional rating rationale includes the authority's satisfactory debt service coverage derived from pledged loan repayments made by a diverse and sizable pool of borrowers and improved coverage derived by the cross-collateralization of loans through the pledge of the NMFA's share of governmental gross receipts tax (GGRT) revenues.

USE OF PROCEEDS: Originating loans or to reimburse the NMFA for moneys used to originate loans or to purchase securities from certain governmental entities that will be or were used to finance certain projects.

LEGAL SECURITY: Loan principal repayments from individual borrowers and a senior pledge of the NMFA's share of GGRT.

DEBT RELATED DERIVATIVE INSTRUMENTS: None

MANAGEMENT OVERSIGHT AND DISBURSEMENT CONTROLS CONSIDERED BENEFICIAL

The Public Project Revolving Fund (PPRF) of the New Mexico Finance Authority was created in 1995 to assist a wide range of municipal credits in accessing the capital markets. The PPRF's goal is to provide financial assistance and flexible loan structures to underlying borrowers. When first created, the pool contained only four borrowers, which has grown to 165. Beginning with five loans in 1995, the senior lien pool has grown to 433 loans with an accumulated loan value of $868.16 million. As of September 1, 2009, the PPRF has made 806 loans totaling more than $1.64 billion since 1995.

In Moody's opinion a key credit strength is the NMFA's management and oversight of the PPRF. Since 1995 no loans have defaulted and there has never been a late payment. The NMFA did provide a workout for one borrower by renegotiating the terms of a loan and extending the final maturity. Loan agreements with borrowers pledging enterprise system revenues include rate covenants and for loans over $100,000 a debt service reserve account. The amount of government unit debt service reserve is equal to the lesser of 10% of par, MADS, or 125% of average annual debt service. Borrowers may fund the required debt service reserves with bond proceeds, surety, or a cumulative cash contribution over a three year period.

In addition to debt service reserve requirements for certain borrowers, the NMFA employs strong lending criteria and has the authority to decline applications. PPRF loans are usually parity with a borrower's outstanding obligations, if any, although for stronger credits the PPRF has accepted subordinate liens. The authority designates a large portion of its reserve ($140.46 million at FYE 2008) for debt; which is derived from equity loan interest earnings and the previous year's GGRT flow through. The authority maintains a PPRF operating fund that disburses loans to individual governmental unit borrowers on an as-needed-basis and subsequently reimburses the PPRF with bond proceeds. Additional authority oversight includes: that all applications are reviewed and credit committee recommendations are made to approve or deny individual issuers; the authority tracks loans and reviews borrowers quarterly; the authority has internal financial advisors which are in frequent contact with borrowers; and the State monitors the monthly fiscal health of communities. Moody's considers the Authority's multi-layered oversight to be a credit positive which is reflected in the high rating quality.

LOAN POOL HAS LARGE PORTION OF STATE INTERCEPT OF PLEDGED REVENUES; TOP BOROWERS DIVERSIFY FROM PREVIOUS CREDIT QAULITY

Approximately 50% of the total outstanding loan pool is concentrated in the top ten borrower's loans. The top two borrowers in this category are highly rated including: Albuquerque Bernalillo Water Utility Authority (Moody's Utility Rated Aa2) and the State of New Mexico General Services Department (Moody's State General Obligation Rated Aa1). In recent program history the top ten issuers have changed from a previous concentration in highly rated credits to issuers with more modest credit quality. The New Mexico Spaceport Authority is currently the third largest borrower and Taos County, and New Mexico Highlands University are Baa1 rated entities in the number five and seven rank of top ten NMFA issuers.

Moody's considers the portion of PPRF loans which have a direct intercept of revenue to be a credit strength. Directly interceptable pledges represent approximately 45% of the PPRF's total portfolio. The authority further has a memorandum of understanding (MOU) with the state school district enhancement program (Moody's rated Aa2) to intercept funds of individual school districts prior to default. The school district MOU represents approximately 7.4% of additionally interceptable monies to help mitigate bondholder risks. Moody's recognizes that the credit quality of the underlying borrowers will vary, given the NMFA's goal of providing capital to a wide range of New Mexico municipalities. Future rating reviews for both senior and subordinate pools will continue to consider the overall profile of borrowers.

STABLE DEBT SERVICE COVERAGE AND IMPROVED ASSET POSITION; GGRT PROVIDES HEALTHY CROSS-COLLATERALIZATION

Inclusive of governmental unit pledged revenues and the PPRF's 75% share of the state's governmental gross receipts tax (GGRT) collections, projections for the 2010 fiscal year indicate senior lien coverage of 1.30 times debt service coverage. A maximum debt service requirement of $82.7 million occurs in 2012 and provides 1.29 times coverage. In fiscal 2010 nearly $81.3 million in borrower loan repayments and $21.4 million of GGRT (reflecting fiscal 2008 actual collections) are anticipated to support the senior lien bonds. The authority reports fiscal 2009 GGRT revenues to increase 0.29%. Coverage for the senior lien debt service is projected to average approximately 1.5 times through final maturity in 2039. Senior lien debt service coverage of only government unit borrowers' pledge revenues results in a more narrow coverage calculation of 1.03 times in fiscal 2010. Officials additionally maintain a capital ratio goal to control the total amount of lending. The goal is to maintain net PPRF Assets (FYE 2008 total assets were $1.45 billion minus total liabilities of $1.31 billion) between 8% to 12%. The FYE 2008 net PPRF assets result in a capital ratio of 9.67%. Officials report a current ratio of 9.3%.

A key consideration in the rating actions is the credit strength, through cross-collateralization, provided by the GGRT which was first enacted in 1991. Imposed at a rate of 5% on public services by political subdivisions of the State of New Mexico (excluding school districts and health care providers), the majority of revenues are generated from water, sewer, and refuse collection and disposal services. The authority receives 75% of the GGRT revenues generated state-wide. In fiscal 2008, the authority's share of the GGRT was nearly $21.4 million, a 0.45% increase over fiscal 2007 collections. Over a five year period, the GGRT has grown at an average annual rate of 4.75%. GGRT receipts, while pledged to the bonds, also provide an annual source of liquidity to the PPRF. The GGRT funds, after flowing through the PPRF senior and subordinate lien indentures each year, can be loaned out to municipalities prior to an aggregate issuance of PPRF bonds. The authority funds government unit loans below $5 million and simultaneously funds loans in excess of $5 million with bonds sales. The top ten GGRT contributors in fiscal 2008 were the Albuquerque Bernalillo Water Authority (Moody's Revenue Rated Aa2), The City of Albuquerque (Moody's General Obligation Rated Aa2) and the City of Santa Fe (Moody's General Obligation Rated Aa3).

Additional bondholder security is provided by the newly established Contingency Liquidity Account. In fiscal 2007, the authority established the CLA with an initial allotment of $25M. Annually, the authority seeks to increase the CLA by contributing a minimum of 25% of GGRT collections. Officials report an increase to $34.1 million as of 8/31/2009 Officials report a goal to maintain an minimum of one year of debt service within five years. Exact calculations concerning the determination of debt service are yet to be determined. In addition to establishing the Contingency Liquidity Account, the authority obtained a line of credit through Bank of America for $100 million. The authority recently decreased the line to $75 million. There is currently no outstanding liability associated with the line, which is not rated by Moody's and there are no plans to access the liquidity in the near term. The CLA is available as a source of liquidity to make interim financing of additional loans or for repayments of bondholders but is not currently included in the indenture.

KEY INDICATORS:

Revolving Fund Structure: Cash Flow

Debt Service Reserve: the lesser of 10% of par, MADS, or 125% of average annual debt service

Number of Borrowers: 165

Number of Loans: 443

2009 Debt Service Coverage for Sr. Lien - total revenues: 1.30 times

2009 Debt Service Coverage for Senior Lien - borrower loan repayments only: 1.03 times

2008 GGRT: $21.43 million

Contingency Liquidity Account (as of 8/31/2009): $34.1 million

Post Sale Parity Debt Outstanding: $806.62 million (Sr. Lien)

MOST RECENT RATING ACTION AND PRINCIPAL METHODOLOGY

The NMFA rating was assigned by evaluating factors believed to be relevant to the credit profile of the authority, such as i) the business risk and competitive position of the issuer versus others within its industry or sector, ii) the capital structure and financial risk of the issuer, iii) the projected performance of the issuer over the near to intermediate term, iv) the issuer's history of achieving consistent operating performance and meeting budget or financial plan goals, v) the nature of the dedicated revenue stream pledged to the bonds, vi) the debt service coverage provided by such revenue stream, vii) the legal structure that documents the revenue stream and the source of payment, and viii) and the issuer's management and governance structure related to payment. These attributes were compared against other issuers both within and outside of the NMFA's core peer group, and the NMFA rating is believed to be comparable to ratings assigned to other issuers of similar credit risk.

The last rating action with respect to the New Mexico Finance Authority PPRF was on June 24, 2009, when a rating of Aa2 was affirmed.

Analysts

Gera M. McGuire
Analyst
Public Finance Group
Moody's Investors Service

Michelle Smithen
Backup Analyst

Public Finance Group
Moody's Investors Service

Contacts

Journalists: (212) 553-0376
Research Clients: (212) 553-1653

CREDIT RATINGS ARE MIS'S CURRENT OPINIONS OF THE RELATIVE FUTURE CREDIT RISK OF ENTITIES, CREDIT COMMITMENTS, OR DEBT OR DEBT-LIKE SECURITIES. MIS DEFINES CREDIT RISK AS THE RISK THAT AN ENTITY MAY NOT MEET ITS CONTRACTUAL, FINANCIAL OBLIGATIONS AS THEY COME DUE AND ANY ESTIMATED FINANCIAL LOSS IN THE EVENT OF DEFAULT. CREDIT RATINGS DO NOT ADDRESS ANY OTHER RISK, INCLUDING BUT NOT LIMITED TO: LIQUIDITY RISK, MARKET VALUE RISK, OR PRICE VOLATILITY. CREDIT RATINGS ARE NOT STATEMENTS OF CURRENT OR HISTORICAL FACT. CREDIT RATINGS DO NOT CONSTITUTE INVESTMENT OR FINANCIAL ADVICE, AND CREDIT RATINGS ARE NOT RECOMMENDATIONS TO PURCHASE, SELL, OR HOLD PARTICULAR SECURITIES. CREDIT RATINGS DO NOT COMMENT ON THE SUITABILITY OF AN INVESTMENT FOR ANY PARTICULAR INVESTOR. MIS ISSUES ITS CREDIT RATINGS WITH THE EXPECTATION AND UNDERSTANDING THAT EACH INVESTOR WILL MAKE ITS OWN STUDY AND EVALUATION OF EACH SECURITY THAT IS UNDER CONSIDERATION FOR PURCHASE, HOLDING, OR SALE.

Moody's Investors Service

New Issue: MOODY'S ASSIGNS AAa2 UNDERLYING RATING TO THE NEW MEXICO FINANCE AUTHORITY'S $36.405 MILLION SENIOR LIEN PUBLIC PROJECT REVOLVING FUND REVENUE BONDS, SERIES 2009E

Global Credit Research - 24 Oct 2009

Aa2 RATING AFFECTS $806.48 MILLION IN OUTSTANDING PARITY DEBT OBLIGATIONS

State Revolving Funds
NM

Moody's Rating

ISSUE		RATING
Senior Lien Public Project Revolving Fund Revenue Bonds, Series 2009E		Aa2
Sale Amount	$36,405,000	
Expected Sale Date	10/22/09	
Rating Description	Revenue	

Opinion

NEW YORK, Oct 24, 2009 -- Moody's Investors Service has assigned a Aa2 underlying rating to the New Mexico Finance Authority's (NMFA) upcoming sales of $35.16 million Senior Lien Public Project Revolving Fund (PPRF) Revenue Bonds Series 2009E. The rating actions reflect the NMFA's strong management oversight, distribution controls, and the historical performance of the PPRF program. Additional rating rationale includes the authority's satisfactory debt service coverage derived from pledged loan repayments made by a diverse and sizable pool of borrowers and improved coverage derived by the cross-collateralization of loans through the pledge of the NMFA's share of governmental gross receipts tax (GGRT) revenues.

USE OF PROCEEDS: Originating loans or to reimburse the NMFA for moneys used to originate loans or to purchase securities from certain governmental entities that will be or were used to finance certain projects.

LEGAL SECURITY: Loan principal repayments from individual borrowers and a senior pledge of the NMFA's share of GGRT.

DEBT RELATED DERIVATIVE INSTRUMENTS: None

MANAGEMENT OVERSIGHT AND DISBURSEMENT CONTROLS CONSIDERED BENEFICIAL

The Public Project Revolving Fund (PPRF) of the New Mexico Finance Authority was created in 1995 to assist a wide range of municipal credits in accessing the capital markets. The PPRF's goal is to provide financial assistance and flexible loan structures to underlying borrowers. When first created, the pool contained only four borrowers, which has grown to 165. Beginning with five loans in 1995, the senior lien pool has grown to 433 loans with an accumulated loan value of $868.16 million. As of September 1, 2009, the PPRF has made 806 loans totaling more than $1.64 billion since 1995.

In Moody's opinion a key credit strength is the NMFA's management and oversight of the PPRF. Since 1995 no loans have defaulted and there has never been a late payment. The NMFA did provide a workout for one borrower by renegotiating the terms of a loan and extending the final maturity. Loan agreements with borrowers pledging enterprise system revenues include rate covenants and for loans over $100,000 a debt service reserve account. The amount of government unit debt service reserve is equal to the lesser of 10% of par, MADS, or 125% of average annual debt service. Borrowers may fund the required debt service reserves with bond proceeds, surety, or a cumulative cash contribution over a three year period.

In addition to debt service reserve requirements for certain borrowers, the NMFA employs strong lending criteria that has led the authority to decline applications. PPRF loans are usually parity with a borrower's outstanding obligations, if any, although for stronger credits the PPRF has accepted subordinate liens. The authority designates a large portion of its liquidity ($140.46 million at FYE 2008) for debt; which is derived from equity loan repayments, the previous year's GGRT flow through (both of which comprise the PPRF operating fund) and a $100 million line of credit with Bank of America. The authority maintains a PPRF operating fund that disburses loans to individual governmental unit borrowers on an as-needed-basis and subsequently reimburses the PPRF with bond proceeds. Additional authority oversight includes: that all applications are reviewed and credit committee recommendations are made to approve or deny individual issuers; the authority tracks loans and reviews borrowers quarterly; the authority has internal financial advisors which are in frequent contact with borrowers; and the State monitors the monthly fiscal health of communities. Moody's considers the Authority's multi-layered oversight to be a credit positive which is reflected in the high rating quality.

LOAN POOL HAS LARGE PORTION OF STATE INTERCEPT OF PLEDGED REVENUES; TOP BOROWERS DIVERSIFY FROM PREVIOUS CREDIT QAULITY

Approximately 50% of the total outstanding loan pool is concentrated in the top ten borrower's loans. The top two borrowers in this category are highly rated including: Albuquerque Bernalillo Water Utility Authority (Moody's Utility Rated Aa2) and the State of New Mexico General Services Department (Moody's State General Obligation Rated Aa1). In recent program history the top ten issuers have changed from a previous concentration in highly rated credits to issuers with more modest credit quality. The New Mexico Spaceport Authority is currently the third largest borrower and Taos County, and New Mexico Highlands University are Baa1 rated entities in the number five and seven rank of top ten NMFA issuers.

Moody's considers the portion of PPRF loans which have a direct intercept of revenue to be a credit strength. Directly interceptable pledges represent approximately 45% of the PPRF's total portfolio. The authority further has a memorandum of understanding (MOU) with the state school district enhancement program (Moody's rated Aa2) to intercept funds of individual school districts prior to default. The school district MOU represents approximately 7.4% of additionally interceptable monies to help mitigate bondholder risks. Moody's recognizes that the credit quality of the underlying borrowers will vary, given the NMFA's goal of providing capital to a wide range of New Mexico municipalities. Future rating reviews for both senior and subordinate pools will continue to consider the overall profile of borrowers.

STABLE DEBT SERVICE COVERAGE AND IMPROVED ASSET POSITION; GGRT PROVIDES HEALTHY CROSS-COLLATERALIZATION

Inclusive of governmental unit pledged revenues and the PPRF's 75% share of the state's governmental gross receipts tax (GGRT) collections, projections for the 2010 fiscal year indicate senior lien coverage of 1.30 times debt service coverage. A maximum debt service requirement of $86.4 million occurs in 2012 and provides 1.27 times coverage. In fiscal 2010 nearly $84.4 million in borrower loan repayments and $21.5 million of GGRT (reflecting fiscal 2009 actual collections) are anticipated to support the senior lien bonds. Coverage for the senior lien debt service is projected to average approximately 1.5 times through final maturity in 2039. Senior lien debt service coverage of only government unit borrowers' pledge revenues results in a more narrow coverage calculation of 1.03 times in fiscal 2010. Officials additionally maintain a capital ratio goal to control the total amount of lending. The goal is to maintain net PPRF Assets (FYE 2008 total assets were $1.45 billion minus total liabilities of $1.31 billion) between 8% to 12%. The FYE 2008 net PPRF assets result in a capital ratio of 9.67%. Officials report a current ratio of 9.3%.

A key consideration in the rating actions is the credit strength, through cross-collateralization, provided by the GGRT which was first enacted in 1991. Imposed at a rate of 5% on public services by political subdivisions of the State of New Mexico (excluding school districts and health care providers), the majority of revenues are generated from water, sewer, and refuse collection and disposal services. The authority receives 75% of the GGRT revenues generated state-wide. In fiscal 2008, the authority's share of the GGRT was nearly $21.4 million, a 0.45% increase over fiscal 2007 collections. Over a five year period, the GGRT has grown at an average annual rate of 4. 75%. GGRT receipts, while pledged to the bonds, also provide an annual source of liquidity to the PPRF. The GGRT funds, after flowing through the PPRF senior and subordinate lien indentures each year, can be loaned out to municipalities prior to an aggregate issuance of PPRF bonds. The authority funds government unit loans below $5 million and simultaneously funds loans in excess of $5 million with bonds sales. The top ten GGRT contributors in fiscal 2008 were the Albuquerque Bernalillo Water Authority (Moody's Revenue Rated Aa2), The City of Albuquerque (Moody's General Obligation Rated Aa2) and the City of Santa Fe (Moody's General Obligation Rated Aa3).

Additional bondholder security is provided by the newly established Contingency Liquidity Account. In fiscal 2007, the authority established the CLA with an initial allotment of $25M. Annually, the authority seeks to increase the CLA by contributing a minimum of 25% of GGRT collections. Officials report an increase to $34.1 million as of 10/1/2009. Officials report a goal to maintain a minimum of one year of debt service within five years. Exact calculations concerning the determination of debt service are yet to be determined. In addition to establishing the Contingency Liquidity Account, the authority obtained a line of credit through Bank of America for $100 million. The authority recently decreased the line to $75 million. There is currently no outstanding liability associated with the line, which is not rated by Moody's and there are no plans to access the liquidity in the near term. The CLA is available as a source of liquidity to make interim financing of additional loans or for repayments of bondholders but is not currently included in the indenture.

KEY INDICATORS:

Revolving Fund Structure: Cash Flow

Debt Service Reserve: the lesser of 10% of par, MADS, or 125% of average annual debt service

Number of Borrowers: 165

Number of Loans: 443

2009 Debt Service Coverage for Sr. Lien - total revenues: 1.30 times

2009 Debt Service Coverage for Senior Lien - borrower loan repayments only: 1.03 times

2009 GGRT: $21.49 million

Contingency Liquidity Account (as of 10/1/2009): $34.1 million

Post Sale Parity Debt Outstanding: $841.63 million (Sr. Lien)

MOST RECENT RATING ACTION AND PRINCIPAL METHODOLOGY

The NMFA rating was assigned by evaluating factors believed to be relevant to the credit profile of the authority, such as i) the business risk and competitive position of the issuer versus others within its industry or sector, ii) the capital structure and financial risk of the issuer, iii) the projected performance of the issuer over the near to intermediate term, iv) the issuer's history of achieving consistent operating performance and meeting budget or financial plan goals, v) the nature of the dedicated revenue stream pledged to the bonds, vi) the debt service coverage provided by such revenue stream, vii) the legal structure that documents the revenue stream and the source of payment, and viii) and the issuer's management and governance structure related to payment. These attributes were compared against other issuers both within and outside of the NMFA's core peer group, and the NMFA rating is believed to be comparable to ratings assigned to other issuers of similar credit risk.

The last rating action with respect to the New Mexico Finance Authority PPRF was on September 22, 2009, when a rating of Aa2 was affirmed.

Analysts

Gera M. McGuire
Analyst
Public Finance Group
Moody's Investors Service

Leslie Lukens
Backup Analyst
Public Finance Group
Moody's Investors Service

Contacts

Journalists: (212) 553-0376
Research Clients: (212) 553-1653

Moody's Investors Service

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New Issue: **MOODY'S ASSIGNS Aa2 RATING TO NEW MEXICO FINANCE AUTHORITY'S SENIOR LIEN PUBLIC PROJECT REVOLVING FUND REVENUE BONDS, TAX EXEMPT SERIES 2010A-1 AND TAXABLE SERIES 2010A-2 (BUILD AMERICA BONDS)**

Global Credit Research - 19 Apr 2010

Aa2 RATING AFFECTS $866 MILLION IN PARITY DEBT, INCLUDING CURRENT ISSUES

New Mexico Fin. Auth., Public Proj. Rev. Fund
State Revolving Funds
NM

Moody's Rating

ISSUE		RATING
Senior Lien Public Project Revolving Fund Revenue Bond, Tax-Exempt Series 2010A-1		Aa2
Sale Amount	$15,100,000	
Expected Sale Date	04/20/10	
Rating Description	Revenue	
Senior Lien Public Project Revolving Fund Revenue Bonds, Taxable Series 2010A-2 (Federally Taxable Issuer Subsidy - Build America Bonds)		Aa2
Sale Amount	$12,955,000	
Expected Sale Date	04/20/10	
Rating Description	Revenue	

Opinion

NEW YORK, Apr 19, 2010 -- Moody's Investors Service has assigned a Aa2 underlying rating to the New Mexico Finance Authority's (NMFA) upcoming sales of $15.1 million Senior Lien Public Project Revolving Fund (PPRF) Revenue Bonds, Tax-Exempt Series 2010A-1 and $13.0 million Senior Lien Public Project Revolving Fund (PPRF) Taxable Series 2010A-2 (Build America Bonds). The rating actions reflect the NMFA's strong management oversight, distribution controls, and the historical performance of the PPRF program. Additional rating rationale includes the Authority's satisfactory debt service coverage derived from pledged loan repayments made by a diverse and sizable pool of borrowers and improved coverage derived by the cross-collateralization of loans through the pledge of the NMFA's share of governmental gross receipts tax (GGRT) revenues.

USE OF PROCEEDS: Originating loans or to reimburse the NMFA for moneys used to originate loans or to purchase securities from certain governmental entities that will be or were used to finance certain projects.

LEGAL SECURITY: Loan principal repayments from individual borrowers and a senior pledge of the NMFA's share of GGRT.

DEBT RELATED DERIVATIVE INSTRUMENTS: None

FAVORABLE MANAGEMENT OVERSIGHT AND DISBURSEMENT CONTROLS

The Public Project Revolving Fund (PPRF) of the New Mexico Finance Authority was created in 1995 to assist a wide range of municipal credits in accessing the capital markets. The PPRF's goal is to provide financial assistance and flexible loan structures to underlying borrowers. When first created, the pool contained only four borrowers, which has grown to 169. Beginning with five loans in 1995, the senior lien pool has grown to 467 loans with an accumulated loan value of $860.7 million. As of April 1, 2010, the PPRF has made 866 loans totaling more than $1.75 billion since 1995.

The Authority's management and oversight of the PPRF is a strong credit factor incorporated into the rating. Since 1995, no loans have defaulted and there has never been a late payment. One time, at the beginning of the program, the Authority provided a workout for one borrower by renegotiating the terms of a loan and extending the final maturity.

Loan agreements with borrowers pledging enterprise system revenues include rate covenants and for loans over $100,000, a debt service reserve account is required. The amount of the government unit debt service reserve is equal to the lesser of 10% of par, MADS, or 125% of average annual debt service. Borrowers may fund the required debt service reserves with bond proceeds, surety, or a cumulative cash contribution over a three year period.

In addition to debt service reserve requirements for certain borrowers, the NMFA employs strong lending criteria that has led the Authority to decline applications. PPRF loans are usually parity with a borrower's outstanding obligations, if any; however, for stronger credits, the PPRF has accepted subordinate liens. The Authority maintains a PPRF operating fund that disburses loans to individual governmental unit borrowers on an as-needed-basis and subsequently reimburses the PPRF with bond proceeds.

Authority oversight of the program includes the use of credit committees to review loan applications and recommendations are made to approve or deny individual issuers. Additionally, the Authority tracks loans and reviews borrowers quarterly, internal financial advisors are on staff to be in frequent contact with borrowers, and the State monitors the monthly fiscal health of communities so any challenges can be addressed in a timely manner. Moody's considers the Authority's multi-layered oversight to be a credit positive which is reflected in the high rating quality.

TOP BORROWERS CONCENTRATED; STATE INTERCEPT OF PLEDGED REVENUES A CREDIT STRENGTH

Approximately 45% of the total outstanding loan pool is concentrated in the top ten borrowers' loans when including the current issues. The two largest borrowers are considered to have high credit quality with the Albuquerque Bernalillo Water Utility Authority rated Aa2 and equal to 12.9% of the pool. The General Services Department of the State pledges its share of the State Gross Receipts Tax comprising 7.5% of the pool and while this security is not rated, the State has a general obligation rating of Aa1. Other borrowers in the top ten, with Moody's ratings, include Gadsden ISD (GO rated Baa2), Taos County (GRT rated Baa1), and City of Santa Fe (GRT rated A1). The remaining borrowers in the top ten do not have a Moody's rating and include the New Mexico Spaceport Authority, State Parks and Recreation Department's Governmental Gross Receipts Tax, the Department of Health pledge of Cigarette Taxes, and New Mexico Highlands University with a pledge of the system's revenues.

Moody's considers the PPRF loans which have a direct intercept of pledged revenues to support strong credit quality of the overall pool. Directly interceptable revenues represent approximately 41% of the PPRF's total portfolio. The Authority further has a memorandum of understanding (MOU) with the state school district enhancement program (Moody's rated Aa2) to intercept funds of individual school districts prior to default. The school district MOU represents approximately 8.7% of additionally interceptable monies to help mitigate bondholder risks. Moody's recognizes that the credit quality of the underlying borrowers will vary, given the issuer's goal of providing capital to a wide range of New Mexico municipalities. Future rating reviews for both senior and subordinate pools will continue to consider the overall profile of borrowers.

STABLE DEBT SERVICE COVERAGE AND IMPROVED ASSET POSITION; GGRT PROVIDES HEALTHY CROSS-COLLATERALIZATION

Inclusive of governmental unit pledged revenues and the PPRF's 75% share of the state's governmental gross receipts tax (GGRT) collections, senior lien debt service coverage was a solid 1.33 times for fiscal 2010. A maximum debt service requirement of $87.7 million occurs in 2012 and provides 1.29 times coverage. Coverage for the senior lien debt service is projected to average approximately 1.3 times through final maturity in 2039. Senior lien debt service coverage using only loan repayments results in a more narrow coverage calculation of 1.05 times projected for fiscal 2010. Officials additionally maintain a capital ratio goal to control the total amount of lending. The goal is to maintain net PPRF Assets (FYE 2008 total assets were $1.45 billion minus total liabilities of $1.31 billion) between 8% to 12%. The FYE 2008 net PPRF assets result in a capital ratio of 9.67%. Officials report a current ratio of 9.3%.

A key consideration in the rating actions is the credit strength, through cross-collateralization, provided by the GGRT which was first enacted in 1991. Imposed at a rate of 5% on public services by political subdivisions of the State of New Mexico (excluding school districts and health care providers), the majority of revenues are generated from water, sewer, and refuse collection and disposal services. The Authority receives 75% of the GGRT revenues generated state-wide. In fiscal 2009, the Authority's share of the GGRT was $21.49 million, a 0.3% increase over fiscal 2008 collections. Over a five year period, the GGRT has grown at an average rate of 3.3% annually. For fiscal 2010, GGRT revenues are projected to be 7% over 2009 given that year-to-date revenues are already $1.5 million over the prior year totaling $22.9 million through March of 2010. GGRT receipts, while pledged to the bonds, also provide an annual source of liquidity to the PPRF. The GGRT funds, after flowing through the PPRF senior and subordinate lien indentures each year, can be loaned out to municipalities prior to an aggregate issuance of PPRF bonds. The Authority funds government unit loans below $5 million and simultaneously funds loans in excess of $5 million with bonds sales. The top ten GGRT contributors in fiscal 2009 were the Albuquerque Bernalillo Water Authority (Moody's Revenue Rated Aa2), the City of Albuquerque (Moody's General Obligation Rated Aa2) and the City of Santa Fe (Moody's General Obligation Rated Aa3).

Additional bondholder security is provided by the newly established Contingency Liquidity Account (CLA). In fiscal 2007, the Authority established the CLA with an initial allotment of $25M. Annually, the Authority seeks to increase the CLA by contributing a minimum of 25% of excess GGRT collections. Officials report an increase to $36.9 million for fiscal 2009 and increasing to $43 million for fiscal 2010. In addition to establishing the Contingency Liquidity Account, the Authority obtained a line of credit through Bank of America for $100 million which has recently been decreased to $75 million given there has not been a need for the line since 2007. There is currently no outstanding liability associated with the line, which is not rated by Moody's, and there are no plans to access the liquidity in the near term. The CLA is available as a source of liquidity to make interim financing of additional loans or for repayments of bondholders but is not currently included in the indenture.

KEY INDICATORS:

Revolving Fund Structure: Cash Flow

Debt Service Reserve: the lesser of 10% of par, MADS, or 125% of average annual debt service

Number of Borrowers: 169

Number of Loans: 467

2009 Debt Service Coverage for Sr. Lien - total revenues: 1.32 times

2009 Debt Service Coverage for Senior Lien - borrower loan repayments only: 1.06 times

2009 GGRT: $21.49 million

Projected 2010 GGRT: $23 million

Contingency Liquidity Account (as of 4/1/10): $36.9 million

Projected CLA 2010: $43 million

Post Sale Parity Debt Outstanding: $866 million (Sr. Lien)

RECALIBRATION OF RATING TO THE GLOBAL RATING SCALE; PRINCIPAL METHODOLOGY

The rating assigned to the New Mexico Finance Authority was issued on Moody's municipal rating scale. Moody's has announced its plans to recalibrate all U.S. municipal ratings to its global scale and therefore, upon implementation of the methodology published in conjunction with this initiative, the rating will be recalibrated to a global scale rating comparable to other credits with a similar risk profile. Market participants should not view the recalibration of municipal ratings as rating upgrades, but rather as a recalibration of the ratings to a different rating scale. This recalibration does not reflect an improvement in credit quality or a change in our credit opinion for rated municipal debt issuers. For further details regarding the recalibration please visit www.moodys.com/gsr.

The NMFA rating was assigned by evaluating factors believed to be relevant to the credit profile of the Authority, such as i) the business risk and competitive position of the issuer versus others within its industry or sector, ii) the capital structure and financial risk of the issuer, iii) the projected performance of the issuer over the near to intermediate term, iv) the issuer's history of achieving consistent operating performance and meeting budget or financial plan goals, v) the nature of the dedicated revenue stream pledged to the bonds, vi) the debt service coverage provided by such revenue stream, vii) the legal structure that documents the revenue stream and the source of payment, and viii) and the issuer's management and governance structure related to payment. These attributes were compared against other issuers both within and outside of the NMFA's core peer group, and the NMFA rating is believed to be comparable to ratings assigned to other issuers of similar credit risk.

The last rating action with respect to the New Mexico Finance Authority PPRF was on October 24, 2009 when the Aa2 rating was affirmed.

RECALIBRATION OF RATING TO THE GLOBAL RATING SCALE; PRINCIPAL METHODOLOGY

The rating assigned to the New Mexico Finance Authority was issued on Moody's municipal rating scale. Moody's has announced its plans to recalibrate all U.S. municipal ratings to its global scale and therefore, upon implementation of the methodology published in conjunction with this initiative, the rating will be recalibrated to a global scale rating comparable to other credits with a similar risk profile. Market participants should not view the recalibration of municipal ratings as rating upgrades, but rather as a recalibration of the ratings to a different rating scale. This recalibration does not reflect an improvement in credit quality or a change in our credit opinion for rated municipal debt issuers. For

further details regarding the recalibration please visit www.moodys.com/gsr.

The NMFA rating was assigned by evaluating factors believed to be relevant to the credit profile of the Authority, such as i) the business risk and competitive position of the issuer versus others within its industry or sector, ii) the capital structure and financial risk of the issuer, iii) the projected performance of the issuer over the near to intermediate term, iv) the issuer's history of achieving consistent operating performance and meeting budget or financial plan goals, v) the nature of the dedicated revenue stream pledged to the bonds, vi) the debt service coverage provided by such revenue stream, vii) the legal structure that documents the revenue stream and the source of payment, and viii) and the issuer's management and governance structure related to payment. These attributes were compared against other issuers both within and outside of the NMFA's core peer group, and the NMFA rating is believed to be comparable to ratings assigned to other issuers of similar credit risk.

The last rating action with respect to the New Mexico Finance Authority PPRF was on October 24, 2009 when the Aa2 rating was affirmed.

Analysts

Kristin Button
Analyst
Public Finance Group
Moody's Investors Service

Douglas Benton
Backup Analyst
Public Finance Group
Moody's Investors Service

Contacts

Journalists: (212) 553-0376
Research Clients: (212) 553-1653

Moody's
INVESTORS SERVICE

New Issue: MOODY'S ASSIGNS A Aa1 UNDERLYING RATING TO THE NEW MEXICO FINANCE AUTHORITY'S UPCOMING SENIOR LIEN SALES AND PLACES THE SUBORDINATE LIEN Aa3 UNDERLYING RATINGS ON WATCHLIST FOR POSSIBLE UPGRADES

Global Credit Research - 21 Jul 2010

Aa1 SENIOR LIEN RATING AFFECTS $875.1 MILLION INCLUDING THE NEW SALES; Aa3 SUBORDINATE PLEDGE AFFECTS $352.0 MILLION IN OUTSTANDING OBLIGATIONS

State Revolving Funds
NM

Moody's Rating

ISSUE		RATING
Senior Lien Public Project Revolving Fund Revenue Bonds, Tax-Exempt Series 2010B-1		Aa1
Sale Amount	$54,715,000	
Expected Sale Date	07/22/10	
Rating Description	Revenue	
Senior Lien Public Project Revolving Fund Revenue Bonds, Taxable Series 2010B-2		Aa1
Sale Amount	$17,680,000	
Expected Sale Date	07/22/10	
Rating Description	Revenue	

Opinion

NEW YORK, Jul 21, 2010 -- Moody's Investors Service has assigned a Aa1 underlying rating to the New Mexico Finance Authority's (NMFA) upcoming sales of $36.5 million Senior Lien Public Project Revolving Fund (PPRF) Revenue Bonds, Tax-Exempt Series 2010B-1 and $19.96 million Senior Lien Public Project Revolving Fund (PPRF) Taxable Series 2010B-2. At the same time, Moody's upgrades to Aa1 from Aa2 the underlying rating for the senior lien obligations and placed the Aa3 underlying rating for subordinate lien obligations on watchlist for a possible upgrade. The rating actions reflect the NMFA's strong management oversight, formalized distribution controls, and strong portfolio credit quality. Additional rating considerations include the Authority's sizable pool of borrowers, a diverse pledge from pooled participants and additional liquidity provided by borrower debt service reserve and Authority liquidity.

USE OF PROCEEDS: Proceeds will originate loans or to reimburse the NMFA for moneys used to originate loans or to purchase securities from certain governmental entities that will be or were used to finance certain projects.

LEGAL SECURITY: Loan principal repayments from individual borrowers and a senior pledge of the NMFA's share of the State's Governmental Gross Receipts Tax (GGRT).

DEBT RELATED DERIVATIVE INSTRUMENTS: None

PROGRAM MECHANISMS RESULT IN MANAGEMENT OVERSIGHT AND DISBURSEMENT CONTROLS

The Public Project Revolving Fund (PPRF) of the New Mexico Finance Authority was created in 1992 to assist a wide range of municipal credits in accessing the capital market. The PPRF's goal is to provide financial assistance and flexible loan structures to underlying borrowers. The first loans were made in 1995. As of June 11, 2010, the PPRF has made 878 loans totaling more than $1.76 billion. The senior lien pool currently consists of 252 borrower pledges resulting in 459 loans with an accumulated principal loan value of $875.1 million.

The Authority's management and oversight of the PPRF is a strong credit factor incorporated into the rating. Since 1995, no loans have defaulted, no debt service reserve has been tapped, and there has never been a late payment. One time, at the beginning of the program, the Authority provided a workout for one borrower by renegotiating the terms of a loan and extending the final maturity. Loan agreements in excess of $200,000 with borrowers pledging enterprise system revenues with coverage less than 2.0 times are required to fund an individual debt service reserve account to be held either with the Authority's trustee or the individual borrower's trustee in the case of large publicly rated borrowers. The amount of the government unit debt service reserve is equal to the lesser of 10% of par, MADS, or 125% of average annual debt service. Borrowers may fund the required debt service reserves with bond proceeds, surety, or a cumulative cash contribution over a three year period.

In addition to debt service reserve requirements for certain borrowers, the NMFA employs strong lending criteria that has led the Authority to decline applications. Authority oversight of the program includes the use of credit committees to review loan applications and recommendations are made to approve or deny individual issuers. Additionally, the Authority tracks loans and reviews borrowers quarterly, internal financial advisors are on staff to be in frequent contact with borrowers, and the State monitors the monthly fiscal health of communities so any challenges can be addressed in a timely manner. Moody's considers the Authority's multi-layered oversight to be a credit positive which is reflected in the high rating quality. PPRF loans are usually parity with a borrower's outstanding obligations, if any; however, for stronger credits, the PPRF has accepted subordinate liens. The Authority maintains a PPRF operating fund that disburses loans (of less than $5 million) to individual governmental unit borrowers on an as-needed-basis and subsequently reimburses the PPRF with bond proceeds.

The PPRF additional bonds test requires the Authority to a) deliver a Cash Flow Statement to the Trustee which take into account the additional indebtedness, bonds or notes, b) requires all prior payments have been made into the Bond Fund and were paid in full, c) additional bond proceeds are for refunding or additional reimbursements of loans, grants or to purchase securities (including reserve requirements), and d) no events of default have occured. Borrowers are required to notify the Trustee forty-five days in advance of the loan payment due date. The Trustee will transfer the insufficient amount from the borrower's Agreement Reserve Fund five days prior to the Debt Service Account.

TOP BORROWERS CONCENTRATE POOL; STATE INTERCEPT OF PLEDGED REVENUES A CREDIT STRENGTH

Moody's considers the PPRF loans which have a direct intercept of pledged revenues to support strong credit quality of the overall pool. Directly interceptable revenues represent approximately 41% of the PPRF's total portfolio. The Authority further has a memorandum of understanding (MOU) with the state school district enhancement program (Moody's rated Aa1) to intercept funds of individual school districts prior to default. The school district MOU represents approximately 8.9% of additionally interceptable monies to help mitigate bondholder risks. Approximately 43% of the total outstanding loan pool is concentrated in the top ten borrowers' loans.

The largest borrowers are considered to have high credit quality with the Albuquerque Bernalillo Water Utility Authority rated Aa1 and equal to approximately 12% of the debt of the pool. The General Services Department of the State pledges its share of the State Gross Receipts Tax comprising 6.5% of the pool and while this security is not rated, the State has a general obligation rating of Aaa. Other borrowers in the top ten, with Moody's ratings, include the City of Albuquerque (GO rated Aa1), Gadsden ISD (GO rated Baa1), Taos County (GRT rated A3), and City of Santa Fe (GRT rated Aa2). The remaining borrowers in the top ten do not have a Moody's rating and include the New Mexico Spaceport Authority, State Parks and Recreation Department's Governmental Gross Receipts Tax, the Department of Health pledge of Cigarette Taxes, and New Mexico Highlands University with a pledge of the system's revenues. Moody's recognizes that the credit quality of the underlying borrowers will vary, given the issuer's goal of providing capital to a wide range of New Mexico municipalities. Future rating reviews for both senior and subordinate pools will continue to consider the overall profile of borrowers.

GROWING GGRT REVENUES RESULT IN PROGRAM LIQUIDITY; PLEDGE REVENUES AND BORROWER PAYMENTS NET STRONG DEBT SERVICE COVERAGE PROJECTIONS

Inclusive of governmental unit pledged revenues and the PPRF's 75% share of the state's governmental gross receipts tax (GGRT) collections, senior lien debt service coverage was 1.30 times for fiscal 2010. A maximum debt service requirement of $94 million occurs in 2012 and provides 1.28 times coverage. Coverage for the senior lien debt service is projected to average approximately 1.4 times through final maturity in 2040. Senior lien debt service coverage using only loan repayments results in a more narrow coverage calculation of 1.04 times projected for fiscal 2010. Officials additionally maintain a capital ratio goal to control the total amount of lending. The goal is to maintain net PPRF Assets (FYE 2009 total assets were $1.8 billion minus total liabilities of $1.4 billion) between 8% to 12%. The FYE 2009 net PPRF assets result in a capital ratio of 22%. Officials report a current ratio of 19.5%, making the program under leveraged.

A key consideration in the rating actions is the credit strength, through cross-collateralization, provided by the GGRT which was first enacted in 1991. Imposed at a rate of 5% on public services by political subdivisions of the State of New Mexico (excluding school districts and health care providers), the majority of revenues are generated from water, sewer, and refuse collection and disposal services. The Authority receives 75% of the GGRT revenues generated state-wide. In fiscal 2010, the Authority's share of the GGRT was $23 million, a 7.3% increase over fiscal 2009 collections. Over a five year period, the GGRT has grown at an average rate of 4.6% annually. GGRT receipts, while pledged to the bonds, also provide an annual source of liquidity to the PPRF. The GGRT funds, after flowing through the PPRF senior and subordinate lien indentures each year, can be loaned out to municipalities prior to an aggregate issuance of PPRF bonds. The Authority funds government unit loans below $5 million and simultaneously funds loans in excess of $5 million with bonds sales. The top ten GGRT contributors in fiscal 2008 were the Albuquerque Bernalillo Water Authority (Moody's Revenue Rated Aa1), the City of Albuquerque (Moody's General Obligation Rated Aa1) and the City of Santa Fe (Moody's General Obligation Rated Aa2). Moody's recognizes the stability of the GGRT revenues as governmental growth is reflected by the state's overall in-migration. However, the largest contributor, Albuquerque Bernalillo County Water Utility Authority (Aa1), represents 23% of total GGRT contributions. Deteriorating credit worthiness of this entity and or slowed growth of the ABCWUA could impact the Authority's revenues considerably. Future monitoring of this issuer and contributor will be included in the Authority's credit reviews.

Additional bondholder security is provided by the newly established Contingency Liquidity Account (CLA). In fiscal 2007, the Authority established the CLA with an initial allotment of $25M. Annually, the Authority seeks to increase the CLA by contributing a minimum of 25% of GGRT collections. Officials report an increase to $36.9 million for fiscal 2009 and increasing to $43 million for fiscal 2010. In addition to establishing the Contingency Liquidity Account, the Authority obtained a line of credit through Bank of America for $100 million which has recently been decreased to $75 million given there has not been a need for the line since 2007. There is currently no outstanding liability associated with the line, which is not rated by Moody's, and there are no plans to access the liquidity in the near term. The CLA is available as a source of liquidity to make interim financing of additional loans or for repayments of bondholders but is not currently included in the indenture.

KEY INDICATORS:

Revolving Fund Structure: Cash Flow

Debt Service Reserve: the lesser of 10% of par, MADS, or 125% of average annual debt service

Number of Loans: 459

2010 Debt Service Coverage for Sr. Lien - total revenues: 1.30 times

2011 Debt Service Coverage for Senior Lien - borrower loan repayments only: 1.04 times

2010 Debt service Coverage for Senior and Subordinate Liens-total revenues: 1.22 times

2009 GGRT: $21.49 million

Unaudited 2010 GGRT: $23 million

Contingency Liquidity Account: $37 million

Projected CLA 2010: $43 million

Post Sale Parity Debt Outstanding: $875.1 million (Sr. Lien)

Post Sale Parity Debt Outstanding: $352 million (Jr. Lien)

RECALIBRATION OF RATING TO THE GLOBAL RATING SCALE; PRINCIPAL METHODOLOGY

The rating assigned to the New Mexico Finance Authority was issued on Moody's municipal rating scale. Moody's has announced its plans to recalibrate all U.S. municipal ratings to its global scale and therefore, upon implementation of the methodology published in conjunction with this initiative, the rating will be recalibrated to a global scale rating comparable to other credits with a similar risk profile. Market participants should not view the recalibration of municipal ratings as rating upgrades, but rather as a recalibration of the ratings to a different rating scale. This recalibration does not reflect an improvement in credit quality or a change in our credit opinion for rated municipal debt issuers. For further details regarding the recalibration please visit www.moodys.com/gsr.

The NMFA rating was assigned by evaluating factors believed to be relevant to the credit profile of the Authority, such as i) the business risk and competitive position of the issuer versus others within its industry or sector, ii) the capital structure and financial risk of the issuer, iii) the projected performance of the issuer over the near to intermediate term, iv) the issuer's history of achieving consistent operating performance and meeting budget or financial plan goals, v) the nature of the dedicated revenue stream pledged to the bonds, vi) the debt service coverage provided by such revenue stream, vii) the legal structure that documents the revenue stream and the source of payment, and viii) and the issuer's management and governance structure related to payment. These attributes were compared against other issuers both within and outside of the NMFA's core peer group, and the NMFA rating is believed to be comparable to ratings assigned to other issuers of similar credit risk.

The last rating action with respect to the New Mexico Finance Authority PPRF was on April 19,2010 when the Aa2 rating was affirmed.

Analysts

Gera M. McGuire
Analyst
Public Finance Group
Moody's Investors Service

Leslie Lukens
Backup Analyst
Public Finance Group
Moody's Investors Service

Contacts

Journalists: (212) 553-0376
Research Clients: (212) 553-1653

MOODY'S
INVESTORS SERVICE

MOODY'S
INVESTORS SERVICE

New Issue: **MOODY'S ASSIGNS Aa1 TO NEW MEXICO FINANCE AUTHORITY'S [NM] $16.095 SENIOR LIEN PUBLIC PROJECT REVOLVING FUND BONDS, SERIES 2011A AND UPGRADES TO Aa2 FROM Aa3 THE SUBORDINATE LIEN RATING**

Global Credit Research - 19 Apr 2011

RATINGS AFFECT $879.43 MILLION IN SENIOR LIEN PARITY OBLIGATIONS, INCLUDING THE CURRENT SALE AND $352 MILLION IN SUBORDINATE LIEN OBLIGATIONS

State
NM

Moody's Rating

ISSUE	RATING
Senior Lien Public Project Revolving Fund Revenue Bonds, Series 2011A (AMT)	Aa1

Sale Amount	$16,095,000
Expected Sale Date	04/22/11
Rating Description	Public Project Revovling Fund

Moody's Outlook Stable

Opinion

NEW YORK, Apr 19, 2011 -- Moody's Investors Service has assigned a Aa1 stable outlook to the New Mexico Finance Authority's (NMFA) upcoming sale of $16.095 million Senior Lien Public Project Revolving Fund (PPRF) Revenue Bonds, Series 2011A (AMT). At the same time, Moody's affirmed the Aa1 rating on the Authority's $ 879.43 million in parity obligations and upgraded to Aa2 from Aa3 the subordinate lien obligations affecting $352M in outstanding debt. The subordinate lien debt also carries a stable outlook.

SUMMARY RATING RATIONALE

The rating actions reflect the NMFA's strong management oversight, formalized distribution controls, and strong portfolio credit quality. Additional rating considerations include the Authority's sizable pool of borrowers, a diverse pledge from pooled participants and additional liquidity provided by borrower debt service reserve and Authority liquidity.

STRENGTHS

* Ample liquidity provided by structure enhancements

*Strong program and borrower oversight provided by management team

*Portion of pledged revenues that is intercepted by the state and directed to the trustee

CHALLENGES

*Loan revenues only provide narrow coverage levels

*Percentage of pool with relatively low credit worthiness

DETAILED CREDIT DISCUSSION

USE OF PROCEEDS: Proceeds will originate loans or to reimburse the NMFA for moneys used to originate loans or to purchase securities from certain governmental entities that will be or were used to finance certain projects.

LEGAL SECURITY: Loan repayments from individual borrowers and a senior pledge of the NMFA's share of the State's Governmental Gross Receipts Tax (GGRT).

DEBT RELATED DERIVATIVE INSTRUMENTS: None

STRONG PROGRAM MECHANISMS BOLSTERED BY THE ADDITION OF A COMMON DEBT SERVICE RESERVE

The Public Project Revolving Fund (PPRF) of the New Mexico Finance Authority was created in 1992 to assist a wide range of municipal credits in accessing the capital market. The PPRF's goal is to provide financial assistance and flexible loan structures to underlying borrowers. The first loans were made in 1995. As of February 28, 2011, the PPRF has made 936 loans totaling more than $1.87 billion. The senior lien pool currently consists of 252 borrower pledges resulting in 570 loans with an accumulated principal loan value of $879.43 million. The subordinate lien currently has 86 loans with an accumulated principal loan value of $352 million.

The Authority's management and oversight of the PPRF is a strong credit factor incorporated into the rating. Since 1995, no loans have defaulted, no debt service reserve has been tapped, and there has never been a late payment. One time, at the beginning of the program, the Authority provided a workout for one borrower by renegotiating the terms of a loan and extending the final maturity. Loan agreements in excess of $200,000 with borrowers pledging enterprise system revenues with coverage less than 2.0 times are required to fund an individual debt service reserve account to be held either with the Authority's trustee or the individual borrower's trustee in the case of large publicly rated borrowers. The amount of the government unit debt service reserve is equal to the lesser of 10% of par, MADS, or 125% of average annual debt service. Borrowers may fund the required debt service reserves with bond proceeds, surety, or a cumulative cash contribution over a three year period. The current governmental unit combined debt service reserve is $39.4 million.

In 2007, the authority began a contingent liquidity reserve as an enhancement to the overall pool. In 2011, the board legally appropriated $23.2 million of that money for a common debt service reserve. The common debt service reserve provides additional liquidity to the governmental unit debt service reserves. Additionally, the authority has $19.8 million in the contingent liquidity reserve for any lawful purpose which can include making loans between financings.

In addition to debt service reserve requirements for certain borrowers, the NMFA employs strong lending criteria that has led the Authority to decline applications. Authority oversight of the program includes the use of credit committees to review loan applications and recommendations are made to approve or deny individual issuers. Additionally, the Authority tracks loans and reviews borrowers quarterly, internal financial advisors are on staff to be in frequent contact with borrowers, and the State monitors the monthly fiscal health of communities so any challenges can be addressed in a timely manner. Moody's considers the Authority's multi-layered oversight to be a credit positive which is reflected in the high rating quality. PPRF loans are usually parity with a borrower's outstanding obligations, if any; however, for stronger credits, the PPRF has accepted subordinate liens. The Authority maintains a PPRF operating fund that disburses loans (of less than $5 million) to individual governmental unit borrowers on an as-needed-basis and subsequently reimburses the PPRF with bond proceeds.

The PPRF additional bonds test requires a) the Authority to deliver a Cash Flow Statement to the Trustee which take into account the additional indebtedness, bonds or notes, b) that all prior payments have been made into the Bond Fund and were paid in full, c) that additional bond proceeds are for refunding or additional reimbursements of loans, grants or to purchase securities (including reserve requirements), and d) that no events of default have occurred. Borrowers are required to notify the Trustee forty-five days in advance of the loan payment due date. The Trustee will transfer the insufficient amount from the borrower's Agreement Reserve Fund five days prior to the Debt Service Account.

TOP BORROWERS CONCENTRATE POOL; STATE INTERCEPT OF PLEDGED REVENUES A CREDIT STRENGTH

Moody's considers the PPRF loans which have a direct intercept of pledged revenues to support strong credit quality of the overall pool. Directly interceptable revenues represent approximately 46% of the PPRF's senior lien portfolio. The subordinate lien portfolio has pledged revenues of approximately 10%. The Authority further has a memorandum of understanding (MOU) with the state school district enhancement program (Moody's rated Aa1) to intercept funds of individual school districts prior to default. Approximately 45% of the total outstanding loan pool is concentrated in the top ten borrowers' loans.

The largest borrowers are considered to have high credit quality with the Albuquerque Bernalillo Water Utility Authority rated Aa1 and equal to approximately 12% of the debt of the pool. The General Services Department of the State pledges its share of the State Gross Receipts Tax comprising 7.1% of the pool and while this security is not rated, the State has a general obligation rating of Aaa. Other borrowers in the top ten, with Moody's ratings, include the City of Albuquerque (GO rated Aa1), Gadsden ISD (GO rated Baa1), Taos County (GRT rated A3), and City of Santa Fe (GRT rated Aa2). The remaining borrowers in the top ten do not have a Moody's rating and include the New Mexico Spaceport Authority, State Parks and Recreation Department's Governmental Gross Receipts Tax, the Department of Health pledge of Cigarette Taxes, and New Mexico Highlands University with a pledge of the system's revenues. Moody's recognizes that the credit quality of the underlying borrowers will vary, given the issuer's goal of providing capital to a wide range of New Mexico municipalities. Future rating reviews for both senior and subordinate pools will continue to consider the overall profile of borrowers.

GROWING GGRT REVENUES RESULT IN PROGRAM LIQUIDITY; PLEDGE REVENUES AND BORROWER PAYMENTS NET STRONG DEBT SERVICE COVERAGE PROJECTIONS

Inclusive of governmental unit pledged revenues and the PPRF's 75% share of the state's governmental gross receipts tax (GGRT) collections, senior lien debt service coverage was 1.29 times for fiscal 2011. A maximum debt service requirement of $94 million occurs in 2012 and provides 1.31 times coverage. Coverage for the senior lien debt service is projected to average approximately 1.4 times through final maturity in 2040. Senior lien debt service coverage using only loan repayments results in a more narrow coverage calculation of 1.03 times projected for fiscal 2011. Coverage calculations including all senior and subordinate lien obligations with pledged agreement revenues are limited at 1.08 MADS (2013 for both liens), but when additionally revenues from GGRT, which are legally pledged, are included coverage improves to 1.27 MADS. Officials additionally maintain a capital ratio goal to control the total amount of lending. The goal is to maintain net PPRF Assets (FYE 2009 total assets were $1.8 billion minus total liabilities of $1.4 billion) between 8% to 12%. The FYE 2009 net PPRF assets result in a capital ratio of 22%. Officials report a current ratio of 19%, making the program under leveraged.

A key consideration in the rating actions is the credit strength, through cross-collateralization, provided by the GGRT which was first enacted in 1991. Imposed at a rate of 5% on public services by political subdivisions of the State of New Mexico (excluding school districts and health care providers), the majority of revenues are generated from water, sewer, and refuse collection and disposal services. The Authority receives 75% of the GGRT revenues generated state-wide. In fiscal 2010, the Authority's share of the GGRT was $23 million, a 7.3% increase over fiscal 2009 collections. Year to date GGRT revenues are up 2.5%. Over a five year period, the GGRT has grown at an average rate of 4.6% annually. GGRT receipts, while pledged to the bonds, also provide an annual source of liquidity to the PPRF. The GGRT funds, after flowing through the PPRF senior and subordinate lien indentures each year, can be loaned out to municipalities prior to an aggregate issuance of PPRF bonds. The Authority funds government unit loans below $5 million and simultaneously funds loans in excess of $5 million with bonds sales. The top ten GGRT contributors in fiscal 2008 were the Albuquerque Bernalillo Water Authority (Moody's Revenue Rated Aa1), the City of Albuquerque (Moody's General Obligation Rated Aa1) and the City of Santa Fe (Moody's General Obligation Rated Aa2). Moody's recognizes the stability of the GGRT revenues as governmental growth is reflected by the state's overall in-migration. However, the largest contributor, Albuquerque Bernalillo County Water Utility Authority (Aa1), represents 24% of total GGRT contributions. Deteriorating credit worthiness of this entity and or slowed growth of the ABCWUA could impact the Authority's revenues considerably. Future monitoring of this issuer and contributor will be included in the Authority's credit reviews.

Additional bondholder security is provided by the Contingency Liquidity Account (CLA). In fiscal 2007, the Authority established the CLA with an initial allotment of $25M. Annually, the Authority seeks to increase the CLA by contributing a minimum of 25% of GGRT collections. Officials report an increase to $36.9 million for fiscal 2009 and increasing to $43 million for fiscal 2010. As discussed above, the authority recently created the common debt service reserve from the CLA monies which is now legally pledges as a common debt service reserve totaling $23.2 million. The CLA is now $19.8 million. In addition, the Authority obtained a line of credit through Bank of America for $100 million which has recently been decreased to $75 million given there has not been a need for the line since 2007. There is currently no outstanding liability associated with the line, which is not rated by Moody's, and there are no plans to access the liquidity in the near term. The CLA is available as a source of liquidity to make interim financing of additional loans or for repayments of bondholders but is not currently included in the indenture.

Moody's Investors Service considers the quality of information available on the credit satisfactory for the purposes of assigning a credit rating.

Outlook

The outlook for the authority's public project revolving fund is stable reflecting the authority's ample liquidity, increased bondholder security by the formation of the common debt service reserve, and continued loan pool participant oversight. The program faces board and CEO turnover that is being mitigated by an interim CEO from within the organization and strong ties with state officials which help future board appointees be aware of the authority's mission. Additionally GGRT revenues are constitutionally appropriated to the authority.

WHAT COULD MAKE THE RATING GO UP

*Increased liquidity pledged for bondholder security

*Significantly improved creditworthiness of the loan pool

WHAT COULD MAKE THE RATING GO DOWN

*Erosion of creditworthiness in the loan pool

*Pressure on liquidity from previously mismatched loan agreements to bond issuances

KEY INDICATORS:

Revolving Fund Structure: Cash Flow

Debt Service Reserve: the lesser of 10% of par, MADS, or 125% of average annual debt service

Number of Loans: 570

2011 Debt Service Coverage for Sr. Lien - total revenues: 1.29 times

2011 Debt Service Coverage for Senior Lien - borrower loan repayments only: 1.03 times

2011 Debt service Coverage for Senior and Subordinate Liens-total revenues: 1.24 times

2010 GGRT: $23.035 million

Governmental Unit DSR: $39.4 million

Common DSR: $23.2 million

Contingency Liquidity Account: $19.8 million

Post Sale Parity Debt Outstanding: $879.431 million (Sr. Lien)

Post Sale Parity Debt Outstanding: $352 million (Jr. Lien)

PRINCIPAL METHODOLOGY

The NMFA rating was assigned by evaluating factors believed to be relevant to the credit profile of the Authority, such as i) the business risk and competitive position of the issuer versus others within its industry or sector, ii) the capital structure and financial risk of the issuer, iii) the projected performance of the issuer over the near to intermediate term, iv) the issuer's history of achieving consistent operating performance and meeting budget or financial plan goals, v) the nature of the dedicated revenue stream pledged to the bonds, vi) the debt service coverage provided by such revenue stream, vii) the legal structure that documents the revenue stream and the source of payment, and viii) and the issuer's management and governance structure related to payment. These attributes were compared against other issuers both within and outside of the NMFA's core peer group, and the NMFA rating is believed to be comparable to ratings assigned to other issuers of similar credit risk.

REGULATORY DISCLOSURES

Information sources used to prepare the credit rating are the following: parties involved in the ratings, parties not involved in the ratings, public information.

Moody's adopts all necessary measures so that the information it uses in assigning a credit rating is of sufficient quality and from sources Moody's considers to be reliable including, when appropriate, independent third-party sources. However, Moody's is not an auditor and cannot in every instance independently verify or validate information received in the rating process.

Please see ratings tab on the issuer/entity page on Moodys.com for the last rating action and the rating history.

The date on which some Credit Ratings were first released goes back to a time before Moody's Investors Service's Credit Ratings were fully digitized and accurate data may not be available. Consequently, Moody's Investors Service provides a date that it believes is the most reliable and accurate based on the information that is available to it. Please see the ratings disclosure page on our website www.moodys.com for further information.

Please see the Credit Policy page on Moodys.com for the methodologies used in determining ratings, further information on the meaning of each rating category and the definition of default and recovery.

Analysts

Gera M. McGuire
Analyst
Public Finance Group
Moody's Investors Service

Leslie Lukens
Backup Analyst
Public Finance Group
Moody's Investors Service

Contacts

Journalists: (212) 553-0376
Research Clients: (212) 553-1653

Moody's Investors Service
250 Greenwich Street
New York, NY 10007
USA

MOODY'S
INVESTORS SERVICE

New Issue: MOODY'S ASSIGNS Aa1 TO THE NEW MEXICO FINANCE AUTHORITY'S $44,540,000 SENIOR LIEN PPRF REVENUE BONDS, SERIES 2011B-1 AND $14,595,000 SENIOR LIEN PPRF REVENUE BONDS, TAXABLE SERIES 2011B-2

Global Credit Research - 28 Jul 2011

Aa1 RATING AFFECTS $885 MILLION IN PARITY DEBT, INCLUDING CURRENT ISSUES

State Revolving Funds
NM

Moody's Rating

ISSUE		**RATING**
Senior Lien Public Project Revolving Fund Revenue Bonds, Tax-Exempt Series 2011B-1		Aa1
Sale Amount	$44,540,000	
Expected Sale Date	08/11/10	
Rating Description	Revenue	
Senior Lien Public Project Revolving Revenue Bonds, Taxable Series 2011B-2		Aa1
Sale Amount	$14,595,000	
Expected Sale Date	08/11/10	
Rating Description	Revenue	

Opinion

NEW YORK, Jul 28, 2011 -- Moody's Investors Service has assigned a Aa1 stable outlook to the New Mexico Finance Authority's (NMFA) upcoming sales of $44,540,000 million Senior Lien Public Project Revolving Fund (PPRF) Revenue Bonds, Series 2011B and $14,595,000 Senior Lien Public Project Revolving Fund (PPRF) Revenue Bonds, Taxable series 2011B-2. At the same time, Moody's affirmed the Aa1 rating on the Authority's $826 million in parity senior lien obligations.

SUMMARY RATING RATIONALE

STRENGTHS

* Ample liquidity provided by structure enhancements

*Strong program and borrower oversight provided by management team

*Portion of pledged revenues that is intercepted by the state and directed to the trustee

CHALLENGES

*Loan revenues only provide narrow coverage levels

*Percentage of pool with relatively low credit worthiness

The rating actions reflect the NMFA's strong management oversight, formalized distribution controls, and strong portfolio credit quality. Additional rating considerations include the Authority's sizable pool of borrowers, a diverse pledge from pooled participants and additional liquidity provided by borrower debt service reserve and Authority liquidity.

USE OF PROCEEDS: Proceeds will originate loans or to reimburse the NMFA for moneys used to originate loans or to purchase securities from certain governmental entities that will be or were used to finance certain projects.

LEGAL SECURITY: Loan principal repayments from individual borrowers and a senior pledge of the NMFA's share of the State's Governmental Gross Receipts Tax (GGRT).

DEBT RELATED DERIVATIVE INSTRUMENTS: None

DETAILED CREDIT DISCUSSION

STRONG PROGRAM MECHANISMS BOLSTERED BY A COMMON DEBT SERVICE RESERVE

The Public Project Revolving Fund (PPRF) of the New Mexico Finance Authority was created in 1992 to assist a wide range of municipal credits in accessing the capital market. The PPRF's goal is to provide financial assistance and flexible loan structures to underlying borrowers. The first loans were made in 1995. As of July 25, 2011, the PPRF has made 963 loans totaling more than $1.92 billion. The senior lien pool currently consists of 189 borrower pledges resulting in 556 loans with an accumulated principal loan value of $970 million.

The Authority's management and oversight of the PPRF is a strong credit factor incorporated into the rating. Since 1995, no loans have defaulted, no debt service reserve has been tapped, and there has never been a late payment. At the beginning of the program, the Authority provided a workout for one borrower by renegotiating the terms of a loan and extending the final maturity. This has only occurred in one instance. Loan agreements in excess of $200,000 with borrowers pledging enterprise system revenues with coverage less than 2.0 times are required to fund an individual debt service reserve account to be held either with the Authority's trustee or the individual borrower's trustee in the case of large publicly rated borrowers. The amount of the government unit debt service reserve is equal to the lesser of 10% of par, MADS, or 125% of average annual debt service. Borrowers may fund the required debt service reserves with bond proceeds, surety, or a cumulative cash contribution over a three year period. The current governmental unit combined debt service reserve is $39.4 million.

In 2007, the authority began a contingent liquidity reserve as an enhancement to the overall pool. In 2011, the board legally appropriated $23.2 million of that money for a common debt service reserve and it increased to $25.5 million in June of 2011. The common debt service reserve provides additional liquidity to the governmental unit debt service reserves. Additionally, the authority has $24 million in the contingent liquidity reserve for any lawful purpose which can include making loans between financings.

In addition to debt service reserve requirements for certain borrowers, the NMFA employs strong lending criteria that has led the Authority to decline applications. Authority oversight of the program includes the use of credit committees to review loan applications and recommendations are made to approve or deny individual issuers. Additionally, the Authority tracks loans and reviews borrowers quarterly, internal financial advisors are on staff to be in frequent contact with borrowers, and the State monitors the monthly fiscal health of communities so any challenges can be addressed in a timely manner. Moody's considers the Authority's multi-layered oversight to be a credit positive which is reflected in the high rating quality. PPRF loans are usually parity with a borrower's outstanding obligations, however, for stronger credits, the PPRF has accepted subordinate liens. The Authority maintains a PPRF operating fund that disburses loans (of less than $5 million) to individual governmental unit borrowers on an as-needed-basis and subsequently reimburses the PPRF with bond proceeds.

The PPRF additional bonds test requires the Authority to a) deliver a Cash Flow Statement to the Trustee which take into account the additional indebtedness, bonds or notes, b) requires all prior payments have been made into the Bond Fund and were paid in full, c) additional bond proceeds are for refunding or additional reimbursements of loans, grants or to purchase securities (including reserve requirements), and d) no events of default have occurred. Borrowers are required to notify the Trustee forty-five days in advance of the loan payment due date. The Trustee will transfer the insufficient amount from the borrower's Agreement Reserve Fund five days prior to the Debt Service Account.

TOP BORROWERS CONCENTRATE POOL; STATE INTERCEPT OF PLEDGED REVENUES A CREDIT STRENGTH

Moody's considers the PPRF loans which have a direct intercept of pledged revenues to support strong credit quality of the overall pool. Directly interceptable revenues represent approximately 57% of the PPRF's senior lien portfolio. The Authority further has a memorandum of understanding (MOU) with the state school district enhancement program (Moody's rated Aa1/RUR) to intercept funds of individual school districts prior to default. Approximately 63% of the total outstanding senior lien loan pool is concentrated in the top ten borrowers' loans.

The largest borrowers are considered to have high credit quality with the Albuquerque Bernalillo Water Utility Authority rated Aa1 and equal to approximately 12% of the debt of the pool. The General Services Department of the State pledges its share of the State Gross Receipts Tax comprising 11% of the pool and while this security is not rated, the State has a general obligation rating of Aaa. Other borrowers in the top ten, with Moody's ratings, include the City of Albuquerque (GO rated Aa1), Taos County (GRT rated A3), Rio Rancho (GO rated Aa2), Gallup-McKinley County Schools (GO rated A1) and City of Santa Fe (GRT rated Aa2). The remaining borrowers in the top ten do not have a Moody's rating and include the New Mexico Spaceport Authority, State Parks and Recreation Department's Governmental Gross Receipts Tax, and New Mexico Highlands University with a pledge of the system's revenues. Given the issuer's goal of providing capital to a wide range of New Mexico municipalities, we recognize that the credit quality of the underlying borrowers will vary. Future rating reviews will continue to consider the overall profile and credit ratings of borrowers.

GROWING GGRT REVENUES RESULT IN PROGRAM LIQUIDITY; PLEDGE REVENUES AND BORROWER PAYMENTS NET STRONG DEBT SERVICE COVERAGE PROJECTIONS

Inclusive of governmental unit pledged revenues and the PPRF's 75% share of the state's governmental gross receipts tax (GGRT) collections, senior lien debt service coverage was 1.29 times for fiscal 2011. A maximum debt service requirement of $98.8 million occurs in 2012 and projected pledged revenues from 2011 provides 1.33 times coverage. Coverage for the senior lien debt service is projected to remain over 1.3 times through final maturity in 2040. Senior lien debt service coverage using only loan repayments results in a more narrow coverage calculation of 1.08 times projected for fiscal 2012. Officials additionally maintain a capital ratio goal to control the total amount of lending. The goal is to maintain net PPRF Assets (FYE 2010 total assets were $xx billion minus total liabilities of $xx billion) between 8% to 12%. The FYE 2010 net PPRF assets result in a capital ratio of xx%. Officials report a current ratio of xx%, making the program under leveraged.

A key consideration in the rating actions is the credit strength, through cross-collateralization, provided by the GGRT which was first enacted in 1991. Imposed at a rate of 5% on public services by political subdivisions of the State of New Mexico (excluding school districts and health care providers), the majority of revenues are generated from water, sewer, and refuse collection and disposal services. The Authority receives 75% of the GGRT revenues generated state-wide. In fiscal 2011, the Authority's share of the GGRT was $24 million, a 4.3% increase over fiscal 2010 collections. Over a five year period, the GGRT has grown at an average rate of 3.6% annually. GGRT receipts, while pledged to the bonds, also provide an annual source of liquidity to the PPRF. The GGRT funds, after flowing through the PPRF senior and subordinate lien indentures each year, can be loaned out to municipalities prior to an aggregate issuance of PPRF bonds. The Authority funds government unit loans below $5 million and simultaneously funds loans in excess of $5 million with bonds sales. The top ten GGRT contributors in fiscal 2009 contributed 63% of total receipts. Moody's recognizes the stability of the GGRT revenues as governmental growth is reflected by the state's overall in-migration. However, the largest contributor, Albuquerque Bernalillo County Water Utility Authority (Aa1), represents 24% of total GGRT contributions. Deteriorating credit worthiness of this entity and or slowed growth of the ABCWUA could impact the Authority's revenues considerably. Future monitoring of this issuer and contributor will be included in the Authority's credit reviews.

Additional bondholder security is provided by the Contingency Liquidity Account (CLA). In fiscal 2007, the Authority established the CLA with an initial allotment of $25M. Annually, the Authority seeks to increase the CLA by contributing a minimum of 25% of GGRT collections. Officials report an increase to $36.9 million for fiscal 2009 and increasing to $43 million for fiscal 2010. As discussed above, the authority recently created the common debt service reserve from the CLA monies which is now legally pledged as a common debt service reserve which is now equal to $25.2 million. In addition, the Authority obtained a line of credit through Bank of America for $100 million which has recently been decreased to $75 million given there has not been a need for the line since 2007. There is currently no outstanding liability associated with the line, which is not rated by Moody's, and there are no plans to access the liquidity in the near term. The CLA is available as a source of liquidity to make interim financing of additional loans or for repayments of bondholders but is not currently included in the indenture.

WHAT COULD MAKE THE RATING GO UP

*Increased liquidity pledged for bondholder security

*Significantly improved creditworthiness of the loan pool

WHAT COULD MAKE THE RATING GO DOWN

*Erosion of creditworthiness in the loan pool

*Stressed pledged revenues requires use of liquidity weakening financial strength

KEY INDICATORS:

Revolving Fund Structure: Cash Flow

Debt Service Reserve: the lesser of 10% of par, MADS, or 125% of average annual debt service

Number of Loans: xx

2011 Debt Service Coverage for Senior Lien (total revenues): 1.29 times

2011 Debt Service Coverage for Senior Lien (borrower loan repayments only): 1.03 times

2012 Projected Debt Service Coverage for Senior Lien (total revenues): 1.31 times

2012 Projected Debt Service Coverage for Senior Lien (borrower loan repayments only): 1.08 times

2011 GGRT: $24 million

Governmental Unit DSR: $39.4 million

Common DSR: $25.5 million

Contingency Liquidity Account: $24 million

Post Sale Parity Debt Outstanding: $885 million (Sr. Lien)

The principal methodology used in this rating was U.S. Municipal Pool Program Debt pubished in September 2010. Please see the Credit Policy page on www.moodys.com for a copy of this methodology.

REGULATORY DISCLOSURES

For ratings issued on a program, series or category/class of debt, this announcement provides relevant regulatory disclosures in relation to each rating of a subsequently issued bond or note of the same series or category/class of debt or pursuant to a program for which the ratings are derived exclusively from existing ratings in accordance with Moody's rating practices. For ratings issued on a support provider, this announcement provides relevant regulatory disclosures in relation to the rating action on the support provider and in relation to each particular rating action for securities that derive their credit ratings from the support provider's credit rating. For provisional ratings, this announcement provides relevant regulatory disclosures in relation to the provisional rating assigned, and in relation to a definitive rating that may be assigned subsequent to the final issuance of the debt, in each case where the transaction structure and terms have not changed prior to the assignment of the definitive rating in a manner that would have affected the rating. For further information please see the ratings tab on the issuer/entity page for the respective issuer on www.moodys.com.

Information sources used to prepare the credit rating are the following: parties involved in the ratings and public information.

Moody's considers the quality of information available on the rated entity, obligation or credit satisfactory for the purposes of issuing a rating.

Moody's adopts all necessary measures so that the information it uses in assigning a credit rating is of sufficient quality and from sources Moody's considers to be reliable including, when appropriate, independent third-party sources. However, Moody's is not an auditor and cannot in every instance independently verify or validate information received in the rating process.

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Please see the Credit Policy page on Moodys.com for the methodologies used in determining ratings, further information on the meaning of each rating category and the definition of default and recovery.

Analysts

Kristin Button
Analyst
Public Finance Group
Moody's Investors Service

Michelle Smithen
Backup Analyst
Public Finance Group
Moody's Investors Service

Contacts

Journalists: (212) 553-0376
Research Clients: (212) 553-1653

Moody's Investors Service, Inc.
250 Greenwich Street
New York, NY 10007
USA

MOODY'S
INVESTORS SERVICE

New Issue: MOODY'S ASSIGNS Aa1 AND STABLE OUTLOOK TO THE NEW MEXICO FINANCE AUTHORITY'S SENIOR LIEN PUBLIC PROJECT REVOLVING FUND REVENUE BONDS, SERIES 2011C

Global Credit Research - 01 Nov 2011

Aa1 RATING AND STABLE OUTLOOK AFFECT $897 MILLION IN PARITY DEBT, INCLUDING CURRENT ISSUE

New Mexico Finance Authority
Other Sectors
NM

Moody's Rating

ISSUE	RATING
Senior Lien Public Project Revolving Fund Revenue Bonds, Series 2011C	Aa1

Sale Amount	$58,935,000
Expected Sale Date	11/07/11
Rating Description	SENIOR LIEN REVENUE

Opinion

NEW YORK, Nov 1, 2011 -- Moody's Investors Service has assigned a Aa1 and stable outlook to the New Mexico Finance Authority's (NMFA) upcoming sales of $58,935,000 Senior Lien Public Project Revolving Fund (PPRF) Revenue Bonds, Series 2011C. At the same time, Moody's affirmed the Aa1 rating on the Authority's $839 million in parity senior lien obligations.

SUMMARY RATING RATIONALE

The rating actions reflect the NMFA's strong management oversight, formalized distribution controls, and strong portfolio credit quality. Additional rating considerations include the Authority's sizable pool of borrowers, a diverse pledge from pooled participants and additional liquidity provided by borrower debt service reserve and Authority liquidity. Assignment of the stable outlook reflects our belief that the contributing factors in the rating will continue to remain stable for the long term.

STRENGTHS

* Ample liquidity provided by structure enhancements

*Strong program and borrower oversight provided by management team

*Portion of pledged revenues that is intercepted by the state and directed to the trustee

CHALLENGES

*Loan revenues only provide narrow coverage levels

*Percentage of pool with relatively low credit worthiness

DETAILED CREDIT DISCUSSION

STRONG PROGRAM MECHANISMS BOLSTERED BY A COMMON DEBT SERVICE RESERVE

The Public Project Revolving Fund (PPRF) of the New Mexico Finance Authority was created in 1992 to assist a wide range of municipal credits in accessing the capital market. The PPRF's goal is to provide financial assistance and flexible loan structures to underlying borrowers. The first loans were made in 1995. As of July 25, 2011, the PPRF has made 963 loans totaling more than $1.92 billion. The senior lien pool currently consists of 189 borrower pledges resulting in 556 loans with an accumulated principal loan value of $970 million.

The Authority's management and oversight of the PPRF is a strong credit factor incorporated into the rating. Since 1995, no loans have defaulted, no debt service reserve has been tapped, and there has never been a late payment. At the beginning of the program, the Authority provided a workout for one borrower by renegotiating the terms of a loan and extending the final maturity. This has only occurred in one instance. Loan agreements in excess of $200,000 with borrowers pledging enterprise system revenues with coverage less than 2.0 times are required to fund an individual debt service reserve account to be held either with the Authority's trustee or the individual borrower's trustee in the case of large publicly rated borrowers. The amount of the government unit debt service reserve is equal to the lesser of 10% of par, MADS, or 125% of average annual debt service. Borrowers may fund the required debt service reserves with bond proceeds, surety, or a cumulative cash contribution over a three year period. The current governmental unit combined debt service reserve is $39.4 million.

In 2007, the authority began a contingent liquidity reserve as an enhancement to the overall pool. In 2011, the board legally appropriated $23.2 million of that money for a common debt service reserve and it increased to $25.5 million in June of 2011. The common debt service reserve provides additional liquidity to the governmental unit debt service reserves. Additionally, the authority has $24 million in the contingent liquidity reserve for any lawful purpose which can include making loans between financings.

In addition to debt service reserve requirements for certain borrowers, the NMFA employs strong lending criteria that has led the Authority to decline applications. Authority oversight of the program includes the use of credit committees to review loan applications and recommendations are made to approve or deny individual issuers. Additionally, the Authority tracks loans and reviews borrowers quarterly, internal financial advisors are on staff to be in frequent contact with borrowers, and the State monitors the monthly fiscal health of communities so any challenges can be addressed in a timely manner. Moody's considers the Authority's multi-layered oversight to be a credit positive which is reflected in the high rating quality. PPRF loans are usually parity with a borrower's outstanding obligations, however, for stronger credits, the PPRF has accepted subordinate liens. The Authority maintains a PPRF operating fund that disburses loans (of less than $5 million) to individual governmental unit borrowers on an as-needed-basis and subsequently reimburses the PPRF with bond proceeds.

The PPRF additional bonds test requires the Authority to a) deliver a Cash Flow Statement to the Trustee which take into account the additional indebtedness, bonds or notes, b) requires all prior payments have been made into the Bond Fund and were paid in full, c) additional bond proceeds are for refunding or additional reimbursements of loans, grants or to purchase securities (including reserve requirements), and d) no events of default have occurred. Borrowers are required to notify the Trustee forty-five days in advance of the loan payment due date. The Trustee will transfer the insufficient amount from the borrower's Agreement Reserve Fund five days prior to the Debt Service Account.

TOP BORROWERS CONCENTRATE POOL; STATE INTERCEPT OF PLEDGED REVENUES A CREDIT STRENGTH

Moody's considers the PPRF loans which have a direct intercept of pledged revenues to support strong credit quality of the overall pool. Directly interceptable revenues represent approximately 57% of the PPRF's senior lien portfolio. The Authority further has a memorandum of understanding (MOU) with the state school district enhancement program (Moody's rated Aa1/RUR) to intercept funds of individual school districts prior to default. Approximately 63% of the total outstanding senior lien loan pool is concentrated in the top ten borrowers' loans.

The largest borrowers are considered to have high credit quality with the Albuquerque Bernalillo Water Utility Authority rated Aa1 and with this current issue, the Authority comprises an increased 14% of the debt of the pool compared to 12% prior to the issue. The General Services Department of the State pledges its share of the State Gross Receipts Tax comprising 11% of the pool and while this security is not rated, the State has a general obligation rating of Aaa/Negative Outlook. Other borrowers in the top ten, with Moody's ratings, include the City of Albuquerque (GO rated Aa1), Taos County (GRT rated A3), Rio Rancho (GO rated Aa2), Gallup-McKinley County Schools (GO rated A1) and City of Santa Fe (GRT rated Aa2). The remaining borrowers in the top ten do not have a Moody's rating and include the New Mexico Spaceport Authority, State Parks and Recreation Department's Governmental Gross Receipts Tax, and New Mexico Highlands University with a pledge of the system's revenues. Given the issuer's goal of providing capital to a wide range of New Mexico municipalities, we recognize that the credit quality of the underlying borrowers will vary. Future rating reviews will continue to consider the overall profile and credit ratings of borrowers.

GROWING GGRT REVENUES RESULT IN PROGRAM LIQUIDITY; PLEDGE REVENUES AND BORROWER PAYMENTS NET STRONG DEBT SERVICE COVERAGE PROJECTIONS

Inclusive of governmental unit pledged revenues and the PPRF's 75% share of the state's governmental gross receipts tax (GGRT) collections, senior lien debt service coverage was 1.29 times for fiscal 2011. A maximum debt service requirement of $98.8100 million occurs in 20123 and projected pledged revenues from 20112 provides 1.393 times coverage. Coverage for the senior lien debt service is projected to remain over 1.3 times through final maturity in 2040. Senior lien debt service coverage using only loan repayments results in a more narrow coverage calculation of 1.08 times projected for fiscal 2012. Officials additionally maintain a capital ratio goal to control the total amount of lending. The goal is to maintain net PPRF Assets in a capital ratio of between 9-12%. The FYE 2010 net PPRF assets resulted in a capital ratio of 13.8%. Officials report a current ratio of approximately 15.2%, making the program under leveraged.

A key consideration in the rating actions is the credit strength, through cross-collateralization, provided by the GGRT which was first enacted in 1991. Imposed at a rate of 5% on public services by political subdivisions of the State of New Mexico (excluding school districts and health care providers), the majority of revenues are generated from water, sewer, and refuse collection and disposal services. The Authority receives 75% of the GGRT revenues generated state-wide. In fiscal 2011, the Authority's share of the GGRT was $24.5 million, a 6.44.3% increase over fiscal 2010 collections. Over a five year period, the GGRT has grown at an average rate of 3.6% annually. GGRT receipts, while pledged to the bonds, also provide an annual source of liquidity to the PPRF. The GGRT funds, after flowing through the PPRF senior and subordinate lien indentures each year, can be loaned out to municipalities prior to an aggregate issuance of PPRF bonds. The Authority funds government unit loans below $5 million and simultaneously funds loans in excess of $5 million with bonds sales. The top ten GGRT contributors in fiscal 2009 contributed 63% of total receipts. Moody's recognizes the stability of the GGRT revenues as governmental growth is reflected by the state's overall in-migration. However, the largest contributor, Albuquerque Bernalillo County Water Utility Authority (Aa1), represents 24% of total GGRT contributions. Deteriorating credit worthiness of this entity and or slowed growth of the ABCWUA could impact the Authority's revenues considerably. Future monitoring of this issuer and contributor will be included in the Authority's credit reviews.

Additional bondholder security is provided by the Contingency Liquidity Account (CLA). In fiscal 2007, the Authority established the CLA with an initial allotment of $25M. Annually, the Authority seeks to increase the CLA by contributing a minimum of 25% of GGRT collections. Officials report an increase to $36.9 million for fiscal 2009 and increasing to $43 million for fiscal 2010. As discussed above, the authority recently created the common debt service reserve from the CLA monies which is now legally pledged as a common debt service reserve and is equal to $25.2 million. In addition, the Authority obtained a line of credit through Bank of America for $100 million which has recently been decreased to $75 million given there has not been a need for the line since 2007. There is currently no outstanding liability associated with the line, which is not rated by Moody's, and there are no plans to access the liquidity in the near term. The CLA is available as a source of liquidity to make interim financing of additional loans or for repayments of bondholders but is not currently included in the indenture.

WHAT COULD MAKE THE RATING GO UP

*Increased liquidity pledged for bondholder security

*Significantly improved creditworthiness of the loan pool

WHAT COULD MAKE THE RATING GO DOWN

*Erosion of creditworthiness in the loan pool

*Stressed pledged revenues requires use of liquidity weakening financial strength

KEY INDICATORS:

Revolving Fund Structure: Cash Flow

Debt Service Reserve: the lesser of 10% of par, MADS, or 125% of average annual debt service

Number of Loans: 962

2011 Debt Service Coverage for Senior Lien (total revenues): 1.29 times

2011 Debt Service Coverage for Senior Lien (borrower loan repayments only): 1.03 times

2012 Projected Debt Service Coverage for Senior Lien (total revenues): 1.33 times

2012 Projected Debt Service Coverage for Senior Lien (borrower loan repayments only): 1.08 times

2011 GGRT: $24.5 million

Governmental Unit DSR: $39.4 million

Common DSR: $25.5 million

Contingency Liquidity Account: $24 million

Post Sale Parity Debt Outstanding: $897 million (Sr. Lien)

The principal methodology used in this rating was U.S. Municipal Pool Program Debt published in September 2010. Please see the Credit Policy page on www.moodys.com for a copy of this methodology.

REGULATORY DISCLOSURES

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The date on which some ratings were first released goes back to a time before Moody's ratings were fully digitized and accurate data may not be available. Consequently, Moody's provides a date that it believes is the most reliable and accurate based on the information that is available to it. Please see the ratings disclosure page on our website www.moodys.com for further information.

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Analysts

Kristin Button
Analyst
Public Finance Group
Moody's Investors Service

Keaton Hoppe
Backup Analyst

Public Finance Group
Moody's Investors Service

Contacts

Journalists: (212) 553-0376
Research Clients: (212) 553-1653

Moody's Investors Service, Inc.
250 Greenwich Street
New York, NY 10007
USA

MOODY'S INVESTORS SERVICE

Announcement: Moody's places New Mexico Finance Authority's Public Project Revolving Fund Aa1 Senior Lien and Aa2 Subordinate Lien ratings under review for downgrade

Global Credit Research - 13 Jul 2012

Affects $1.26 billion in outstanding total debt

New York, July 13, 2012 -- Moody's places New Mexico Finance Authority's Public Project Revolving Fund Aa1 Senior Lien and Aa2 Subordinate Lien ratings under review for downgrade affecting $1.26 billion in outstanding total debt.

RATING RATIONALE

The ratings are under review for downgrade following a press release from the New Mexico Finance Authority (NMFA) dated July 12, 2012, which announced that NMFA has withdrawn its 2011 audit because "the financial results have been presented erroneously as 'audited' since earlier this year". The lack of audited financial information since June 30, 2010 is a key factor in placing the ratings under review. Additionally, although management has historically demonstrated strong oversight of the public project revolving fund program, the recent discovery that the audit was not actually audited but was presented as such on the Authority's website and in the most recent bond offering document indicates NMFA has weak internal controls over financial reporting which may not be consistent with the current ratings.

The NMFA has hired KPMG to complete a forensic audit and they are expected to begin work as early as next week. Additionally, NMFA has hired Steptoe & Johnson LLP as independent legal counsel to "conduct a thorough investigation to determine how the misrepresentation occurred and to recommend steps for strengthening financial reporting procedures". Moody's will continue to monitor progress of newly presented 2011 financial statements as well as efforts by NFMA to establish more stringent internal controls.

This review action does not impact the State Transportation Revenue Bonds (senior lien rated Aa1/stable, subordinate lien rated Aa2/stable), which are issued by NFMA. The State Transportation Revenue Bonds are secured by various state transportation-related taxes and fees, as well as federal aid revenues. The revenues are collected by the state and deposited into state funds, and pursuant to a procedural memorandum between NMFA and the State Department of Transportation are transferred directly to the bond trustee, bypassing NMFA.

The principal methodology used in this rating was U.S. Municipal Pool Program Debt published in September 2010. Please see the Credit Policy page on www.moodys.com for a copy of this methodology.

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Kristin Button
Vice President
Public Finance Group
Moody's Investors Service
600 North Pearl Street, Suite 2165
Dallas TX 75201
U.S.A
JOURNALISTS: 212-553-0376
SUBSCRIBERS: 212-553-1653

Toby Cook
Vice President - Senior Analyst
Public Finance Group
JOURNALISTS: 212-553-0376
SUBSCRIBERS: 212-553-1653

Releasing Office:
Moody's Investors Service, Inc.
250 Greenwich Street
New York, NY 10007
U.S.A.
JOURNALISTS: 212-553-0376
SUBSCRIBERS: 212-553-1653

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Announcement: Moody's extends Watchlist for possible downgrade on New Mexico Finance Authority's Public Project Revolving Fund Aa1 Senior Lien and Aa2 Subordinate Lien ratings

Global Credit Research - 10 Oct 2012

Affects $1.17 billion in outstanding total debt

New York, October 10, 2012 -- Moody's extends Watchlist for possible downgrade on New Mexico Finance Authority's Public Project Revolving Fund Aa1 Senior Lien and Aa2 Subordinate Lien ratings affecting $1.17 billion in outstanding total debt.

RATING RATIONALE

The ratings were placed under review for downgrade following a press release from the New Mexico Finance Authority (NMFA) dated July 12, 2012, which announced that NMFA withdrew its 2011 audit because "the financial results have been presented erroneously as 'audited' since earlier this year". The lack of audited financial information since June 30, 2010 was a key factor in placing the ratings under review. Additionally, although management has historically demonstrated strong oversight of the public project revolving fund program, the discovery that the audit was not actually audited but was presented as such on the Authority's website and in the most recent bond offering document indicates NMFA had weak internal controls over financial reporting which may not be consistent with the current ratings.

Since our report dated July 13, 2012, the New Mexico State Auditor has hired PricewaterhouseCoopers to carry out a forensic audit that is expected to be completed by mid-November. The NMFA has hired REDW LLC to complete the fiscal 2011 and fiscal 2012 audits. The fiscal 2011 audit is expected to be completed in early spring 2013, followed shortly by the fiscal 2012 audit. Extension of the review for possible downgrade is driven by the estimated timing of completion for the forensic audit which is beyond the usual 90 day Watchlist window but is expected in the near term. Resolution of the Watchlist will consider completion and results of the forensic audit, efforts by NMFA to establish more stringent internal controls, and progress towards completion of the fiscal 2011 and fiscal 2012 audits.

The review action does not impact the Transportation Revenue Bonds (senior lien rated Aa1/stable, subordinate lien rated Aa2/stable) issued by the authority on behalf of the New Mexico Department of Transportation (DOT), or the Cigarette Tax Revenue Bonds (UNM Health Sciences Center Project), Series 2004A (rated A1/stable), also issued by NMFA.

RATING METHODOLOGY

The principal methodology used in this rating was U.S. Municipal Pool Program Debt published in September 2010. Please see the Credit Policy page on www.moodys.com for a copy of this methodology.

REGULATORY DISCLOSURES

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Information sources used to prepare the rating are the following: parties involved in the ratings, parties not involved in the ratings, and public information.

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Please see Moody's Rating Symbols and Definitions on the Rating Process page on www.moodys.com for further information on the meaning of each rating category and the definition of default and recovery.

Related Issuers

New Mexico Finance Authority

NM Finance Auth.- Public Project Revolv.Fund

Related Research

Rating Update: Moody's extends Watchlist for possible downgrade on New Mexico Finance Authority's Public Project Revolving Fund Aa1 Senior Lien and Aa2 Subordinate Lien ratings

Issuer Comment: New Mexico Finance Authority

Announcement: Moody's places New Mexico Finance Authority's Public Project Revolving Fund Aa1 Senior Lien and Aa2 Subordinate Lien ratings under review for downgrade

Rating Update: Moody's places New Mexico Finance Authority's Public Project Revolving Fund Aa1 Senior Lien and Aa2 Subordinate Lien ratings under review for downgrade

New Issue: MOODY'S ASSIGNS Aa1 RATING TO NEW MEXICO FINANCE AUTHORITY'S $22.7 MILLION SENIOR LIEN PUBLIC PROJECT REVOLVING FUND REVENUE BONDS, SERIES 2012A

Please see ratings tab on the issuer/entity page on www.moodys.com for the last rating action and the rating history. The date on which some ratings were first released goes back to a time before Moody's ratings were fully digitized and accurate data may not be available. Consequently, Moody's provides a date that it believes is the most reliable and accurate based on the information that is available to it. Please see the ratings disclosure page on our website www.moodys.com for further information.

Please see www.moodys.com for any updates on changes to the lead rating analyst and to the Moody's legal entity that has issued the rating.

Keaton Spencer Hoppe
Associate Analyst
Public Finance Group
Moody's Investors Service, Inc.
600 North Pearl Street
Suite 2165
Dallas, TX 75201
U.S.A.
JOURNALISTS: 212-553-0376
SUBSCRIBERS: 212-553-1653

Kristin Button
Vice President - Senior Analyst
Public Finance Group
JOURNALISTS: 212-553-0376
SUBSCRIBERS: 212-553-1653

Releasing Office:
Moody's Investors Service, Inc.
250 Greenwich Street
New York, NY 10007
U.S.A.
JOURNALISTS: 212-553-0376
SUBSCRIBERS: 212-553-1653

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This credit rating is an opinion as to the creditworthiness of a debt obligation of the issuer, not on the equity securities of the issuer or any form of security that is available to retail investors. It would be dangerous for retail investors to make any investment decision based on this credit rating. If in doubt you should contact your financial or other professional adviser.

Moody's INVESTORS SERVICE

New Issue: Moody's assigns Aa1 senior and Aa2 subordinate ratings to NMFA's, NM Series 2013 PPRF revenue bonds

Global Credit Research - 10 Oct 2013

Aa1 and Aa2 ratings maintained on $812.7M and $305.1M, respectively

NEW MEXICO FINANCE AUTHORITY
Bond Banks/Pool Programs
NM

Moody's Rating

ISSUE		RATING
Senior Lien Public Project Revolving Fund Revenue Bonds, Series 2013B		Aa1
Sale Amount	$17,205,000	
Expected Sale Date	10/23/13	
Rating Description	Revenue: Pool	
Taxable Subordinate Lien Public Project Revolving Fund Revenue Bonds, Series 2013C-2		Aa2
Sale Amount	$10,660,000	
Expected Sale Date	10/23/13	
Rating Description	Revenue: Pool	
Subordinate Lien Public Project Revolving Fund Revenue Bonds, Series 2013C-1		Aa2
Sale Amount	$3,520,000	
Expected Sale Date	10/23/13	
Rating Description	Revenue: Pool	

Moody's Outlook

Opinion

NEW YORK, October 10, 2013 --Moody's Investors Service has assigned a Aa1 rating to the New Mexico Finance Authority's (NMFA) upcoming sale of $17.2 million Senior Lien Public Project Revolving Fund (PPRF) Revenue Bonds, Series 2013B. Moody's also assigns a Aa2 rating to $3.52 million Subordinate Lien PPRF Revenue Bonds, Series 2013C-1 and $10.66 million Taxable Subordinate Lien PPRF Revenue Bonds, Series 2013C-2. Moody's maintains a Aa1 rating affecting $812.7 million in senior lien obligations and Aa2 rating affecting $305.1 million in subordinate lien obligations.

SUMMARY RATING RATIONALE

The Aa1 rating reflects the NMFA's strong governance structure and program management, strong debt structure and legal provisions, and strong portfolio credit quality. Additional rating considerations include the Authority's sizable pool of borrowers with some loan concentration, a diverse pledge from pooled participants and additional liquidity provided by borrower debt service reserve and Authority liquidity. The Aa2 subordinate rating reflects the nature of the pledge as well as a weaker portfolio credit quality in comparison to the senior pool.

STRENGTHS

*Strong program and borrower oversight provided by management team

*Portion of pledged revenues that is intercepted by the state and directed to the trustee

*Ample liquidity provided by structural enhancements

CHALLENGES

*Loan revenues only provide narrow coverage levels

*Percentage of pool with relatively low credit worthiness

DETAILED CREDIT DISCUSSION

COMPLETION OF UNQUALIFIED FISCAL 2011 AND FISCAL 2012 AUDIT; POSITIVE ORGANIZATIONAL CHANGES

The PPRF ratings were placed under review for downgrade in July 2012 when NMFA withdrew its fiscal 2011 financial audit upon discovery that "the financial results [had] been presented erroneously as 'audited' ", and were in fact not reviewed by external auditors. The resulting lack of audited financial information since June 30, 2010, and concerns about weak internal controls over financial reporting were key to placing the ratings under review. The completion of an unqualified fiscal 2011 audit in late February, showing stable operations from fiscal 2010, the anticipated completion of the fiscal 2012 audit, which has now been completed, and the lack of theft or embezzlement findings in the State Auditors Special Audit were major contributing factors to the removal of the watchlist. The NMFA has also made some positive organizational changes: a new CFO and interim CEO have been hired, the Audit Committee has been reconstructed with a new chair, and audit committee members will now participate in the RFP process, meet more frequently, and review budget documents. The Authority reports that a decision on a permanent CEO will be made within the next couple of months. We will continue to evaluate the Authority's ability to release timely audited financials and management's response to the auditor's findings regarding internal controls.

STRONG PROGRAM MECHANISMS BOLSTERED BY A COMMON DEBT SERVICE RESERVE

The Public Project Revolving Fund (PPRF) of the New Mexico Finance Authority was created in 1992 to assist a wide range of municipal credits in accessing the capital market. The PPRF's goal is to provide financial assistance and flexible loan structures to underlying borrowers. The first loans were made in 1995. As of October 1, 2013, the PPRF has 653 outstanding loans totaling more than $1.25 billion.

The Authority's program management and oversight of the PPRF is a strong credit factor incorporated into the rating. Since 1995, no loans have defaulted, no debt service reserve has been tapped, and there has never been a late payment. The Authority has provided workouts for two borrowers, renegotiating the terms of a loan and/or extending the loans final maturity. Loan agreements in excess of $200,000 with borrowers pledging enterprise system revenues with coverage less than 2.0 times are required to fund an individual debt service reserve account to be held either with the Authority's trustee or the individual borrower's trustee in the case of large publicly rated borrowers. The amount of the government unit debt service reserve is equal to the lesser of 10% of par, MADS, or 125% of average annual debt service. Borrowers may fund the required debt service reserves with bond proceeds, surety, or a cumulative cash contribution over a three year period. The current senior and subordinate governmental unit combined debt service reserves are $35.4 million and $9.7 million respectively.

In 2007, the authority began a contingent liquidity reserve as an enhancement to the overall pool. In 2011, the board legally appropriated $23.2 million of that money for a common debt service reserve that is currently $30.2 million. In addition to the governmental unit debt service reserves, the common debt service reserve provides additional liquidity. Additionally, the authority has approximately $26.4 million in the contingent liquidity account for any lawful purpose which can include making loans in the period between bond issues, as was the case between the March 2012 sale and May 2013.

In addition to debt service reserve requirements for certain borrowers, the NMFA employs strong lending criteria that has led the Authority to decline applications. Authority oversight of the program includes the use of credit committees to review loan applications and recommendations are made to approve or deny individual issuers. Additionally, the Authority tracks loans and reviews borrowers quarterly, internal loan officers are in frequent contact with borrowers, and the State monitors the monthly fiscal health of communities so any challenges can be addressed in a timely manner. Moody's considers the Authority's multi-layered oversight to be a credit positive which is reflected in the high rating quality. PPRF loans are usually parity with a borrower's outstanding obligations, however, for stronger credits, the PPRF has accepted subordinate liens. The Authority maintains a PPRF operating fund that disburses loans (of less than $5 million) to individual governmental unit borrowers on an as-needed-basis and subsequently reimburses the PPRF with bond proceeds.

The PPRF additional bonds test requires the Authority to a) deliver a Cash Flow Statement to the Trustee which takes into account the additional indebtedness, bonds or notes, b) requires all prior payments have been made into the Bond Fund and have been paid in full, c) additional bond proceeds are for refunding or additional reimbursements of loans, grants or to purchase securities (including reserve requirements), and d) no events of default have occurred. Borrowers intending to prepay a loan are required to notify the Trustee forty-five days in advance of the loan payment due date. The Trustee will transfer the insufficient amount from the borrower's Agreement Reserve Fund five days prior to the Debt Service Account.

STATE INTERCEPT OF PLEDGED REVENUES A CREDIT STRENGTH; TOP BORROWERS CONCENTRATE POOLS

We consider the PPRF loans which have a direct intercept of pledged revenues to support strong credit quality of the overall pool. Directly interceptable revenues represent approximately 55.6% of the PPRF's senior lien portfolio, and 34.5% of the subordinate lien portfolio. The Authority has a memorandum of understanding (MOU) with the New Mexico School District Enhancement Program Post March 30 2007 (Moody's rated Aa1/STA) to intercept funds of individual school districts prior to default. The senior lien pool currently consists of 183 borrower pledges with an accumulated principal loan value of approximately $887.3 million. The subordinate lien pool currently consists of 89 borrower pledges with an accumulated principal loan value of $359.7 million.

Approximately 40.4% of the total outstanding senior lien loan pool and 56.2% of the total outstanding subordinate lien pool is concentrated in the top five borrowers' loans. The largest borrower for both the senior and subordinate pool is Albuquerque Bernalillo County Water Utility Authority (revenue rated Aa2/Stable Outlook), which represents 13.4% of the senior borrower pool and 20.5% of the subordinate borrower pool. Moody's notes that the high level of concentration will slightly decline in May 2014 when Albuquerque Bernalillo County Water Utility Authority fully retires $69.7 of their Series 2004 PPRF bonds, in conjunction with a recent refunding issuance. Despite the current concentration within the top pool borrowers, the senior and subordinate pool consist of a wide breadth of pledges and participants, the majority of which individually represent less than 1% of the outstanding loan pool. Given the issuer's goal of providing capital to a wide range of New Mexico municipalities, we recognize that the credit quality of the underlying borrowers will vary. Future rating reviews will continue to consider the overall profile and credit ratings of borrowers.

GROWING GGRT REVENUES RESULT IN PROGRAM LIQUIDITY; PLEDGED REVENUES AND BORROWER PAYMENTS NET STRONG DEBT SERVICE COVERAGE PROJECTIONS

Inclusive of projected governmental unit pledged revenues and the PPRF's 75% share of the state's governmental gross receipts tax (GGRT) unaudited collections for fiscal 2013, senior lien debt service coverage is 1.36 times for fiscal 2014. Coverage for the senior lien debt service is projected to remain in excess of 1.3 times through final maturity in 2039. Senior lien debt service coverage using only loan repayments results in a more narrow coverage calculation of 1.08 times for fiscal 2014. Management reports that the senior lien MADS payment will decline by more than 20% once Albuquerque Bernalillo County Water Utility Authority's $69.7 million of debt is fully retired in May 2014, which also increases projected debt service coverage to roughly 1.49 times. Subordinate lien coverage, inclusive of projected flow through from the senior obligations and fiscal 2013 GGRT collections is a solid 1.99 times for fiscal 2014. Excluding flow through revenues, subordinate lien coverage is projected at a weaker 1.01 times. The NMFA is currently involved in a defeasance of selected 2005C subordinate lien bonds which, when completed on October 15th, will result in minimum debt service coverage of 1.0 times on all subordinate lien bonds.

A key consideration in the rating actions is the credit strength, through cross-collateralization, provided by the GGRT which was first enacted in 1991. Imposed at a rate of 5% on public services by political subdivisions of the State of New Mexico (excluding school districts and health care providers), the majority of revenues are generated from water, sewer, and refuse collection and disposal services. The Authority receives 75% of the GGRT revenues generated state-wide. In fiscal 2012, the Authority's share of the GGRT was $26.2 million, a 6.9% increase over fiscal 2011 collections. The Authority's unaudited share of fiscal 2013 GGRT increased an additional 4.8% over the prior year to reach $27.5 million. Moody's notes the authorities share of GGRT receipts has grown at an average of 5.1% annually over the last five years. GGRT receipts, while pledged to the bonds, also provide an annual source of liquidity to the PPRF. The GGRT funds, after flowing through the PPRF senior and subordinate lien indentures each year, can be loaned out to municipalities prior to an aggregate issuance of PPRF bonds. The Authority funds government unit loans below $5 million and simultaneously funds loans in excess of $5 million with bonds sales. In addition to the contingency liquidity account, the Authority has a $100 million line of credit through Wells Fargo to provide additional liquidity if needed. The line of credit went unused for roughly six years, but $1 million was utilized in 2013 to address the authority's short term funding needs.

OUTLOOK

The stable outlook reflects our belief that the contributing factors to the rating will remain stable for the long term.

WHAT COULD MAKE THE RATING GO UP

*Decreased concentration in top loan borrowers

*Strengthened Governance and Management

WHAT COULD MAKE THE RATING GO DOWN

*Erosion of creditworthiness in the loan pool

*Weakened Governance and Management

*Diminished size and breadth of borrower pool

*Stressed pledged revenues requiring use of liquidity weakening financial strength

KEY INDICATORS:

Revolving Fund Structure: Cash Flow

Debt Service Reserve: the lesser of 10% of par, MADS, or 125% of average annual debt service

Number of Loans: 672

2014 Senior Lien Debt Service Coverage (total pledged revenues): 1.36 times

2014 Subordinate Lien Debt Service Coverage (total pledged revenues w/ flow through from senior): 1.99 times

Fiscal 2012 GGRT: $26.2 million

Fiscal 2013 GGRT (unaudited): $27.5 million

Governmental Unit DSR: $35.4 million senior; $9.7 million subordinate

Common DSR: $30.2 million

Contingency Liquidity Account: $26.4 million

Senior Debt Outstanding (post sale): $829.9 million

Subordinate Debt Outstanding (post sale): $319.3 million

PRINCIPAL METHODOLOGY

The principal methodology used in this rating was U.S. Municipal Pool Program Debt published in March 2013. Please see the Credit Policy page on www.moodys.com for a copy of this methodology.

REGULATORY DISCLOSURES

For ratings issued on a program, series or category/class of debt, this announcement provides certain regulatory disclosures in relation to each rating of a subsequently issued bond or note of the same series or category/class of debt or pursuant to a program for which the ratings are derived exclusively from existing ratings in accordance with Moody's rating practices. For ratings issued on a support provider, this announcement provides certain regulatory disclosures in relation to the rating action on the support provider and in relation to each particular rating action for securities that derive their credit ratings from the support provider's credit rating. For provisional ratings, this announcement provides certain regulatory disclosures in relation to the provisional rating assigned, and in relation to a definitive rating that may be assigned subsequent to the final issuance of the debt, in each case where the transaction structure and terms have not changed prior to the assignment of the definitive rating in a manner that would have affected the rating. For further information please see the ratings tab on the issuer/entity page for the respective issuer on www.moodys.com.

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Analysts

John Nichols
Lead Analyst
Public Finance Group
Moody's Investors Service

Toby Cook
Additional Contact
Public Finance Group
Moody's Investors Service

Contacts

Journalists: (212) 553-0376
Research Clients: (212) 553-1653

Moody's Investors Service, Inc.
250 Greenwich Street
New York, NY 10007
USA