MOODY'S
INVESTORS SERVICE

New Issue: Moody's assigns Aa1 rating to NMFA's, NM $57.1M Senior Lien PPRF Revenue Bonds, Series 2014B

Global Credit Research - 30 Jun 2014

Aa1 senior and Aa2 subordinate ratings maintained on $669.2M and $330.1M, respectively

NEW MEXICO FINANCE AUTHORITY
Bond Banks/Pool Programs
NM

Moody's Rating

ISSUE		RATING
Senior Lien Public Project Revolving Fund Revenue Bonds, Series 2014B		Aa1
Sale Amount	$57,115,000	
Expected Sale Date	07/24/14	
Rating Description	Revenue: Pool	

Moody's Outlook STA(m)

Opinion

NEW YORK, June 30, 2014 --Moody's Investors Service has assigned a Aa1 rating to the New Mexico Finance Authority's (NMFA) upcoming sale of $57.1 million Senior Lien Public Project Revolving Fund (PPRF) Revenue Bonds, Series 2014B. At the same time, Moody's maintains the Aa1 senior and Aa2 subordinate lien PPRF ratings on $669.2 million and $330.1 million in previously issued debt, respectively.

SUMMARY RATING RATIONALE

The bonds are secured by and payable solely from the special revenues and funds of the Authority pledged under the Indenture, including: moneys from the repayment by governmental borrowers of loans made, certain Governmental Gross Receipts Tax revenues, and additional revenues received by the authority that are designated as funds pledged by the Indenture. The Aa1 senior and Aa2 subordinate PPRF revenue ratings reflect 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

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 May 31, 2014, the PPRF has 650 outstanding loans totaling more than $1.2 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 loan's final maturity. Loan agreements in excess of $100,000 with borrowers pledging enterprise system revenues that have credit quality below the 'A' category and 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 $34.6 million and $9.2 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 $26.5 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 61.8% of the PPRF's senior lien portfolio, and 31.4% 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 182 borrower pledges with an accumulated principal loan value of approximately $823.4 million. The subordinate lien pool currently consists of 92 borrower pledges with an accumulated principal loan value of $377.9 million.

Approximately 35% of the total outstanding senior lien loan pool and 53.8% of the total outstanding subordinate lien pool is concentrated in the top five borrowers' loans. The largest borrower for the senior pool is the State of New Mexico's (Aaa/STA) General Services Department at 10.1% of the pool. The largest borrow in the subordinate pool is Albuquerque Bernalillo County Water Authority (revenue rated Aa2/Stable Outlook), which represents 18.1% of the subordinate borrower pool. 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) collections for fiscal 2014, senior lien debt service coverage is projected at 1.54 times for fiscal 2015. Coverage for the senior lien debt service is projected to remain in excess of 1.43 times through final maturity in 2039. Senior lien debt service coverage using only loan repayments results in a more narrow coverage calculation of 1.2 times for fiscal 2015. Subordinate lien coverage, inclusive of projected flow through from the senior obligations and fiscal 2014 GGRT collections is a solid 2.15 times for fiscal 2015. Excluding flow through revenues, subordinate lien coverage is projected at a weaker 0.995 times.

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 2014, the Authority's share of the GGRT was $27.3 million, a 0.56% decrease over fiscal 2013 collections. The modest decline is reflective of the slow and tepid economic recovery within the state, but we note the authority's share of GGRT receipts has grown at an average of 4.9% annually over the last five years. The Authority anticipates GGRT collections of approximately $27.5 million in fiscal 2015, which represents a modest 0.7% increase over the prior year. 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 and subsequently reimbursed to the PPRF through issuance of PPRF reimbursement bonds. The Authority funds government unit loans below $5 million with PPRF funds on hand and simultaneously funds loans in excess of $5 million with bonds sales. In addition to the contingent 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 $7 million was utilized in 2014 to address the authority's short term funding needs. The outstanding balance is expected to be paid-off through the current senior lien PPRF debt issuance.

POSITIVE ORGANIZATIONAL CHANGES; TIMELY COMPLETION OF AUDITS EXPECTED

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 unqualified fiscal 2011 and 2012 audits and the lack of theft or embezzlement findings in the State Auditors Special Audit were major contributing factors to the removal of the Watchlist. Moody's notes that the authority released the fiscal 2013 audit in a timely manner. The NMFA has also made some positive organizational changes: a new CEO and CFO 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. 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.

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: 650

Projected 2015 Senior Lien Debt Service Coverage (total pledged revenues): 1.54 times

Projected 2015 Subordinate Lien Debt Service Coverage (total pledged revenues w/ flow through from senior): 2.15 times

Fiscal 2014 GGRT: $27.3 million

Governmental Unit DSR: $34.6 million senior; $9.2 million subordinate

Common DSR: $30.2 million

Contingent Liquidity Account: $26.5 million

Senior Debt Outstanding (post sale): $726.3 million

Subordinate Debt Outstanding (post sale): $330.1 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.

Regulatory disclosures contained in this press release apply to the credit rating and, if applicable, the related rating outlook or rating review.

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.

Please see the ratings tab on the issuer/entity page on www.moodys.com for additional regulatory disclosures for each credit rating.

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MOODY'S
INVESTORS SERVICE

Rating Action: Moody's assigns Aa2 rating to NMFA's, NM $33.1M Subordinate Lien PPRF Revenue Bonds, Series 2014A-1 & 2014A-2; Aa1 Senior Lien PPRF Revenue Rating affirmed

Global Credit Research - 08 May 2014

Aa1 senior and Aa2 subordinate ratings affect $787.8M and $351.3M, respectively

New York, May 08, 2014 --

Moody's Rating

Issue: Subordinate Lien Public Project Revolving Fund Revenue Bonds, Tax Exempt Series 2014A-1; Rating: Aa2; Sale Amount: $15,400,000; Expected Sale Date: 5/12/2014; Rating Description: Revenue: Pool

Issue: Subordinate Lien Public Project Revolving Fund Revenue Bonds, Taxable Series 2014A-2; Rating: Aa2; Sale Amount: $17,665,000; Expected Sale Date: 5/12/2014; Rating Description: Revenue: Pool

Opinion

Moody's Investors Service has assigned a Aa2 ratings to the New Mexico Finance Authority's (NMFA) upcoming sales of $15.4 million Subordinate Lien Public Project Revolving Fund (PPRF) Revenue Bonds, Tax-Exempt Series 2014A-1 and $17.665 million Subordinate Lien PPRF Revenue Bonds, Taxable Series 2014A-2. At the same time, Moody's affirms the Aa1 senior and Aa2 subordinate lien PPRF ratings affecting $787.8 million and $318.2 million in previously issued debt, respectively.

SUMMARY RATING RATIONALE

The bonds are secured by and payable solely from the special revenues and funds of the Authority pledged under the Indenture, including: moneys from the repayment by governmental borrowers of loans made, certain Governmental Gross Receipts Tax revenues, and additional revenues received by the authority that are designated as funds pledged by the Indenture. The Aa1 senior and Aa2 subordinate PPRF revenue ratings 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

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

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.

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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.

Regulatory disclosures contained in this press release apply to the credit rating and, if applicable, the related rating outlook or rating review.

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MOODY'S INVESTORS SERVICE

MOODY'S
INVESTORS SERVICE

New Issue: Moody's assigns Aa2 to NMFA's, NM $60.3M Subordinate Lien PPRF Refunding Revenue Bonds, Series 2015A

Global Credit Research - 06 Feb 2015

Aa1 senior and Aa2 subordinate ratings affirmed on outstanding debt

NEW MEXICO FINANCE AUTHORITY
Bond Banks/Pool Programs
NM

Moody's Rating

ISSUE		RATING
Subordinate Lien Public Project Revolving Fund (PPRF) Refunding Revenue Bonds, Series 2015A		Aa2
Sale Amount	$60,275,000	
Expected Sale Date	02/24/15	
Rating Description	Revenue: Pool	

Moody's Outlook STA(m)

NEW YORK, February 06, 2015 --Moody's Investors Service has assigned a Aa2 rating to the New Mexico Finance Authority's (NMFA) upcoming sale of $60.3 million Subordinate Lien Public Project Revolving Fund (PPRF) Refunding Revenue Bonds, Series 2015A. At the same time, Moody's affirms the Aa1 senior and Aa2 subordinate lien PPRF ratings on $727.5 million and $330.1 million in previously issued debt, respectively.

SUMMARY RATING RATIONALE

The Aa1 senior and Aa2 subordinate PPRF revenue ratings reflect 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.

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

- Significant growth in GGRT revenues bolstering cash flow, coverage, and reserves

- Decreased concentration in top loan borrowers

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

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

- Program exposed to borrowers with relatively low credit worthiness

RECENT DEVELOPMENTS

Recent developments are incorporated in the Detailed Rating Rationale.

DETAILED RATING RATIONALE

LOAN PORTFOLIO: TOP BORROWERS CONCENTRATE POOL; STATE INTERCEPT IS A STRENGTH

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 and since then, have made over 1,250 loans totaling $2.45 billion. As of December 31, 2014, the PPRF has 660 outstanding loans totaling approximately $1.2 billion. The senior lien pool currently consists of 180 unique borrowers with an accumulated principal loan value of approximately $822.8 million. The subordinate lien pool currently consists of 91 unique borrowers with an accumulated principal loan value of $380.2 million.

Approximately 33% of the total outstanding senior lien loan pool and 53% of the total outstanding subordinate lien pool is concentrated in the top five borrowers' loans. The largest borrower for the senior pool is the State of New Mexico's (GO rated Aaa stable) General Services Department at 10% of the pool. The largest borrower in the subordinate pool is Albuquerque Bernalillo County Water Utility Authority (revenue rated Aa2 stable), which represents 18% of the subordinate borrower pool. 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.

A significant portion of the PPRF loans have a direct intercept of pledged revenues, which supports the strong credit quality of the overall pool. Directly interceptable revenues represent approximately 62% of the PPRF's senior lien portfolio, and 31% 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 (Aa1 stable) to intercept funds of individual school districts prior to default.

UNDERLYING CREDIT QUALITY AND DEFAULT TOLERANCE: GGRT CREATES STRONG COVERAGE AND DEFAULT TOLERANCE

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. The current and future rating reviews will continue to consider the overall profile and credit ratings of borrowers.

A key consideration in the rating actions is the credit strength, through cross-collateralization, provided by the Governmental Gross Receipts Tax (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 2014, the Authority's share of the GGRT was $27.3 million, a 0.56% decrease over fiscal 2013 collections. The modest decline is reflective of the slow and tepid economic recovery within the state coupled with conservation efforts by water users, but the authority's share of GGRT receipts has grown at an average of 4.9% annually over the last five years. The Authority anticipates GGRT collections of approximately $26.7 million in fiscal 2015, which represents a 2.2% decline from the prior year due to similar reasons. 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 and subsequently reimbursed to the PPRF through issuance of PPRF reimbursement bonds. The Authority funds government unit loans below $5 million with PPRF funds on hand and simultaneously funds loans in excess of $5 million with bonds sales.

Inclusive of projected governmental unit pledged revenues and the PPRF's share of the state's GGRT collections for fiscal 2014, senior lien debt service coverage is projected at 1.51 times for fiscal 2015. Coverage for the senior lien debt service is projected to remain in excess of 1.46 times through final maturity in 2039. Senior lien debt service coverage using only loan repayments results in a more narrow coverage calculation of 1.17 times for fiscal 2015. Fiscal 2015 default tolerance for the senior lien is extremely high at 43.4% when including GGRT revenues, but is still a satisfactory 14.8% without it. Subordinate lien coverage, inclusive of projected flow through from the senior obligations and fiscal 2014 GGRT collections is a solid 2.15 times for fiscal 2015. Excluding flow through revenues, subordinate lien coverage is projected at a weaker 1.01 times. Default tolerance on the subordinate lien is very high at 113% given the large amount of flow-through revenues from the senior lien, and a much weaker 1.3% when excluding them.

Liquidity

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. At the current level, the common debt service reserve is over-funded by approximately $7.5 million based on the policy driven formula. In addition to the common debt service reserve, the governmental unit debt service reserves provide additional liquidity. Loan agreements in excess of $100,000 with borrowers pledging enterprise system revenues that have credit quality below the 'A' category and 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 million and $12.8 million respectively.

Additionally, the authority has approximately $33.4 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. The Authority also 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 was utilized in 2014 to address the authority's short term funding needs. The line is currently not being used and any outstanding balances are paid-off through the subsequent PPRF debt issuances.

LEGAL FRAMEWORK, COVENANTS, AND DEBT STRUCTURE

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.

Debt Structure

Outstanding senior lien debt amounts to $727.5 million. Inclusive of the current issuance, the subordinate lien has roughly $390.4 million outstanding, but will subsequently refund the Series 2005C and 2006A bonds. Both the senior and subordinate lien debt service schedules have a descending trend with all debt maturing in fiscal 2039 and 2035, respectively.

Debt-Related Derivatives

The Authority is not party to any variable rate debt or interest rate derivatives.

MANAGEMENT AND GOVERNANCE

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 loan's final maturity.

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

KEY STATISTICS

- Pool Program Structure: Cash Flow

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

- Number of Loans: 660

- Projected 2015 Senior Lien Debt Service Coverage (total pledged revenues): 1.51 times

- Projected 2015 Subordinate Lien Debt Service Coverage (total pledged revenues w/ flow through from senior): 2.15 times

- Fiscal 2014 GGRT: $27.3 million

- Governmental Unit DSR: $35 million senior; $12.8 million subordinate

- Common DSR: $30.2 million

- Contingent Liquidity Account: $33.4 million

- Senior Debt Outstanding (post sale): $727.5 million

- Subordinate Debt Outstanding (post sale): $390.4 million

OBLIGOR PROFILE

The NMFA is a public body politic and corporate, separate and apart from the State, constituting a governmental instrumentality of the State. The Finance Authority was created in 1992 pursuant to the Act to coordinate the planning and financing of State and local public projects, to provide for long-term planning and assessment of State and local capital needs and to improve cooperation among the executive and legislative branches of State government and local governments in financing public projects. The Authority is comprised of 11 members who also constitute the Finance Authority's board of directors and currently employs 38 people.

LEGAL SECURITY

The bonds are secured by and payable solely from the special revenues and funds of the Authority pledged under the Indenture, including: moneys from the repayment by governmental borrowers of loans made, certain Governmental Gross Receipts Tax revenues, and additional revenues received by the authority that are designated as funds pledged by the Indenture.

USE OF PROCEEDS

The Series 2015A bonds will refund two prior subordinate lien PPRF issuances. The Series 2005C bonds will be fully called in June 2015 and the Series 2006A bonds will be advance refunded until callable in 2016. The authority also plans to utilize $4.6 million of PPRF liquidity to defease all loans not related to the largest loan within the 2006A bond sale. The 2015A bonds are expected to generate a 14.2% net present value savings on the prior issuances.

RATING 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.

Regulatory disclosures contained in this press release apply to the credit rating and, if applicable, the related rating outlook or rating review.

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.

Please see the ratings tab on the issuer/entity page on www.moodys.com for additional regulatory disclosures for each credit rating.

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MOODY'S
INVESTORS SERVICE

New Issue: Moody's assigns Aa1 to NMFA's, NM $45.8M Senior Lien PPRF Revenue Bonds, Series 2015B

Global Credit Research - 08 May 2015

Aa1 senior and Aa2 subordinate ratings maintained on outstanding debt

NEW MEXICO FINANCE AUTHORITY
Pool Financings
NM

Moody's Rating

ISSUE	RATING
Senior Lien Public Project Revolving Fund Revenue Bonds, Series 2015B	Aa1
Sale Amount $45,760,000	
Expected Sale Date 05/28/15	
Rating Description Revenue: Pool	

Moody's Outlook STA(m)

NEW YORK, May 08, 2015 --Moody's Investors Service has assigned a Aa1 rating to the New Mexico Finance Authority's (NMFA) upcoming sale of $45.76 million Senior Lien Public Project Revolving Fund (PPRF) Revenue Bonds, Series 2015B. Moody's maintains the Aa1 senior and Aa2 subordinate lien PPRF ratings on $678.9 million and $297.8 million in previously issued debt, respectively.

SUMMARY RATING RATIONALE

The Aa1 senior and Aa2 subordinate PPRF revenue ratings reflect 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.

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

- Significant growth in GGRT revenues bolstering cash flow, coverage, and reserves

- Decreased concentration in top loan borrowers

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

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

- Program exposed to borrowers with relatively low credit worthiness

RECENT DEVELOPMENTS

The NMFA will contribute $10.5 million of the PPRF's fiscal year 2015 flow through funds (expected to total $43.7 million) towards New Mexico's Local Economic Development Act fund. This has no effect on the authority's debt service coverage, as the contribution will be made after debt service requirements.

DETAILED RATING RATIONALE

LOAN PORTFOLIO: TOP BORROWERS CONCENTRATE POOL; STATE INTERCEPT IS A STRENGTH

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 and since then, have made over 1,200 loans totaling $2.44 billion. As of March 31, 2015, the PPRF has 667 outstanding loans totaling approximately $1.2 billion. The senior lien pool currently consists of 187 unique borrowers with an accumulated principal loan value of approximately $863.4 million. The subordinate lien pool currently consists of 91 unique borrowers with an accumulated principal loan value of $321 million.

Approximately 32% of the total outstanding senior lien loan pool and 46% of the total outstanding subordinate lien pool is concentrated in the top five borrowers' loans. The largest borrower for the senior pool is the State of New Mexico's (GO rated Aaa stable) General Services Department at 9.4% of the pool. The largest borrower in the subordinate pool is the City of Santa Fe (Aa3 stable), which represents 10.9% of the subordinate borrower pool. 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.

A significant portion of the PPRF loans have a direct intercept of pledged revenues, which supports the strong credit quality of the overall pool. Directly interceptable revenues represent approximately 60% of the PPRF's senior lien portfolio, and 36% 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 (Aa1 stable) to intercept funds of individual school districts prior to default.

UNDERLYING CREDIT QUALITY AND DEFAULT TOLERANCE: GGRT CREATES STRONG COVERAGE AND DEFAULT TOLERANCE

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. The current and future rating reviews will continue to consider the overall profile and credit ratings of borrowers.

A key consideration in the rating actions is the credit strength, through cross-collateralization, provided by the Governmental Gross Receipts Tax (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 2014, the Authority's share of the GGRT was $27.3 million, a 0.56% decrease over fiscal 2013 collections. The modest decline is reflective of the slow and tepid economic recovery within the state coupled with conservation efforts by water users, but the authority's share of GGRT receipts has grown at an average of 4.9% annually over the last five years. The Authority anticipates GGRT collections of approximately $26.9 million in fiscal 2015, which represents a 1.5% decline from the prior year due to similar reasons. 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 and subsequently reimbursed to the PPRF through issuance of PPRF reimbursement bonds. The Authority funds government unit loans below $5 million with PPRF funds on hand and simultaneously funds loans in excess of $5 million with bonds sales.

Inclusive of projected governmental unit pledged revenues and the PPRF's estimated share of the state's GGRT collections for fiscal 2015, senior lien debt service coverage is projected at 1.5 times for fiscal 2015. Coverage for the senior lien debt service is projected to remain in excess of 1.41 times through final maturity in 2039. Senior lien debt service coverage using only loan repayments results in a more narrow coverage calculation of 1.17 times for fiscal 2015. Fiscal 2015 default tolerance for the senior lien is extremely high at 43% when including GGRT revenues, but is still a satisfactory 14.8% without it. Subordinate lien coverage, inclusive of projected flow through from the senior obligations and estimated fiscal 2015 GGRT collections is a solid 2.12 times for fiscal 2015. Excluding flow through revenues, subordinate lien coverage is projected at a weaker 1.03 times. Default tolerance on the subordinate lien is very high at 109.2% given the large amount of flow-through revenues from the senior lien, and a much weaker 2.6% when excluding them.

Liquidity

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 $30.3 million. At the current level, the common debt service reserve is over-funded by approximately $6.6 million based on the policy driven formula. In addition to the common debt service reserve, the governmental unit debt service reserves provide additional liquidity. Loan agreements in excess of $100,000 with borrowers pledging enterprise system revenues that have credit quality below the 'A' category and 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 $35.9 million and $12.8 million respectively.

Additionally, the authority has approximately $33.5 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. The Authority also 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 was utilized in 2014 to address the authority's short term funding needs. Any outstanding balances are typically paid-off through the subsequent PPRF debt issuances.

LEGAL FRAMEWORK, COVENANTS, AND DEBT STRUCTURE

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.

Debt Structure

Inclusive of the current sale, outstanding senior lien debt amounts to $724.7 million and the subordinate lien has roughly $297.8 million outstanding. Both the senior and subordinate lien debt service schedules have a descending trend with all debt maturing in fiscal 2045 and 2035, respectively.

Debt-Related Derivatives

The Authority is not party to any variable rate debt or interest rate derivatives.

MANAGEMENT AND GOVERNANCE

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 loan's final maturity.

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

KEY STATISTICS

- Pool Program Structure: Cash Flow

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

- Number of Loans: 681

- Projected 2015 Senior Lien Debt Service Coverage (total pledged revenues): 1.50 times

- Projected 2015 Subordinate Lien Debt Service Coverage (total pledged revenues w/ flow through from senior): 2.12 times

- Fiscal 2014 GGRT: $27.3 million

- Fiscal 2015 GGRT (est.) $26.9 million

- Governmental Unit DSR: $35.9 million senior; $12.8 million subordinate

- Common DSR: $30.3 million

- Contingent Liquidity Account: $33.5 million

- Senior Debt Outstanding (post sale): $724.7 million

- Subordinate Debt Outstanding (post sale): $297.8 million

OBLIGOR PROFILE

The NMFA is a public body politic and corporate, separate and apart from the State, constituting a governmental instrumentality of the State. The Finance Authority was created in 1992 pursuant to the Act to coordinate the planning and financing of State and local public projects, to provide for long-term planning and assessment of State and local capital needs and to improve cooperation among the executive and legislative branches of State government and local governments in financing public projects. The Authority is comprised of 11 members who also constitute the Finance Authority's board of directors and currently employs 38 people.

LEGAL SECURITY

The bonds are secured by and payable solely from the special revenues and funds of the Authority pledged under the Indenture, including: moneys from the repayment by governmental borrowers of loans made, certain Governmental Gross Receipts Tax revenues, and additional revenues received by the authority that are designated as funds pledged by the Indenture.

USE OF PROCEEDS

The Series 2015B bonds will be used for the purposes of originating loans and paying amounts owed under the authority's line of credit, which was used to originate loans.

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.

Regulatory disclosures contained in this press release apply to the credit rating and, if applicable, the related rating outlook or rating review.

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Moody's
INVESTORS SERVICE

New Issue: Moody's assigns Aa1 and Aa2 to NMFA's, NM Senior and Subordinate Lien PPRF Revenue Bonds, Series 2015C&D

Global Credit Research - 09 Jul 2015

Aa1 senior and Aa2 subordinate ratings maintained on outstanding debt

NEW MEXICO FINANCE AUTHORITY
State Governments (including Puerto Rico and US Territories)
NM

Moody's Rating

ISSUE		RATING
Senior Lien Public Project Revolving Fund Revenue Bonds, Series 2015C		Aa1
Sale Amount	$54,195,000	
Expected Sale Date	07/29/15	
Rating Description	Revenue: Government Enterprise	
Subordinate Lien Public Project Revolving Fund Revenue Bonds, Series 2015D		Aa2
Sale Amount	$30,745,000	
Expected Sale Date	07/29/15	
Rating Description	Revenue: Government Enterprise	

Moody's Outlook STA(m)

NEW YORK, July 09, 2015 --Moody's Investors Service has assigned a Aa1 rating to the New Mexico Finance Authority's (NMFA) upcoming sales of $54.2 million Senior Lien Public Project Revolving Fund (PPRF) Revenue Bonds, Series 2015C and a Aa2 to the $30.8 million Subordinate Lien Public Project Revolving Fund Revenue Bonds, Series 2015D. Moody's maintains the Aa1 senior and Aa2 subordinate lien PPRF ratings on $724.2 million and $282.8 million of previously issued debt, respectively.

SUMMARY RATING RATIONALE

The Aa1 senior and Aa2 subordinate PPRF revenue ratings reflect 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.

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

-Significant growth in Governmental Gross Receipts Tax revenues bolstering cash flow, coverage, and reserves

-Decreased concentration in top loan borrowers

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

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

-Program exposed to borrowers with relatively low credit worthiness

-Recent trend of declining governmental gross receipts tax

RECENT DEVELOPMENTS

The NMFA has been ordered to contribute $13 million of the PPRF's fiscal year 2015 flow through funds (totaled $43.7 million) towards the New Mexico's Local Economic Development Act fund and the state's capital outlay bill. This has no effect on the authority's debt service coverage, as the contribution will be made after debt service requirements.

DETAILED RATING RATIONALE

LOAN PORTFOLIO: TOP BORROWERS CONCENTRATE POOL; STATE INTERCEPT IS A STRENGTH

The 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 and since then, have made over 1,225 loans totaling $2.52 billion. As of July 1, 2015, the PPRF has 687 outstanding loans totaling approximately $1.3 billion. The senior lien pool currently consists of 189 unique borrowers with an accumulated principal loan value of approximately $916.4 million. The subordinate lien pool currently consists of 92 unique borrowers with an accumulated principal loan value of $391.9 million.

Approximately 31% of the total outstanding senior lien loan pool and 48% of the total outstanding subordinate lien pool is concentrated in the top five borrowers' loans. The largest borrower for the senior pool is the State of New Mexico's (GO rated Aaa stable) General Services Department at 8.9% of the pool. The largest borrower in the subordinate pool is the Albuquerque Bernalillo County Water Utility Authority (Aa2 stable), which represents 13.5% of the subordinate borrower pool. 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.

A significant portion of the PPRF loans have a direct intercept of pledged revenues, which supports the strong credit quality of the overall pool. Directly interceptable revenues represent approximately 58% of the PPRF's senior lien portfolio, and 30% 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 (Aa1 stable) to intercept funds of individual school districts prior to default.

UNDERLYING CREDIT QUALITY AND DEFAULT TOLERANCE: GGRT CREATES STRONG COVERAGE AND DEFAULT TOLERANCE

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. The current and future rating reviews will continue to consider the overall profile and credit ratings of borrowers.

A key consideration in the ratings is the credit strength, through cross-collateralization, provided by the Governmental Gross Receipts Tax (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 2015, the Authority's share of the GGRT was $26.5 million, a 3% decrease over fiscal 2014 collections. The modest decline is reflective of the slow and tepid economic recovery within the state coupled with conservation efforts by water users, but the authority's share of GGRT receipts has grown at an average of 2.9% 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 and subsequently reimbursed to the PPRF through issuance of PPRF reimbursement bonds. The Authority funds government unit loans below $5 million with PPRF funds on hand and simultaneously funds loans in excess of $5 million with bonds sales.

Inclusive of projected governmental unit pledged revenues and the PPRF's share of the state's GGRT collections for fiscal 2015, senior lien debt service coverage is projected at 1.46 times for fiscal 2016. Coverage for the senior lien debt service is projected to remain in excess of 1.39 times through final maturity in 2039. Senior lien debt service coverage using only loan repayments results in a more narrow coverage calculation of 1.16 times for fiscal 2016. Fiscal 2016 default tolerance for the senior lien is extremely high at 39.8% when including GGRT revenues, but is still a satisfactory 14% without it. Projected subordinate lien coverage, inclusive of projected flow through from the senior obligations and fiscal 2015 GGRT collections is a solid 2.23 times for fiscal 2016. Excluding flow through revenues, subordinate lien coverage is projected at 1.13 times. Default tolerance on the subordinate lien is very high at 109% given the large amount of flow-through revenues from the senior lien, and a much weaker 12% when excluding them.

Liquidity

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 senior lien common debt service reserve that is currently $30.3 million. At the current level, the common debt service reserve is over-funded by approximately $6.3 million based on the policy driven formula. In addition to the common debt service reserve, the governmental unit debt service reserves provide additional liquidity. Loan agreements in excess of $100,000 with borrowers pledging enterprise system revenues that have credit quality below the 'A' category and 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 $40 million and $16.2 million, respectively.

Additionally, the authority has approximately $33.5 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. The contingent liquidity account is projected to increase by roughly $7 million to reach $40 million after the fiscal 2015 flow through funds are added. The Authority also 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 was utilized in 2014 to address the authority's short term funding needs. Any outstanding balances are typically paid-off through the subsequent PPRF debt issuances.

LEGAL FRAMEWORK, COVENANTS, AND DEBT STRUCTURE

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.

Debt Structure

Inclusive of the current sales, outstanding senior lien debt amounts to $778.4 million and the subordinate lien has roughly $313.5 million outstanding. Both the senior and subordinate lien debt service schedules have a descending trend with all debt maturing in fiscal 2045 and 2035, respectively.

Debt-Related Derivatives

The Authority is not party to any variable rate debt or interest rate derivatives.

MANAGEMENT AND GOVERNANCE

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 loan's final maturity.

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

KEY STATISTICS

-Pool Program Structure: Cash Flow

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

-Number of Loans: 687

-Projected 2016 Senior Lien Debt Service Coverage (total pledged revenues): 1.46 times

-Projected 2016 Subordinate Lien Debt Service Coverage (total pledged revenues w/ flow through from senior): 2.23 times

-Fiscal 2015 GGRT: $26.5 million (3% decline from prior year)

-Governmental Unit DSR: $35.9 million senior; $12.8 million subordinate

-Common DSR: $30.3 million

-Contingent Liquidity Account: $40 million

-Senior Debt Outstanding (post sale): $778.4 million

-Subordinate Debt Outstanding (post sale): $313.5 million

OBLIGOR PROFILE

The NMFA is a public body politic and corporate, separate and apart from the State, constituting a governmental instrumentality of the State. The Finance Authority was created in 1992 pursuant to the Act to coordinate the planning and financing of State and local public projects, to provide for long-term planning and assessment of State and local capital needs and to improve cooperation among the executive and legislative branches of State government and local governments in financing public projects. The Authority is comprised of 11 members who also constitute the Finance Authority's board of directors and currently employs 38 people.

LEGAL SECURITY

The bonds are secured by and payable solely from the special revenues and funds of the Authority pledged under the Indenture, including: moneys from the repayment by governmental borrowers of loans made, certain Governmental Gross Receipts Tax revenues, and additional revenues received by the authority that are designated as funds pledged by the Indenture.

USE OF PROCEEDS

The Series 2015C&D bonds will be used to reimburse the authority for six loans and make a simultaneous loan to the Jicarilla Apache Nation.

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.

The following information supplements Disclosure 10 ("Information Relating to Conflicts of Interest as required by Paragraph (a)(1)(ii)(J) of SEC Rule 17g-7") in the regulatory disclosures made at the ratings tab on the issuer/entity page on www.moodys.com for each credit rating:

Moody's was not paid for services other than determining a credit rating in the most recently ended fiscal year by the person that paid Moody's to determine this credit rating.

Regulatory disclosures contained in this press release apply to the credit rating and, if applicable, the related rating outlook or rating review.

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.

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MOODY'S
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CREDIT OPINION
11 January 2016

New Issue

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New Mexico Finance Authority

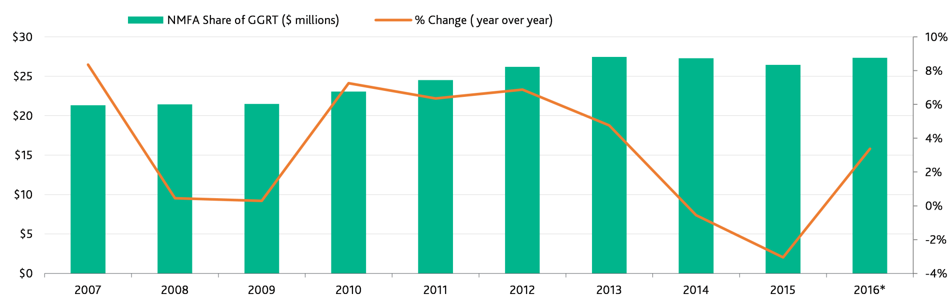
New Issue - Moody's Assigns Aa1 and Aa2 to NMFA's Senior and Subordinate Lien PPRF Revenue Bonds, Series 2016A&B

Summary Rating Rationale

Moody's Investors Service has assigned a Aa1 rating to the New Mexico Finance Authority's (NMFA) upcoming sales of $53.42 million Senior Lien Public Project Revolving Fund (PPRF) Revenue Bonds, Series 2016A and a Aa2 to the $10.18 million Subordinate Lien Public Project Revolving Fund Revenue Bonds, Series 2016B. Moody's also affirms the Aa1 senior and Aa2 subordinate lien PPRF ratings on $754.3 million and $288.8 million of previously issued debt, respectively.

The Aa1 senior and Aa2 subordinate PPRF revenue ratings reflect 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.

Exhibit 1
Stable GGRT Revenues Provide Ample Cushion For Potential Debt Service Deficiencies



*Estimated
Source: New Mexico Finance Authority

Credit 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

Credit Challenges

» Loan revenues only provide narrow coverage levels

» Program exposed to borrowers with relatively low credit worthiness

» Recent trend of declining governmental gross receipts tax

Rating Outlook

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

Factors that Could Lead to an Upgrade

» Significant growth in Governmental Gross Receipts Tax revenues bolstering cash flow, coverage, and reserves

» Decreased concentration in top loan borrowers

Factors that Could Lead to a Downgrade

» 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

Exhibit 2

Exhibit 3

NMFA PPRF Senior Lien			NMFA PPRF Subordinate Lien		
Size and Diversity			Size and Diversity		
Size of Portfolio		193	Size of Portfolio		91
% of Borrowers with less than 1% of the pool		88.1%	% of Borrowers with less than 1% of the pool		81.3%
% of loans to the top 5 borrowers		28.7%	% of loans to the top 5 borrowers		46.8%
Amount Outstanding			Amount Outstanding		
Total Bonds Outstanding	$807.7 M		Total Bonds Outstanding	$299 M	
Total Loans Outstanding	$904.4 M		Total Loans Outstanding	$363.6 M	
Top Five Participants	Percent of Pool		Top Five Participants	Percent of Pool	
State of NM General Services Dept. [Aaa/STA]		8.8%	Albuquerque Bernalillo Co. WUA [Aa2/STA]		13.0%
New Mexico Spaceport Authority [NR]		6.8%	Santa Fe (City of) NM [Aa3/STA]		9.4%
Albuquerque Bernalillo Co. WUA [Aa2/STA]		4.7%	Bernalillo Co. Metro Court [Aaa/STA]		8.3%
Albuquerque (City of) NM [Aa1/STA]		4.4%	Jicarilla Apache Nation [NR]		8.1%
Jicarilla Apache Nation [NR]		4.0%	Santa Ana Pueblo [NR]		8.0%

Source: New Mexico Finance Authority; Moody's Investors Service

Recent Developments

The NMFA has been ordered to contribute $13 million of the PPRF's fiscal year 2015 flow through funds (totaled $43.7 million) towards the New Mexico's Local Economic Development Act fund and the state's capital outlay bill. This has no effect on the authority's debt service coverage, as the contribution will be made after debt service requirements.

Detailed Rating Considerations

Loan Portfolio: Top Borrowers Concentrate Pool; State Intercept is a Strength

The 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 and since then, have made over 1,253 loans totaling $2.64 billion. As of January 1, 2016, the PPRF has 675 outstanding loans totaling approximately $1.3 billion. The senior lien pool currently consists of 193 unique borrowers with an accumulated principal loan value of approximately $904.4 million. The subordinate lien pool currently consists of 91 unique borrowers with an accumulated principal loan value of $363.6 million.

Approximately 29% of the total outstanding senior lien loan pool and 47% of the total outstanding subordinate lien pool is concentrated in the top five borrowers' loans. The largest borrower for the senior pool is the State of New Mexico's (GO rated Aaa stable) General Services Department at 8.8% of the pool. The largest borrower in the subordinate pool is the Albuquerque Bernalillo County Water Utility Authority (Aa2 stable), which represents 13% of the subordinate borrower pool. 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.

A significant portion of the PPRF loans have a direct intercept of pledged revenues, which supports the strong credit quality of the overall pool. Directly interceptable revenues represent approximately 60% of the PPRF's senior lien portfolio, and 30% 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 (Aa1 stable) to intercept funds of individual school districts prior to default.

Underlying Credit Quality and Default Tolerance: GGRT Creates Strong Coverage and Default Tolerance

A key consideration in the ratings is the credit strength, through cross-collateralization, provided by the Governmental Gross Receipts Tax (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 2015, the Authority's share of the GGRT was $26.5 million, a 3% decrease over fiscal 2014 collections. The modest decline is reflective of the slow and tepid economic recovery within the state coupled with conservation efforts by water users, but the authority's share of GGRT receipts has grown at an average of 2.9% annually over the last five years. After the first six months, GGRT collections are estimated to increase by 3.4% to $27.4 million in fiscal 2016. 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 and subsequently reimbursed to the PPRF through issuance of PPRF reimbursement bonds. The Authority funds government unit loans below $10 million with PPRF funds on hand and simultaneously funds loans in excess of $10 million with bonds sales.

Inclusive of projected governmental unit pledged revenues and the PPRF's share of the state's GGRT collections for fiscal 2015, senior lien debt service coverage is projected at 1.47 times for fiscal 2016. Coverage for the senior lien debt service is projected to remain in excess of 1.4 times through final maturity in 2045. Senior lien debt service coverage using only loan repayments results in a more narrow coverage calculation of 1.18 times for fiscal 2016. Fiscal 2016 default tolerance for the senior lien is extremely high at 40% when including GGRT revenues, but is still a satisfactory 14% without it. Projected subordinate lien coverage, inclusive of projected flow through from the senior obligations and fiscal 2015 GGRT collections is a solid 2.11 times for fiscal 2016. Excluding flow through revenues, subordinate lien coverage is projected at 1.01 times. Default tolerance on the subordinate lien is very high at 110% given the large amount of flow-through revenues from the senior lien, and a much weaker 1% when excluding them.

Exhibit 4
Solid Senior and Subordinate Lien Coverage Projected For Next 10 Years

Fiscal Year	FY 2015 GGRT Revenues	SEN Lien Borrower Payments	Total SEN Lien Revenues	SEN Lien Debt Service	Estimated SEN Lien Coverage	Flow Thru Funds to SUB Lien	SUB Lien Borrower Payments	Total SUB Lien Revenues	SUB Lien Debt Service	Estimated SUB Lien Coverage
2016	$ 26.5	$ 104.9	$ 131.4	$ 89.1	**1.47**	$ 42.2	$ 38.6	$ 80.8	$ 38.3	**2.11**
2017	$ 26.5	$ 97.7	$ 124.1	$ 87.2	**1.42**	$ 36.9	$ 40.6	$ 77.5	$ 38.8	**2.00**
2018	$ 26.5	$ 94.7	$ 121.2	$ 86.5	**1.40**	$ 34.7	$ 39.0	$ 73.7	$ 37.8	**1.95**
2019	$ 26.5	$ 89.5	$ 116.0	$ 82.8	**1.40**	$ 33.1	$ 40.7	$ 73.9	$ 39.4	**1.87**
2020	$ 26.5	$ 85.8	$ 112.3	$ 77.2	**1.45**	$ 35.0	$ 32.5	$ 67.5	$ 32.0	**2.11**
2021	$ 26.5	$ 79.9	$ 106.4	$ 75.7	**1.41**	$ 30.7	$ 34.5	$ 65.2	$ 33.6	**1.94**
2022	$ 26.5	$ 76.3	$ 102.8	$ 71.8	**1.43**	$ 31.0	$ 30.4	$ 61.4	$ 27.9	**2.21**
2023	$ 26.5	$ 76.5	$ 103.0	$ 70.0	**1.47**	$ 32.9	$ 31.5	$ 64.5	$ 31.5	**2.05**
2024	$ 26.5	$ 69.4	$ 95.8	$ 64.1	**1.49**	$ 31.7	$ 29.3	$ 61.0	$ 28.4	**2.15**
2025	$ 26.5	$ 66.3	$ 92.8	$ 61.1	**1.52**	$ 31.7	$ 25.3	$ 57.0	$ 24.5	**2.33**

$ millions; Fiscal year 2015 GGRT revenues held at constant level
Source: New Mexico Finance Authority

LIQUIDITY

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 senior lien common debt service reserve that is currently $30.3 million. At the current level, the common debt service reserve is over-funded by approximately $5.6 million based on the policy driven formula. In addition to the common debt service reserve, the governmental unit debt service reserves provide additional liquidity. Loan agreements in excess of $250,000 with borrowers pledging enterprise system revenues that have credit quality below the 'A' category 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 $39.5 million and $21.5 million, respectively.

Additionally, the authority has and additional $30.3 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. The contingent liquidity account is now capped at the amount of the common debt service reserve after a debt management policy change in November 2015. The Authority also 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 was utilized over the last couple years to address the authority's short term funding needs. Any outstanding balances are paid-off through the subsequent PPRF debt issuances.

Legal Framework, Covenants, and Debt Structure

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.

DEBT STRUCTURE

Inclusive of the current sales, outstanding senior lien debt amounts to $807.7 million and the subordinate lien has roughly $299 million outstanding. Both the senior and subordinate lien debt service schedules have a descending trend with all debt maturing in fiscal 2045 and 2035, respectively.

DEBT-RELATED DERIVATIVES

The Authority is not party to any variable rate debt or interest rate derivatives.

Management and Governance

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 loan's final maturity.

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 $10 million) to individual governmental unit borrowers on an as-needed-basis and subsequently reimburses the PPRF with bond proceeds.

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

Legal Security

The bonds are secured by and payable solely from the special revenues and funds of the Authority pledged under the Indenture, including: moneys from the repayment by governmental borrowers of loans made, certain Governmental Gross Receipts Tax revenues, and additional revenues received by the authority that are designated as funds pledged by the Indenture.

Use of Proceeds

The Series 2016A bonds will be used to reimburse the authority for 15 loans and to make a simultaneous loan to the University of New Mexico Health Science Center. The Series 2016B bonds will be used to reimburse the authority on three loans.

Obligor Profile

The NMFA is a public body politic and corporate, separate and apart from the State, constituting a governmental instrumentality of the State. The Finance Authority was created in 1992 pursuant to the Act to coordinate the planning and financing of State and local public projects, to provide for long-term planning and assessment of State and local capital needs and to improve cooperation among the executive and legislative branches of State government and local governments in financing public projects. The Authority is comprised of 11 members who also constitute the Finance Authority's board of directors and currently employs 39 people.

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.

Ratings

Exhibit 5

NEW MEXICO FINANCE AUTHORITY

Issue	Rating
Senior Lien Public Project Revolving Fund Revenue Bonds, Series 2016A	Aa1
Rating Type	Underlying LT
Sale Amount	$53,420,000

Expected Sale Date	01/19/2016
Rating Description	Revenue: Government Enterprise
Subordinate Lien Public Project Revolving Fund Revenue Bonds, Taxable Series 2016B	Aa2
Rating Type	Underlying LT
Sale Amount	$10,180,000
Expected Sale Date	01/19/2016
Rating Description	Revenue: Government Enterprise

Source: Moody's Investors Service

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11 April 2016

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New Mexico Finance Authority, NM

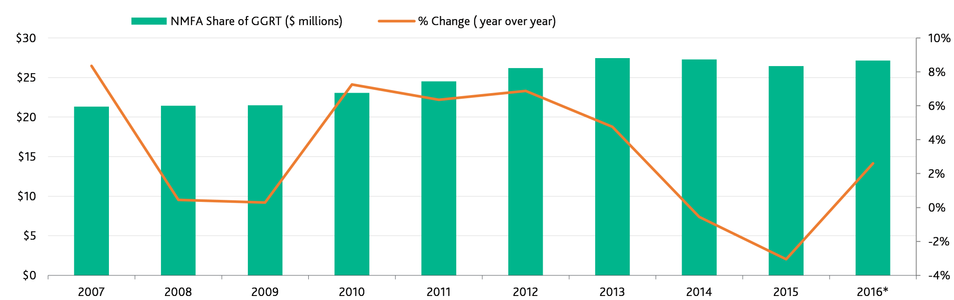
New Issue - Moody's assigns Aa1 to NMFA's $69.1M Senior Lien PPRF Revenue Bonds, Series 2016C; outlook is stable

Summary Rating Rationale

Moody's Investors Service has assigned a Aa1 rating to the New Mexico Finance Authority's (NMFA) upcoming sale of $69.1 million Senior Lien Public Project Revolving Fund (PPRF) Revenue Bonds, Series 2016C. Moody's maintains the Aa1 senior and Aa2 subordinate lien PPRF ratings on $762.5 million and $297.8 million of previously issued debt, respectively. The ratings carry a stable outlook.

The Aa1 senior and Aa2 subordinate PPRF revenue ratings reflect 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, additional liquidity provided by borrower debt service reserve and Authority liquidity, and availability of a portion of the state's Government Gross Receipts Tax (GGRT) on public services provided by local governments throughout the state to supplement portfolio revenues. The Aa2 subordinate rating reflects the nature of the pledge as well as a weaker portfolio credit quality in comparison to the senior pool.

Exhibit 1
Stable GGRT Revenues Provide Ample Cushion For Potential Debt Service Deficiencies



*Estimated
Source: New Mexico Finance Authority

Credit 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

Credit Challenges

» Loan revenues only provide narrow coverage levels

» Program exposed to borrowers with relatively low credit worthiness

» Recent trend of declining governmental gross receipts tax

Rating Outlook

The stable outlook reflects stability of program management, loan portfolio credit quality and supplemental coverage provided by the Governmental Gross Receipts Tax.

Factors that Could Lead to an Upgrade

» Significant growth in Governmental Gross Receipts Tax revenues bolstering cash flow, coverage, and reserves

» Decreased concentration in top loan borrowers

Factors that Could Lead to a Downgrade

» 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

Exhibit 2

NMFA PPRF Senior Lien			NMFA PPRF Subordinate Lien		
Size and Diversity			Size and Diversity		
Size of Portfolio		188	Size of Portfolio		91
% of Borrowers with less than 1% of the pool		87.8%	% of Borrowers with less than 1% of the pool		80.2%
% of loans to the top 5 borrowers		31.5%	% of loans to the top 5 borrowers		49.9%
Amount Outstanding			Amount Outstanding		
Total Bonds Outstanding (includes 2016C)	$831.6 M		Total Bonds Outstanding	$297.8 M	
Total Loans Outstanding	$972.9 M		Total Loans Outstanding	$340.5 M	
Top Five Participants	Percent of Pool		Top Five Participants	Percent of Pool	
State of NM General Services Dept. [Aaa/STA]		13.0%	Albuquerque Bernalillo Co. WUA [Aa2/STA]		13.9%
New Mexico Spaceport Authority [NR]		6.3%	Santa Fe (City of) NM [Aa3/STA]		10.1%
Albuquerque Bernalillo Co. WUA [Aa2/STA]		4.4%	Bernalillo Co. Metro Court [Aaa/STA]		8.9%
Albuquerque (City of) NM [Aa1/STA]		4.1%	Jicarilla Apache Nation [NR]		8.6%
Rio Rancho (City of) NM [Aa2/NOO]		3.8%	Santa Ana Pueblo [NR]		8.5%

Source: New Mexico Finance Authority; Moody's Investors Service

Recent Developments

The NMFA has been ordered to contribute $10 million of the PPRF's fiscal year 2016 flow through funds (estimated at $40.5 million) towards the State of New Mexico's General Fund. This has no effect on the authority's debt service coverage, as the contribution will be made after debt service requirements.

Detailed Rating Considerations

Loan Portfolio: Top Borrowers Concentrate Pool; State Intercept is a Strength

The 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 and since then, the PPRF has made over 1,272 loans totaling $2.66 billion. As of March 1, 2016, the PPRF has 686 outstanding loans totaling approximately $1.3 billion. The senior lien pool currently consists of 188 unique borrowers with an accumulated principal loan value of approximately $972.9 million. The subordinate lien pool currently consists of 91 unique borrowers with an accumulated principal loan value of $340.5 million.

Approximately 31% of the total outstanding senior lien loan pool and 50% of the total outstanding subordinate lien pool is concentrated in the top five borrowers' loans. The largest borrower for the senior pool is the State of New Mexico's (GO rated Aaa stable) General Services Department at 13% of the pool. The largest borrower in the subordinate pool is the Albuquerque Bernalillo County Water Utility Authority (Aa2 stable), which represents 13.9% of the subordinate borrower pool. Despite the current concentration within the top pool borrowers, the senior and subordinate pools benefit from a wide breadth of pledges and participants, the majority of which individually represent less than 1% of the outstanding loan pool.

A significant portion of the PPRF loans have a direct intercept of pledged revenues, which supports the strong credit quality of the overall pool. Directly interceptable revenues represent approximately 62% of the PPRF's senior lien portfolio, and 25% 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 (Aa1 stable) to intercept funds of individual school districts prior to default.

Underlying Credit Quality and Default Tolerance: GGRT Creates Strong Coverage and Default Tolerance

A key consideration in the ratings is the credit strength, through cross-collateralization, provided by the Governmental Gross Receipts Tax (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 2015, the Authority's share of the GGRT was $26.5 million, a 3% decrease from fiscal 2014 collections. The modest decline is reflective of the slow and tepid economic recovery within the state coupled with conservation efforts by water users. The authority's share of GGRT receipts has grown at an average of 2.9% annually over the last five years. After the first nine months, GGRT collections are estimated to increase by 2.6% to $27.15 million in fiscal 2016. 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 and subsequently reimbursed to the PPRF through issuance of PPRF reimbursement bonds. The Authority funds government unit loans below $10 million with PPRF funds on hand and simultaneously funds loans in excess of $10 million with bonds sales.

Inclusive of projected governmental unit pledged revenues and the PPRF's share of the state's GGRT collections for fiscal 2015, senior lien debt service coverage is projected at 1.44 times for fiscal 2016. Coverage for the senior lien debt service is projected to remain in excess of 1.4 times through final maturity in 2046. Senior lien debt service coverage using only loan repayments results in narrower coverage of 1.15 times for fiscal 2016. Fiscal 2016 default tolerance for the senior lien is extremely high at 38.5% when including GGRT revenues, but is still a satisfactory 13% without it. Projected subordinate lien coverage, inclusive of projected flow through from the senior obligations and fiscal 2015 GGRT collections is a solid 2.07 times for fiscal 2016. Excluding flow through revenues, subordinate lien coverage is projected at 1.01 times. Default tolerance on the subordinate lien is very high at 106% given the large amount of flow-through revenues from the senior lien, and a much weaker 1% when excluding them.

Exhibit 3

Solid Senior and Subordinate Lien Coverage Projected For Next 10 Years

Fiscal Year	FY 2015 GGRT Revenues	SEN Lien Borrower Payments	Total SEN Lien Revenues	SEN Lien Debt Service	Estimated SEN Lien Coverage	Flow Thru Funds to SUB Lien	SUB Lien Borrower Payments	Total SUB Lien Revenues	SUB Lien Debt Service	Estimated SUB Lien Coverage
2016	$ 26.5	$ 103.7	$ 130.2	$ 90.2	**1.44**	$ 39.9	$ 38.0	$ 78.0	$ 37.6	**2.07**
2017	$ 26.5	$ 99.7	$ 126.2	$ 87.6	**1.44**	$ 38.6	$ 40.6	$ 79.1	$ 38.7	**2.04**
2018	$ 26.5	$ 96.1	$ 122.6	$ 86.9	**1.41**	$ 35.7	$ 39.0	$ 74.6	$ 37.7	**1.98**
2019	$ 26.5	$ 90.9	$ 117.4	$ 83.3	**1.41**	$ 34.1	$ 40.7	$ 74.8	$ 39.3	**1.90**
2020	$ 26.5	$ 87.3	$ 113.7	$ 77.7	**1.46**	$ 36.0	$ 32.5	$ 68.5	$ 31.9	**2.15**
2021	$ 26.5	$ 81.4	$ 107.8	$ 76.1	**1.42**	$ 31.7	$ 34.5	$ 66.2	$ 33.5	**1.98**
2022	$ 26.5	$ 77.8	$ 104.2	$ 72.2	**1.44**	$ 32.0	$ 30.4	$ 62.5	$ 27.9	**2.24**
2023	$ 26.5	$ 78.0	$ 104.4	$ 70.5	**1.48**	$ 33.9	$ 31.5	$ 65.5	$ 31.5	**2.08**
2024	$ 26.5	$ 70.3	$ 96.8	$ 64.5	**1.50**	$ 32.3	$ 29.3	$ 61.6	$ 28.4	**2.17**
2025	$ 26.5	$ 67.6	$ 94.1	$ 61.4	**1.53**	$ 32.6	$ 25.3	$ 58.0	$ 24.5	**2.37**

$ million; Fiscal 2015 GGRT revenues held at constant level
Source: New Mexico Finance Authority

LIQUIDITY

In 2007, the authority began a contingent liquidity reserve as an enhancement to the overall pool. In 2011, the board legally designated $23.2 million of that money for a senior lien common debt service reserve that is currently $30.3 million. At the current level, the common debt service reserve is over-funded by approximately $5.6 million based on the policy driven formula. In addition to the common debt service reserve, the governmental unit debt service reserves provide additional liquidity. Loan agreements in excess of $250,000 with borrowers pledging enterprise system revenues that have credit quality below the 'A' category 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 $39.5 million and $21.5 million, respectively.

Additionally, the authority has an additional $30.3 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. The contingent liquidity account is now capped at the amount of the common debt service reserve after a debt management policy change in November 2015. The Authority also 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 was utilized over the last couple years to address the authority's short term funding needs. Any outstanding balances are paid-off through the subsequent PPRF debt issuances.

Legal Framework, Covenants and Debt Structure

The PPRF additional bonds test requires that a) the Authority deliver a Cash Flow Statement to the Trustee which takes into account the additional indebtedness, b) all prior payments required to be made into the Bond Fund have been paid in full, c) additional bond proceeds are for refunding or additional loans, grants or to purchase securities (including reserve requirements), and d) no events of default have occurred. Borrowers are required to fund debt service on loans at least 5 days in advance of when it is due. The trustee covers insufficiencies in any borrower's account within the Debt Service Fund as of 5 days prior to the due date by transferring available funds in the related Agreement Reserve Account. Borrowers intending to prepay a loan are required to notify the Trustee forty-five days in advance of the prepayment date.

DEBT STRUCTURE

Inclusive of the current sale, outstanding senior lien debt amounts to $831.6 million and the subordinate lien has roughly $297.8 million outstanding. Both the senior and subordinate lien debt service schedules have a descending trend with all debt maturing by fiscal 2046 and 2035, respectively.

DEBT-RELATED DERIVATIVES

The Authority is not party to any variable rate debt or interest rate derivatives.

Management and Governance: Strong Program Oversight and Governance

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 loan's final maturity.

The NMFA's lending criteria are strong and the Authority does not approve all loan 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 Aa1 and Aa2 ratings. PPRF loans are usually on 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 $10 million) to individual governmental unit borrowers on an as-needed-basis and subsequently reimburses the PPRF with bond proceeds.

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

Legal Security

The bonds are secured by and payable solely from the special revenues and funds of the Authority pledged under the Indenture, including: moneys from the repayment by governmental borrowers of loans made, certain Governmental Gross Receipts Tax revenues, and additional revenues received by the authority that are designated as funds pledged by the Indenture.

Use of Proceeds

The Series 2016C bonds will be used to make a simultaneous loan to the Sierra Vista Hospital and also will be used to refund two prior loans associated with Series 2006 sales to achieve debt service savings.

Obligor Profile

The NMFA is a public body politic and corporate, separate and apart from the State, constituting a governmental instrumentality of the State. The Finance Authority was created in 1992 pursuant to the Act to coordinate the planning and financing of State and local public projects, to provide for long-term planning and assessment of State and local capital needs and to improve cooperation among the executive and legislative branches of State government and local governments in financing public projects. The Authority is comprised of 11 members who also constitute the Finance Authority's board of directors and currently employs 39 people.

Methodology

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

Ratings

Exhibit 4

New Mexico Finance Authority

Issue	Rating
Senior Lien Public Project Revolving Fund Revenue And Refunding Bonds. Series 2016C	Aa1

Rating Type	Underlying LT
Sale Amount	$69,075,000
Expected Sale Date	04/27/2016
Rating Description	Revenue: Government Enterprise

Source: Moody's Investors Service

REPORT NUMBER 1021691

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New Issue

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New Mexico Finance Authority, NM

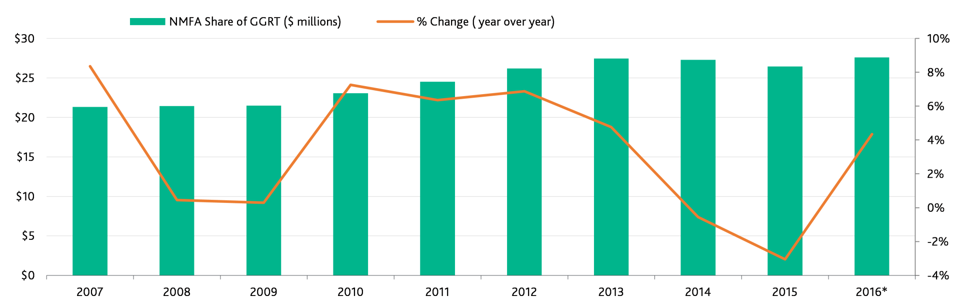
New Issue: Moody's Assigns Aa1 to NMFA's $120.3M Senior Lien PPRF Revenue Bonds, Series 2016D; Outlook is Stable

Summary Rating Rationale

Moody's Investors Service has assigned a Aa1 rating to the New Mexico Finance Authority's (NMFA) upcoming sale of $120.3 million Senior Lien Public Project Revolving Fund (PPRF) Revenue Bonds, Series 2016D. Moody's maintains the Aa1 senior and Aa2 subordinate lien PPRF ratings on $775.2 million and $273.7 million of previously issued debt, respectively. The ratings carry a stable outlook.

The Aa1 senior and Aa2 subordinate PPRF revenue ratings reflect 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, additional liquidity provided by borrower debt service reserve and Authority liquidity, and availability of a portion of the state's Government Gross Receipts Tax (GGRT) on public services provided by local governments throughout the state to supplement portfolio revenues. The Aa2 subordinate rating reflects the nature of the pledge as well as a weaker portfolio credit quality in comparison to the senior pool.

Exhibit 1
Stable GGRT Revenues Provide Ample Cushion For Potential Debt Service Deficiencies



*Estimated
Source: New Mexico Finance Authority, NM

Credit 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

Credit Challenges

» Loan revenues only provide narrow coverage levels

» Program exposed to borrowers with relatively low credit worthiness

» Recent trend of declining governmental gross receipts tax

Rating Outlook

The stable outlook reflects stability of program management, loan portfolio credit quality and supplemental coverage provided by the Governmental Gross Receipts Tax.

Factors that Could Lead to an Upgrade

» Significant growth in Governmental Gross Receipts Tax revenues bolstering cash flow, coverage, and reserves

» Decreased concentration in top loan borrowers

Factors that Could Lead to a Downgrade

» 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

Exhibit 2

NMFA PPRF Senior Lien			NMFA PPRF Subordinate Lien		
Size and Diversity			Size and Diversity		
Size of Portfolio		191	Size of Portfolio		91
% of Borrowers with less than 1% of the pool		89.0%	% of Borrowers with less than 1% of the pool		80.2%
% of loans to the top 5 borrowers		33.5%	% of loans to the top 5 borrowers		49.9%
Amount Outstanding			Amount Outstanding		
Total Bonds Outstanding (includes 2016D)	$895.5 M		Total Bonds Outstanding	$273.7 M	
Total Loans Outstanding	$1,009.1 M		Total Loans Outstanding	$322.9 M	
Top Five Participants	Percent of Pool		Top Five Participants	Percent of Pool	
Rio Rancho (City of) NM [Aa2/NOO]		8.9%	Albuquerque Bernalillo Co. WUA [Aa2/STA]		13.4%
State of NM General Services Dept. [New Mexico - Aaa/STA]		7.8%	Santa Fe (City of) NM [Aa3/STA]		10.3%
Santa Fe (City of) NM [Aa3/STA]		7.0%	Bernalillo Co. Metro Court [Bernalillo County - Aaa/STA]		8.6%
New Mexico Spaceport Authority [NR]		5.8%	Jicarilla Apache Nation [NR]		8.4%
Albuquerque Bernalillo Co. WUA [Aa2/STA]		3.9%	Santa Ana Pueblo [NR]		8.3%

Source: New Mexico Finance Authority, NM; Moody's Investor's Service

Recent Developments

The NMFA contributed $10 million of the PPRF's fiscal year 2016 flow through funds (roughly $40 million) towards the State of New Mexico's General Fund. This had no effect on the authority's debt service coverage or cash flow, as the contribution was made after debt service requirements.

The NMFA's board is currently down two members due to retirements. Potential replacements are awaiting gubernatorial nomination. The Authority is also conducting a national search for a new Chief Financial Officer, which is expected to be filled by the end of 2016.

Detailed Rating Considerations

Loan Portfolio: Top Ten Borrowers Concentrate Pool; State Intercept is a Strength

The 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 and since then, the PPRF has made over 1,282 loans totaling $2.67 billion. As of July 1, 2016, the PPRF will have 710 outstanding loans totaling approximately $1.33 billion. The senior lien pool currently consists of 191 unique borrowers with an accumulated principal loan value of approximately $1 billion. The subordinate lien pool currently consists of 93 unique borrowers with an accumulated principal loan value of $323 million.

Approximately 34% of the total outstanding senior lien loan pool and 49% of the total outstanding subordinate lien pool is concentrated in the top five borrowers' loans. The largest two borrowers in the senior pool are the City of Rio Rancho (Aa2) and the State of New Mexico's (Aaa stable) General Services Department at 9% and 8% of the pool, respectively. The largest borrower in the subordinate pool is the Albuquerque Bernalillo County Water Utility Authority (Aa2 stable), which represents 13.4% of the subordinate borrower pool. Despite the current concentration within the top pool borrowers, the senior and subordinate pools benefit from a wide breadth of pledges and participants, the majority of which individually represent less than 1% of the outstanding loan pool.

A significant portion of the PPRF loans have a direct intercept of pledged revenues, which supports the strong credit quality of the overall pool. Directly interceptable revenues represent approximately 60% of the PPRF's senior lien portfolio, and 25% 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 (Aa1 stable) to intercept funds of individual school districts prior to default.

Underlying Credit Quality and Default Tolerance: GGRT Creates Strong Coverage & Default Tolerance

A key consideration in the ratings is the credit strength, through cross-collateralization, provided by the Governmental Gross Receipts Tax (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 2015, the Authority's share of the GGRT was $26.5 million, a 3% decrease from fiscal 2014 collections. The modest decline was reflective of the slow and tepid economic recovery within the state coupled with conservation efforts by water users. The authority's share of GGRT receipts has grown at an average of 2.9% annually over the last five years. After the first eleven months, GGRT collections are estimated to increase by 4.4% to $27.6 million in fiscal 2016. 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 and subsequently reimbursed to the PPRF through issuance of PPRF reimbursement bonds. The Authority funds government unit loans below $10 million with PPRF funds on hand and simultaneously funds loans in excess of $10 million with bonds sales.

Inclusive of projected governmental unit pledged revenues and the PPRF's share of the state's GGRT collections for fiscal 2015, senior lien debt service coverage is projected at 1.39 times for fiscal 2017. Coverage for the senior lien debt service is projected to remain in excess of 1.34 times through final maturity in 2046. Senior lien debt service coverage using only loan repayments results in narrower coverage of 1.12 times for fiscal 2017. Fiscal 2017 default tolerance for the senior lien is extremely high at 34.9% when including GGRT revenues, but is still a satisfactory 10.5% without it. Projected subordinate lien coverage, inclusive of projected flow through from the senior obligations and fiscal 2015 GGRT collections is a solid 2.02 times for fiscal 2017. Excluding flow through revenues, subordinate lien coverage is projected at 1.05 times. Default tolerance on the subordinate lien is very high at 98% given the large amount of flow-through revenues from the senior lien, and a much weaker 5% when excluding them.

Exhibit 3

Solid Senior and Subordinate Lien Coverage Projected For Next 10 Years

Fiscal Year	FY 2015 GGRT Revenues	SEN Lien Borrower Payments	Total SEN Lien Revenues	SEN Lien Debt Service	Estimated SEN Lien Coverage	Flow Thru Funds to SUB Lien	SUB Lien Borrower Payments	Total SUB Lien Revenues	SUB Lien Debt Service	Estimated SUB Lien Coverage
2017	$ 26.5	$ 108.4	$ 134.9	$ 97.0	**1.39**	$ 37.8	$ 40.6	$ 78.4	$ 38.7	**2.02**
2018	$ 26.5	$ 106.1	$ 132.6	$ 97.4	**1.36**	$ 35.2	$ 39.0	$ 74.2	$ 37.7	**1.97**
2019	$ 26.5	$ 105.9	$ 132.4	$ 97.4	**1.36**	$ 34.9	$ 40.7	$ 75.7	$ 39.3	**1.92**
2020	$ 26.5	$ 103.0	$ 129.5	$ 92.3	**1.40**	$ 37.1	$ 32.5	$ 69.6	$ 31.9	**2.18**
2021	$ 26.5	$ 95.8	$ 122.3	$ 91.3	**1.34**	$ 31.0	$ 34.5	$ 65.5	$ 33.5	**1.95**
2022	$ 26.5	$ 90.4	$ 116.9	$ 85.6	**1.36**	$ 31.2	$ 30.4	$ 61.7	$ 27.9	**2.21**
2023	$ 26.5	$ 85.7	$ 112.2	$ 79.0	**1.42**	$ 33.1	$ 31.5	$ 64.7	$ 31.5	**2.05**
2024	$ 26.5	$ 77.1	$ 103.6	$ 71.5	**1.45**	$ 32.0	$ 29.3	$ 61.3	$ 28.4	**2.16**
2025	$ 26.5	$ 73.9	$ 100.4	$ 68.1	**1.47**	$ 32.3	$ 25.3	$ 57.6	$ 24.5	**2.35**
2026	$ 26.5	$ 64.6	$ 91.1	$ 60.8	**1.50**	$ 30.2	$ 15.4	$ 45.6	$ 14.7	**3.09**

$ millions; Fiscal 2015 GGRT revenues (most recent audited) revenues held at a constant level
Source: New Mexico Finance Authority, NM

LIQUIDITY

In 2007, the authority began a contingent liquidity reserve as an enhancement to the overall pool. In 2011, the board legally designated $23.2 million of that money for a senior lien common debt service reserve that is currently $30.4 million. At the current level, the common debt service reserve is over-funded by approximately $5.3 million based on the policy driven formula. In addition to the common debt service reserve, the governmental unit debt service reserves provide additional liquidity. Loan agreements in excess of $250,000 with borrowers pledging enterprise system revenues that have credit quality below the 'A' category 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 $41.5 million and $21.6 million, respectively.

Additionally, the authority has an additional $30.4 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. The contingent liquidity account is now capped at the amount of the common debt service reserve after a debt management policy change in November 2015. The Authority also 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 was utilized over the last couple years to address the authority's short term funding needs. Any outstanding balances are paid-off through the subsequent PPRF debt issuances.

Legal Framework, Covenants and Debt Structure

The PPRF additional bonds test requires that a) the Authority deliver a Cash Flow Statement to the Trustee which takes into account the additional indebtedness, b) all prior payments required to be made into the Bond Fund have been paid in full, c) additional bond proceeds are for refunding or additional loans, grants or to purchase securities (including reserve requirements), and d) no events of default have occurred. Borrowers are required to fund debt service on loans at least 5 days in advance of when it is due. The trustee covers insufficiencies in any borrower's account within the Debt Service Fund as of 5 days prior to the due date by transferring available funds in the related Agreement Reserve Account. Borrowers intending to prepay a loan are required to notify the Trustee forty-five days in advance of the prepayment date.

DEBT STRUCTURE

Inclusive of the current sale, outstanding senior lien debt amounts to $895.5 million and the subordinate lien has roughly $273.7 million outstanding. Both the senior and subordinate lien debt service schedules have a descending trend with all debt maturing by fiscal 2046 and 2035, respectively.

DEBT-RELATED DERIVATIVES

The Authority is not party to any variable rate debt or interest rate derivatives.

Management and Governance

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 loan's final maturity.

The NMFA's lending criteria are strong and the Authority does not approve all loan 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 Aa1 and Aa2 ratings. PPRF loans are usually on 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 $10 million) to individual governmental unit borrowers on an as-needed-basis and subsequently reimburses the PPRF with bond proceeds.

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

Legal Security

The bonds are secured by and payable solely from the special revenues and funds of the Authority pledged under the Indenture, including: moneys from the repayment by governmental borrowers of loans made, certain Governmental Gross Receipts Tax revenues, and additional revenues received by the authority that are designated as funds pledged by the Indenture.

Use of Proceeds

The Series 2016D bonds will be used to make simultaneous loans to the City of Rio Rancho and City of Santa Fe (Aa3 stable). Proceeds will also be used for reimbursement after the Authority called and refunded the Series 2006 bonds to achieve debt service savings.

Obligor Profile

The NMFA is a public body politic and corporate, separate and apart from the State, constituting a governmental instrumentality of the State. The Finance Authority was created in 1992 pursuant to the Act to coordinate the planning and financing of State and local public projects, to provide for long-term planning and assessment of State and local capital needs and to improve cooperation among the executive and legislative branches of State government and local governments in financing public projects. The Authority is comprised of 11 members who also constitute the Finance Authority's board of directors and currently employs 39 people.

Methodology

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

Ratings

Exhibit 4

New Mexico Finance Authority

Issue	Rating
Senior Lien Public Project Revolving Fund Revenue Bonds, Series 2016D	Aa1
Rating Type	Underlying LT
Sale Amount	$120,295,000
Expected Sale Date	06/23/2016
Rating Description	Revenue: Government Enterprise

Source: Moody's Investors Service

REPORT NUMBER 1030716

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New Mexico Finance Authority, NM

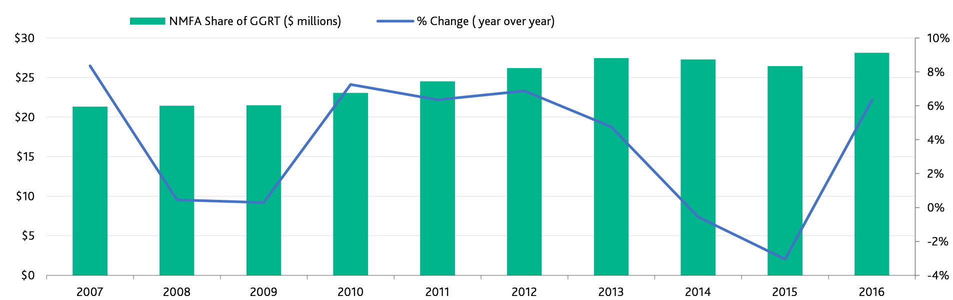
New Issue: Moody's Assigns Aa1 to NMFA's, NM Senior Lien PPRF Revenue Bonds, Series 2016E; Stable Outlook

Summary Rating Rationale

Moody's Investors Service has assigned a Aa1 rating to the New Mexico Finance Authority's (NMFA) upcoming sale of $40.3 million Senior Lien Public Project Revolving Fund (PPRF) Revenue and Refunding Bonds, Series 2016E. Moody's maintains the Aa1 senior and Aa2 subordinate lien PPRF ratings on $891.7 million and $273.7 million of previously issued debt, respectively. The ratings carry a stable outlook.

The Aa1 senior and Aa2 subordinate PPRF revenue ratings reflect 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, additional liquidity provided by borrower debt service reserve and Authority liquidity, and availability of a portion of the state's Government Gross Receipts Tax (GGRT) on public services provided by local governments throughout the state to supplement portfolio revenues. The Aa2 subordinate rating reflects the nature of the pledge as well as a weaker portfolio credit quality in comparison to the senior pool.

Exhibit 1
Stable GGRT Revenues Provide Ample Cushion For Potential Debt Service Deficiencies



Source: New Mexico Finance Authority, NM

Credit 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

Credit Challenges

- Loan revenues only provide narrow coverage levels
- Program exposed to borrowers with relatively low credit worthiness
- Recent trend of declining governmental gross receipts tax

Rating Outlook

The stable outlook reflects stability of program management, loan portfolio credit quality and supplemental coverage provided by the Governmental Gross Receipts Tax.

Factors that Could Lead to an Upgrade

- Significant growth in Governmental Gross Receipts Tax revenues bolstering cash flow, coverage, and reserves
- Decreased concentration in top loan borrowers

Factors that Could Lead to a Downgrade

- 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

Exhibit 2

NMFA PPRF Senior Lien			NMFA PPRF Subordinate Lien		
Size and Diversity			Size and Diversity		
Size of Portfolio		189	Size of Portfolio		90
% of Borrowers with less than 1% of the pool		88.4%	% of Borrowers with less than 1% of the pool		78.9%
% of loans to the top 5 borrowers		32.5%	% of loans to the top 5 borrowers		48.9%
Amount Outstanding			Amount Outstanding		
Total Bonds Outstanding (Post 2016E sale)	$909.3 M		Total Bonds Outstanding	$273.7 M	
Total Loans Outstanding	$1,028.6 M		Total Loans Outstanding	$323.9 M	
Top Five Participants	Percent of Pool		Top Five Participants	Percent of Pool	
Rio Rancho (City of) NM [Aa2/NOO]		8.6%	Albuquerque Bernalillo Co. WUA [Aa2/STA]		13.3%
State of NM General Services Dept. [New Mexico - Aaa/STA]		7.4%	Santa Fe (City of) NM [Aa3/STA]		10.3%
Santa Fe (City of) NM [Aa3/STA]		6.9%	Bernalillo Co. Metro Court [Bernalillo County - Aaa/STA]		8.6%
New Mexico Spaceport Authority [NR]		5.7%	Jicarilla Apache Nation [NR]		8.4%
Albuquerque Bernalillo Co. WUA [Aa2/STA]		3.8%	Santa Ana Pueblo [NR]		8.3%

Source: New Mexico Finance Authority, NM; Moody's Investors Service

Recent Developments

The NMFA contributed $10 million of the PPRF's fiscal year 2016 flow through funds (roughly $40 million) towards the State of New Mexico's General Fund. This had no effect on the authority's debt service coverage or cash flow, as the contribution was made after debt service requirements. At this time, there is no indication that the state will seek NMFA flow through contribution, but the possibility remains.

The NMFA's board currently has two members member vacancies due to retirements. Potential replacements are awaiting gubernatorial nomination. The Authority is also conducting a national search for a new Chief Financial Officer, which is expected to be filled by the end of 2016.

Detailed Rating Considerations

Loan Portfolio: Top Ten Borrowers Concentrate Pool; State Intercept is a Strength

The 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 and since then, the PPRF has made over 1,315 loans totaling $2.78 billion. As of August 1, 2016, the PPRF will have 699 outstanding loans totaling approximately $1.35 billion. The senior lien pool currently consists of 189 unique borrowers with an accumulated principal loan value of approximately $1.03 billion. The subordinate lien pool currently consists of 90 unique borrowers with an accumulated principal loan value of $323.9 million.

Approximately 34% of the total outstanding senior lien loan pool and 49% of the total outstanding subordinate lien pool is concentrated in the top five borrowers' loans. The largest two borrowers in the senior pool are the City of Rio Rancho (Aa2) and the State of New Mexico's (Aaa stable) General Services Department at 8.6% and 7.4% of the pool, respectively. The largest borrower in the subordinate pool is the Albuquerque Bernalillo County Water Utility Authority (Aa2 stable), which represents 13.3% of the subordinate borrower pool. Despite the current concentration within the top pool borrowers, the senior and subordinate pools benefit from a wide breadth of pledges and participants, the majority of which individually represent less than 1% of the outstanding loan pool. A significant portion of the PPRF loans have a direct intercept of pledged revenues, which supports the strong credit quality of the overall pool. Directly interceptable revenues represent approximately 60% of the PPRF's senior lien portfolio, and 26% 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 (Aa1 stable) to intercept funds of individual school districts prior to default.

Underlying Credit Quality and Default Tolerance: GGRT Creates Strong Coverage & Default Tolerance

A key consideration in the ratings is the credit strength, through cross-collateralization, provided by the Governmental Gross Receipts Tax (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 2016, the Authority's share of the GGRT was $28.2 million, a 6.35% increase from fiscal 2015 collections. Before the growth in 2016, modest declines in fiscal 2014 (-0.6%) and 2015 (-3%) were reflective of the slow and tepid economic recovery within the state coupled with conservation efforts by water users. The authority's share of GGRT receipts has grown at an average of 2.9% annually over the last five years. GGRT collections are estimated to remain steady around $27.9 million in fiscal 2017. 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 and subsequently reimbursed to the PPRF through issuance of PPRF reimbursement bonds. The Authority funds government unit loans below $10 million with PPRF funds on hand and simultaneously funds loans in excess of $10 million with bonds sales.

Inclusive of projected governmental unit pledged revenues and the PPRF's share of the state's GGRT collections for fiscal 2016, senior lien debt service coverage is projected at 1.37 times for fiscal 2017. Coverage for the senior lien debt service is projected to remain in excess of 1.34 times through final maturity in 2046. Senior lien debt service coverage using only loan repayments results in narrower coverage of 1.09 times for fiscal 2017. Fiscal 2017 default tolerance for the senior lien is extremely high at 34.2% when including GGRT revenues, but is still a satisfactory 8% without it. Projected subordinate lien coverage, inclusive of projected flow through from the senior obligations and fiscal 2016 GGRT collections is a solid 2 times for fiscal 2017. Excluding flow through revenues, subordinate lien coverage is projected at 1.05 times. Default tolerance on the subordinate lien is very high at 95.2% given the large amount of flow-through revenues from the senior lien, and a much weaker 4.8% when excluding them.

Exhibit 3

Solid Senior and Subordinate Coverage Projected For Next 10 Years

Fiscal Year	FY 2016 GGRT Revenues	SEN Lien Borrower Payments	Total SEN Lien Revenues	SEN Lien Debt Service	Estimated SEN Lien Coverage	Flow Thru Funds to SUB Lien	SUB Lien Borrower Payments	Total SUB Lien Revenues	SUB Lien Debt Service	Estimated SUB Lien Coverage
2017	$ 28.1	$ 107.4	$ 135.5	$ 98.8	**1.37**	$ 36.8	$ 40.7	$ 77.5	$ 38.7	**2.00**
2018	$ 28.1	$ 108.1	$ 136.2	$ 98.0	**1.39**	$ 38.2	$ 40.6	$ 78.8	$ 37.7	**2.09**
2019	$ 28.1	$ 105.7	$ 133.8	$ 99.2	**1.35**	$ 34.6	$ 42.7	$ 77.3	$ 39.3	**1.97**
2020	$ 28.1	$ 104.2	$ 132.4	$ 95.8	**1.38**	$ 36.6	$ 32.6	$ 69.2	$ 31.9	**2.17**
2021	$ 28.1	$ 99.2	$ 127.3	$ 95.1	**1.34**	$ 32.2	$ 34.6	$ 66.8	$ 33.5	**1.99**
2022	$ 28.1	$ 91.9	$ 120.1	$ 87.6	**1.37**	$ 32.4	$ 30.6	$ 63.0	$ 27.9	**2.26**
2023	$ 28.1	$ 86.9	$ 115.0	$ 80.6	**1.43**	$ 34.4	$ 31.6	$ 66.1	$ 31.5	**2.10**
2024	$ 28.1	$ 78.2	$ 106.3	$ 72.5	**1.47**	$ 33.8	$ 29.4	$ 63.2	$ 28.4	**2.23**
2025	$ 28.1	$ 75.1	$ 103.3	$ 69.1	**1.50**	$ 34.2	$ 25.5	$ 59.7	$ 24.5	**2.44**
2026	$ 28.1	$ 66.1	$ 94.2	$ 62.1	**1.52**	$ 32.1	$ 15.5	$ 47.6	$ 14.7	**3.23**

$ millions; Fiscal 2016 GGRT revenues held at a constant level

Source: New Mexico Finance Authority, NM

LIQUIDITY

In 2007, the authority began a contingent liquidity reserve as an enhancement to the overall pool. In 2011, the board legally designated $23.2 million of that money for a senior lien common debt service reserve that is currently $30.4 million. At the current level, the common debt service reserve is over-funded by approximately $4.7 million based on the policy driven formula. In addition to the common debt service reserve, the governmental unit debt service reserves provide additional liquidity. Loan agreements in excess of $250,000 with borrowers pledging enterprise system revenues that have credit quality below the 'A' category 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 $39.1 million and $21.4 million, respectively.

Additionally, the authority has an additional $30.4 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. The contingent liquidity account is now capped at the amount of the common debt service reserve after a debt management policy change in November 2015. The Authority also 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 was utilized over the last couple years to address the authority's short term funding needs. Any outstanding balances are paid-off through the subsequent PPRF debt issuances.

Legal Framework, Covenants and Debt Structure

The PPRF additional bonds test requires that a) the Authority deliver a Cash Flow Statement to the Trustee which takes into account the additional indebtedness, b) all prior payments required to be made into the Bond Fund have been paid in full, c) additional bond proceeds are for refunding or additional loans, grants or to purchase securities (including reserve requirements), and d) no events of default have occurred. Borrowers are required to fund debt service on loans at least 5 days in advance of when it is due. The trustee covers insufficiencies in any borrower's account within the Debt Service Fund as of 5 days prior to the due date by transferring available funds in the related Agreement Reserve Account. Borrowers intending to prepay a loan are required to notify the Trustee forty-five days in advance of the prepayment date.

DEBT STRUCTURE

Inclusive of the current sale, outstanding senior lien debt amounts to $909.3 million and the subordinate lien has roughly $273.7 million outstanding. Both the senior and subordinate lien debt service schedules have a descending trend with all debt maturing by fiscal 2046 and 2035, respectively.

DEBT-RELATED DERIVATIVES

The Authority is not party to any variable rate debt or interest rate derivatives.

Management and Governance

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 loan's final maturity.

The NMFA's lending criteria are strong and the Authority does not approve all loan 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 Aa1 and Aa2 ratings. PPRF loans are usually on 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 $10 million) to individual governmental unit borrowers on an as-needed-basis and subsequently reimburses the PPRF with bond proceeds.

The board is composed of 11 members who serve as the governing body of the NMFA. Six of the members are ex-officio members designated in the Act and five members are appointed by the Governor with the advice and consent of the State Senate. One of the appointed members must be the chief financial officer of a State higher educational institution. The remaining four appointed members must be residents of the State. The six ex officio members with voting privileges include four cabinet-level secretaries, each of whom are appointed by the Governor (the Secretary of Finance and Administration, the Secretary of Economic Development, the Secretary of Energy, Minerals and Natural Resources, and the Secretary of Environment), and two are chief executive directors of State-wide associations (the Executive Director of the New Mexico Municipal League and the Executive Director of the New MexicoAssociation of Counties).

Legal Security

The bonds are secured by and payable solely from the special revenues and funds of the Authority pledged under the Indenture, including: moneys from the repayment by governmental borrowers of loans made, certain Governmental Gross Receipts Tax revenues, and additional revenues received by the authority that are designated as funds pledged by the Indenture.

Use of Proceeds

The Series 2016E bonds will be used to reimburse 13 loans previously made from PPRF resources. Proceeds will also be used to refund the Series 2006B bonds to achieve debt service savings. The refunding will also shorten the maturity of the original Series 2006B bonds by ten years, which will generate additional borrowing capacity past 2026.

Obligor Profile

The NMFA is a public body politic and corporate, separate and apart from the State, constituting a governmental instrumentality of the State. The Finance Authority was created in 1992 pursuant to the Act to coordinate the planning and financing of State and local public projects, to provide for long-term planning and assessment of State and local capital needs and to improve cooperation among the executive and legislative branches of State government and local governments in financing public projects. The Authority is comprised of 11 members who also constitute the Finance Authority's board of directors and currently employs 39 people.

Methodology

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

Ratings

Exhibit 4

New Mexico Finance Authority

Issue	Rating
Senior Lien Public Project Revolving Fund Revenue and Refunding Bonds - Series 2016E	Aa1
Rating Type	Underlying LT
Sale Amount	$40,315,000
Expected Sale Date	09/21/2016
Rating Description	Revenue: Pool

Source: Moody's Investors Service

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