NEW ISSUE – BOOK-ENTRY ONLY

Ratings: S & P "AAA"
Moody's "Aa1"
(See "RATINGS" herein.)

In the opinion of Sherman & Howard L.L.C., Bond Counsel to the Finance Authority, assuming continuous compliance with certain covenants described herein, interest on the Series 2015B Bonds is excluded from gross income under federal income tax laws pursuant to Section 103 of the Internal Revenue Code of 1986, as amended to the date of delivery of the Series 2015B Bonds (the "Tax Code"), and interest on the Series 2015B Bonds is excluded from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code except that such interest is required to be included in calculating the "adjusted current earnings" adjustment applicable to corporations for purposes of computing the alternative minimum taxable income of corporations. Interest on the Series 2015B Bonds is exempt from taxation by the State of New Mexico, except for estate or gift taxes and taxes on transfers. See "TAX MATTERS."

New Mexico FINANCE AUTHORITY

$45,325,000
SENIOR LIEN PUBLIC PROJECT
REVOLVING FUND REVENUE BONDS, SERIES 2015B

Dated: Date of Initial Delivery **Due: June 1, as shown on inside front cover**

The New Mexico Finance Authority Senior Lien Public Project Revolving Fund Revenue Bonds, Series 2015B (the "Series 2015B Bonds") are being issued as fully-registered bonds in denominations of $5,000 or any integral multiple of $5,000. The Depository Trust Company will act as securities depository of the Series 2015B Bonds through its nominee, Cede & Co. One fully registered bond in a denomination equal to the principal amount of each maturity of each series of the Series 2015B Bonds will be registered in the name of Cede & Co. Individual purchases of Series 2015B Bonds will be made in book-entry form only, and beneficial owners of the Series 2015B Bonds will not receive physical delivery of bond certificates, except as described in this Official Statement. Upon receipt of payments of principal and interest, DTC will remit such payments to DTC participants for subsequent disbursement to the beneficial owners of the Series 2015B Bonds.

The Series 2015B Bonds will be issued under and secured by the General Indenture. Interest on the Series 2015B Bonds accrues from the date of initial delivery of the Series 2015B Bonds and is payable on June 1 and December 1 of each year, commencing December 1, 2015. Principal of the Series 2015B Bonds is payable on the dates, and interest is payable at the rates, shown on the Maturity Schedule on the inside front cover.

SEE MATURITY SCHEDULE ON INSIDE FRONT COVER

The Series 2015B Bonds are subject to optional and mandatory sinking fund redemption prior to maturity.

Proceeds of the Series 2015B Bonds will be used by the Finance Authority for the purposes of (i) originating Loans to or purchasing Securities from or reimbursing the Finance Authority for moneys used to originate Loans to or purchase Securities from certain governmental entities that will be or were used to finance or refinance certain Projects for such governmental entities, (ii) paying amounts owing under a line of credit, and (iii) paying costs incurred in connection with the issuance of the Series 2015B Bonds. The principal of and premium, if any, and interest on the Series 2015B Bonds and additional bonds issued or to be issued are payable solely from and secured solely by the Trust Estate. The Finance Authority has issued or incurred and expects to issue or incur parity bonds and other obligations pursuant to the Indenture.

The Series 2015B Bonds are special limited obligations of the Finance Authority, payable, together with additional bonds issued or to be issued, solely from and secured solely by the Trust Estate. The Series 2015B Bonds will not constitute or create a general obligation or other indebtedness of the State of New Mexico, the Finance Authority or any Governmental Unit within the meaning of any constitutional or statutory debt limitation. No provision of the Series 2015B Bonds will be construed or interpreted as a donation by or lending of the credit of the Finance Authority, the State or any Governmental Unit within the meaning of the Constitution of the State. THE FINANCE AUTHORITY HAS NO TAXING POWERS. The Series 2015B Bonds do not constitute or give rise to personal liability on the part of the members, directors or officers of the Finance Authority. No breach of any pledge, obligation or agreement of the Finance Authority will impose a pecuniary liability or a charge upon the general credit of the State, the Finance Authority or any political subdivision of the State, or upon the taxing power of the State or any political subdivision of the State.

The Series 2015B Bonds were sold to the successful bidder (the "Purchaser") pursuant to a competitive bidding process held on May 28, 2015.

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

Certain legal matters concerning the legality of the Series 2015B Bonds will be passed on by Sherman & Howard L.L.C., Denver, Colorado, Bond Counsel to the Finance Authority. Certain legal matters will be passed upon by the General Counsel of the Finance Authority. Certain matters relating to disclosure will be passed upon by Ballard Spahr LLP, Salt Lake City, Utah, Disclosure Counsel to the Finance Authority. Western Financial Group, LLC has acted as municipal advisor to the Finance Authority in connection with the issuance of Series 2015B Bonds. It is expected that a single certificate for each maturity of each series of the Series 2015B Bonds will be delivered to DTC or its agent on or about June 10, 2015.

This Official Statement is dated May 28, 2015, and the information contained herein speaks only as of that date.

NEW MEXICO FINANCE AUTHORITY

$45,325,000 SENIOR LIEN PUBLIC PROJECT REVOLVING FUND REVENUE BONDS, SERIES 2015B

MATURITY SCHEDULE

Year (June 1)	Principal Amount	Interest Rate	Yield	CUSIP Number†
2016	$2,730,000	5.00%	0.30%	64711N XR1
2017	2,690,000	5.00	0.70	64711N XS9
2018	2,665,000	5.00	1.10	64711N XT7
2019	2,680,000	5.00	1.36	64711N XU4
2020	2,740,000	5.00	1.60	64711N XV2
2021	2,445,000	5.00	1.85	64711N XW0
2022	2,590,000	2.25	2.06	64711N XX8
2023	1,960,000	5.00	2.15	64711N XY6
2024	2,010,000	5.00	2.30	64711N XZ3
2025	2,375,000	5.00	2.42	64711N YA7
2026	2,245,000	3.00	2.55c	64711N YB5
2027	1,575,000	3.00	2.75c	64711N YC3
2028	1,345,000	3.00	2.95c	64711N YD1
2029	1,185,000	4.00	3.19c	64711N YE9
2030	1,240,000	4.00	3.27c	64711N YF6
2031	1,295,000	4.00	3.33c	64711N YG4
2032	1,350,000	4.00	3.38c	64711N YH2
2033	1,410,000	4.00	3.42c	64711N YN9
2034	1,250,000	4.00	3.46c	64711N YJ8
2035	940,000	4.00	3.50c	64711N YP4
2036	560,000	4.00	3.54c	64711N YK5
2037	585,000	4.00	3.57c	64711N YQ2

$1,245,000 3.75% Term Bond Due June 1, 2039; Price 98.504%; CUSIP 64711N YL3

$4,215,000 4.00% Term Bond Due June 1, 2045; Price 101.563% c; CUSIP 64711N YM1

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c Yield or price to par call on June 1, 2025.

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† The above referenced CUSIP numbers have been assigned by an independent company not affiliated with the parties to this bond transaction and are included solely for the convenience of the holders of the Series 2015B Bonds. None of the Finance Authority, the Trustee, or the Municipal Advisor, is responsible for the selection or uses of such CUSIP numbers, and no representation is made as to their correctness on the Series 2015B Bonds or as indicated above. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Series 2015B Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities.

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

No dealer, broker, salesman or any other person has been authorized by the Finance Authority or the Underwriters to give any information or to make any representations, other than those contained in this Official Statement, in connection with the offering contained herein, and, if given or made, such information or representations must not be relied upon. This Official Statement does not constitute an offer to sell or solicitation of an offer to buy nor shall there be any sale of the Series 2015B Bonds by any person in any jurisdiction in which it is unlawful for such offer, solicitation or sale.

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

The yields or prices at which the Series 2015B Bonds are offered to the public may vary from the initial reoffering yields or prices shown on the inside front cover page of this Official Statement. In connection with this offering, the winning bidder of the Series 2015B Bonds may engage in transactions that stabilize, maintain or otherwise affect market yields or prices of the Series 2015B Bonds. Such transactions, if commenced, may be discontinued at any time.

The Finance Authority maintains a website; however, the information presented there is not a part of this Official Statement and should not be relied upon in making an investment decision with respect to the Series 2015B Bonds.

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

THE SERIES 2015B BONDS WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR ANY STATE SECURITIES LAW AND WILL NOT BE LISTED ON ANY STOCK OR OTHER SECURITIES EXCHANGE. THE SERIES 2015B BONDS HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION, NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

NEW MEXICO FINANCE AUTHORITY

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Members
John E. McDermott, Chair
William F. Fulginiti, Vice Chair
David Martin, Secretary
Katherine Ulibarri, Treasurer
Jon Barela
Tom Clifford
Blake Curtis
Ryan Flynn
Jerry L. Jones
Steve Kopelman
Terry White

Chief Executive Officer
Robert P. Coalter

Finance Authority General Counsel
Daniel C. Opperman

Municipal Advisor
Western Financial Group, LLC
Portland, Oregon

Bond Counsel
Sherman & Howard L.L.C.
Denver, Colorado

Disclosure Counsel
Ballard Spahr LLP
Salt Lake City, Utah

Trustee, Registrar and Paying Agent
BOKF, NA dba Bank of Albuquerque
Albuquerque, New Mexico

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OFFICIAL STATEMENT

RELATING TO

NEW MEXICO FINANCE AUTHORITY

$45,325,000
SENIOR LIEN PUBLIC PROJECT
REVOLVING FUND REVENUE BONDS, SERIES 2015B

INTRODUCTION

This Official Statement, which includes the cover page, the inside front cover page, and appendices, provides information in connection with the offer and sale of the $45,325,000 Senior Lien Public Project Revolving Fund Revenue Bonds, Series 2015B (the "Series 2015B Bonds") being issued by the New Mexico Finance Authority (the "Finance Authority" or the "NMFA"). The Series 2015B Bonds, together with additional bonds the Finance Authority has issued or may issue in parity with them, are collectively referred to in this Official Statement as the "Bonds." Capitalized terms used and not defined in the main body of this Official Statement have the meanings specified in the General Indenture of Trust and Pledge, dated as of June 1, 1995, as previously amended and supplemented (the "General Indenture"), and as further amended and supplemented by the Eighty-Seventh Supplemental Indenture of Trust, dated as of June 1, 2015 (the "Eighty-Seventh Supplemental Indenture" and together with the General Indenture, the "Indenture"), all between the Finance Authority and BOKF, NA dba Bank of Albuquerque, Albuquerque, New Mexico, as trustee (the "Trustee"), and are presented under the caption "Certain Definitions" in "APPENDIX B—EXTRACTS OF CERTAIN PROVISIONS OF THE INDENTURE."

New Mexico Finance Authority

The Finance Authority, established by the legislature of the State of New Mexico (the "State") in 1992, is a governmental instrumentality separate and apart from the State created to coordinate the planning and financing of State and local public projects. For additional information concerning the Finance Authority, see "NEW MEXICO FINANCE AUTHORITY" and the Finance Authority's financial statements for the fiscal year ended June 30, 2014 included as APPENDIX A hereto. See "FINANCIAL STATEMENTS" herein.

Authority and Purpose

The Series 2015B Bonds are being issued under the authority of and pursuant to the laws of the State, including particularly the New Mexico Finance Authority Act, Section 6-21-1 et seq., NMSA 1978, as amended (the "Act"), and the Indenture. For a description of the Public Project Revolving Fund Program, see "NEW MEXICO FINANCE AUTHORITY—The Public Project Revolving Fund Program."

Proceeds from the sale of the Series 2015B Bonds will be used by the Finance Authority for the purposes of (i) originating Loans to or purchasing Securities from or reimbursing the Finance Authority for moneys used to originate Loans to or purchase Securities from certain governmental units that will be or were used to finance or refinance certain Projects for such governmental units, (ii) paying amounts owing under a line of credit, and (iii) paying costs incurred in connection with the issuance of the Series 2015B Bonds. See "THE PLAN OF FINANCING" for more information with respect to the sources and uses of proceeds of the Series 2015B Bonds and "APPENDIX F" for a list of the Governmental Units and the amount of the Loans to be financed with the proceeds of the Series 2015B Bonds. Such Governmental Units whose Loans are being financed with proceeds of the Series 2015B Bonds are sometimes referred to herein as the "2015B Governmental Units."

Parity Obligations

Bonds with a lien on the Trust Estate on a parity with the lien of the Series 2015B Bonds have been issued and may be issued to provide loans to Governmental Units, to reimburse the Public Project Revolving Fund for loans made to Governmental Units, and to purchase Securities from Governmental Units. For a description of the parity Bonds currently outstanding (the "Outstanding Parity Bonds"), see "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Outstanding Parity Bonds."

Subordinate Obligations

Obligations with a subordinate lien on the revenues from the NMFA Portion of the Governmental Gross Receipts Tax (as defined below) and Revenues from Additional Pledged Loans released from the lien of the Indenture have been issued and may be issued to provide loans to Governmental Units, to reimburse the Public Project Revolving Fund for loans made to Governmental Units, to purchase securities from Governmental Units and to retire borrowings incurred in anticipation of the issuance of such subordinate obligations. For a description of the subordinate obligations currently outstanding, see "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Outstanding Subordinate Lien Bonds."

The Series 2015B Bonds

The Series 2015B Bonds will be dated the date of their initial delivery. Interest on the Series 2015B Bonds is payable on June 1 and December 1 of each year, commencing December 1, 2015. The Series 2015B Bonds will mature on the dates and in the amounts and will bear interest at the rates shown on the inside front cover of this Official Statement. The Series 2015B Bonds are issuable in denominations of $5,000 or integral multiples of $5,000.

Individual purchases will be made in book-entry only form, and purchasers of the Series 2015B Bonds will not receive physical delivery of bond certificates except as more fully described in "APPENDIX E—BOOK-ENTRY ONLY SYSTEM." Payments of principal of and interest on the Series 2015B Bonds will be made directly to The Depository Trust Company ("DTC") or its nominee, Cede & Co., by the Paying Agent, so long as DTC or Cede & Co. is the sole registered owner. Upon receipt of such payments, DTC is to remit such payments to the DTC Participants (as defined below) for subsequent disbursement to the beneficial owners of the Series 2015B Bonds, all as more fully described in APPENDIX E. In reading this Official Statement, it should be understood that while the Series 2015B Bonds are in book-entry only form, references in other sections of this Official Statement to Owners should be read to include the person for whom the Participants and Indirect Participants acquire an interest in the Series 2015B Bonds, but (1) all rights of ownership must be exercised through DTC and the book-entry only system as described in APPENDIX E, and (2) except as otherwise provided in the Indenture, notices that are to be given to Owners by the Finance Authority, the Trustee, the Registrar or the Paying Agent will be given only to DTC.

Redemption

The Series 2015B Bonds are subject to optional and mandatory sinking fund redemption prior to maturity. See "THE SERIES 2015B BONDS—Redemption."

Security and Sources of Payment for the Bonds

Trust Estate. The Bonds, including the Series 2015B Bonds, are special limited obligations of the Finance Authority secured by and payable solely from the Trust Estate, which includes the Revenues described below and certain funds and accounts created and maintained pursuant to the Indenture. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Trust Estate" herein.

The Bonds do not constitute or create a general obligation or other indebtedness of the State, the Finance Authority or any Governmental Unit within the meaning of any constitutional or statutory debt limitation. THE FINANCE AUTHORITY HAS NO TAXING POWERS. No provision of the Series 2015B Bonds will be construed or interpreted as a donation or lending of the credit of the Finance Authority, the State, or any Governmental Unit within the meaning of the Constitution of the State. The principal of and interest and premium, if any, on the Series 2015B Bonds do not constitute or give rise to a personal liability on the part of the members, directors and officers of the Finance Authority. No breach of any pledge, obligation or agreement of the Finance Authority will impose a pecuniary liability or a charge upon the

general credit of the State, the Finance Authority or any political subdivision of the State, or upon the taxing power of the State or any political subdivision of the State.

Common Debt Service Reserve Fund. The Finance Authority has established a Common Debt Service Reserve Fund under the Indenture to secure payment of debt service on any Bonds issued under the Indenture. The Common Debt Service Reserve Fund was initially funded on January 14, 2011, and as of April 1, 2015, the Common Debt Service Reserve Fund was funded in the amount of approximately $30,255,720. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Flow of Funds—Common Debt Service Reserve Fund."

Additional Bonds. The Finance Authority maintains an ongoing program to provide Loans and to purchase Securities from Governmental Units and expects to finance certain of those activities with the issuance of Additional Bonds in parity with the Series 2015B Bonds. The Finance Authority must satisfy certain requirements set forth in the Indenture to issue such Additional Bonds. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Additional Bonds." The timing, amount and such other details of such Additional Bonds are not known as of the date of this Official Statement.

Continuing Disclosure Undertaking

The Finance Authority has undertaken for the benefit of the Series 2015B Bond Owners that, so long as the Series 2015B Bonds remain outstanding, the Finance Authority will provide certain annual financial information, operating data and audited financial statements with respect to the Finance Authority and each Governmental Unit expected by the Finance Authority to have loan repayment obligations in the then-current fiscal year constituting more than twenty percent (20%) of the estimated Revenues in the then-current fiscal year to the Municipal Securities Rulemaking Board (the "MSRB") in an electronic format prescribed by the MSRB and notice of certain material events to the MSRB in an electronic format prescribed by the MSRB in accordance with Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended (the "Rule"). The provisions of the Continuing Disclosure Undertaking may be amended under certain circumstances. See "CONTINUING DISCLOSURE UNDERTAKING" herein.

Tax Considerations

In the opinion of Sherman & Howard L.L.C., Bond Counsel to the Finance Authority, assuming continuous compliance with certain covenants described herein, interest on the Series 2015B Bonds is excluded from gross income under federal income tax laws pursuant to Section 103 of the Internal Revenue Code of 1986, as amended to the date of delivery of the Series 2015B Bonds (the "Tax Code"), and interest on the Series 2015B Bonds is excluded from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code except that such interest is required to be included in calculating the "adjusted current earnings" adjustment applicable to corporations for purposes of computing the alternative minimum taxable income of corporations. Interest on the Series 2015B Bonds is included in gross income for federal income tax purposes, and interest on the Series 2015B Bonds is exempt from taxation by the State of New Mexico, except for estate or gift taxes and taxes on transfers. See "TAX MATTERS."

Professionals Involved in the Offering

At the time of the issuance and sale of the Series 2015B Bonds, Sherman & Howard L.L.C., Denver, Colorado, as Bond Counsel to the Finance Authority, will deliver its opinion in the form included in APPENDIX D. Certain legal matters will be passed upon for the Finance Authority by its General Counsel. Certain matters relating to disclosure will be passed upon by Ballard Spahr LLP, Salt Lake City, Utah, Disclosure Counsel to the Finance Authority. Western Financial Group, LLC, Portland, Oregon has acted as municipal advisor to the Finance Authority (the "Municipal Advisor") in connection with its issuance of the Series 2015B Bonds. See "MUNICIPAL ADVISOR."

The Finance Authority's audited financial statements for the fiscal year ended June 30, 2014, included in APPENDIX A, have been audited by REDW, LLC, Certified Public Accountants, Albuquerque, New Mexico. See also "FINANCIAL STATEMENTS."

Offering, Sale and Delivery of the Series 2015B Bonds

The Series 2015B Bonds are offered when, as and if issued, subject to approval as to their legality by Bond Counsel and the satisfaction of certain other conditions. It is anticipated that a single certificate for each maturity of the Series 2015B Bonds will be delivered to DTC or its agent on or about June 10, 2015. The Series 2015B Bonds were sold to Morgan Stanley & Co. LLC (the "Purchaser") pursuant to a competitive bidding process held on May 28, 2015.

Changes from Preliminary Official Statement

Information in the Preliminary Official Statement relating to the Series 2015B Bonds dated May 13, 2015, relating to (i) the estimated contribution by the Finance Authority to the Local Economic Development Act discussed in the last paragraph under "SECURITY AND SOURCES OF PAYMENTS FOR THE BONDS–Flow of Funds–Revenue Fund"; (ii) the estimated amount of the Additional Bonds and Subordinate Lien Bonds to be issued by the Finance Authority in the next year discussed under "SECURITY AND SOURCES OF PAYMENTS FOR THE BONDS–Additional Bonds"; and (iii) the outstanding balance of the Series 2005F Subordinate Lien Bonds shown in the table under "SECURITY AND SOURCES OF PAYMENTS FOR THE BONDS–Outstanding Subordinate Lien Bonds" has been updated in this Official Statement.

Other Information

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

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the Finance Authority and any purchaser or holder of Series 2015B Bonds.

THE SERIES 2015B BONDS

General

The Series 2015B Bonds will be dated the date of their initial delivery and interest will accrue on the Series 2015B Bonds from such date at the rates presented on the inside front cover page of this Official Statement (calculated on the basis of a 360-day year consisting of twelve 30-day months), and is payable on June 1 and December 1 of each year, commencing December 1, 2015. The Series 2015B Bonds will be issued in the aggregate principal amounts and will mature on the dates and in the amounts shown on the inside front cover. The Series 2015B Bonds are issuable in denominations of $5,000 or integral multiples of $5,000 (the "Authorized Denominations").

Book-Entry Only System

DTC will act as securities depository for all of the Series 2015B Bonds through its nominee, Cede & Co. One fully-registered bond in a denomination equal to the principal amount and maturity of each series of the Series 2015B Bonds will be registered in the name of Cede & Co. Individual purchases of Series 2015B Bonds will be made in book-entry only form, and beneficial owners of the Series 2015B Bonds will not receive physical delivery of bond certificates, except as described in APPENDIX E. Upon receipt of payments of principal and interest, DTC will remit such payment to DTC participants for subsequent disbursement to the beneficial owners of the Series 2015B Bonds. For a more complete description of the book-entry only system, see "APPENDIX E—BOOK-ENTRY ONLY SYSTEM" herein.

Redemption

Optional Redemption. The Series 2015B Bonds maturing on and after June 1, 2026, are subject to optional redemption at any time on and after June 1, 2025, in whole or in part, in such order of maturity as may be selected by the Finance Authority and by lot within each maturity within each Series (if in part, in integral multiples of $5,000), at the option of the Finance Authority, upon notice as provided in the General Indenture and at the redemption price of 100% of the principal amount of the Series 2015B Bonds to be redeemed, but without premium, plus interest accrued to the redemption date.

Mandatory Sinking Fund Redemption. The Series 2015B Bonds maturing on June 1, 2039 are subject to mandatory sinking fund redemption on each of the dates set forth below, at a price equal to one hundred percent (100%) of the principal amount of each Series 2015B Bond so redeemed and accrued interest to the redemption date, in the following respective principal amounts:

Redemption Dates (June 1)	Principal to be Redeemed
2038	$610,000
2039†	635,000

† Final Maturity

The Series 2015B Bonds maturing on June 1, 2045 are subject to mandatory sinking fund redemption on each of the dates set forth below, at a price equal to one hundred percent (100%) of the principal amount of each Series 2015B Bond so redeemed and accrued interest to the redemption date, in the following respective principal amounts:

Redemption Dates (June 1)	Principal to be Redeemed
2040	$655,000
2041	685,000
2042	715,000
2043	740,000
2044	770,000
2045†	650,000

† Final Maturity

If less than all of the Series 2015B Bonds maturing on June 1, 2039 or June 1, 2045 are redeemed in a manner other than pursuant to a mandatory sinking fund redemption, the principal amount so redeemed will be credited toward a part or all of any one or more of any mandatory sinking fund payments for such Series 2015B Bonds, in such order as may be directed by the Finance Authority.

Notice of Redemption. In the event any of the Series 2015B Bonds are to be redeemed, notice of such redemption is to be mailed by first class mail, postage prepaid, to all Registered Owners of Series 2015B Bonds to be redeemed at their addresses as they appear on the registration books of the Registrar at least 30 days, but not more than 60 days, prior to the redemption date.

In addition, further notice of any redemption of Series 2015B Bonds is to be given by the Trustee at least two Business Days in advance of the mailed notice to Registered Owners, by registered or certified mail or overnight delivery service, to all registered securities depositories then in the business of holding substantial amounts (as reasonably determined by the Trustee) of obligations of types comprising the Series 2015B Bonds and to at least two national information services that disseminate notices of redemption of obligations such as the Series 2015B Bonds. Failure to give all or any portion of such further notice will not in any manner defeat the effectiveness of a call for redemption.

If at the time of mailing of any notice of redemption there are not on deposit with the Trustee moneys sufficient to redeem all the Series 2015B Bonds called for redemption, such notice is to state that such redemption is subject to the deposit of the redemption moneys with the Trustee not later than the redemption date and that such notice will be of no effect unless such moneys are so deposited.

A second notice of redemption is to be given, not later than 90 days subsequent to the redemption date, to Registered Owners of Series 2015B Bonds or portions thereof redeemed but who failed to deliver Series 2015B Bonds for redemption prior to the 60th day following such redemption date. Any notice mailed will be conclusively presumed to have been duly given, whether or not the owner of such Series 2015B Bonds receives the notice. Receipt of such notice is not a condition precedent to such redemption and failure so to receive any such notice by any of such Registered Owners will not affect the validity of the proceedings for the redemption of the Series 2015B Bonds.

Partially Redeemed Bonds. In case any Series 2015B Bond is redeemed in part, upon the presentation of such Series 2015B Bond for such partial redemption, the Finance Authority will execute and the Trustee will authenticate and deliver or cause to be delivered to or upon the written order of the Registered Owner thereof, at the expense of the Finance Authority, a Series 2015B Bond or Series 2015B Bonds of the same series, interest rate and maturity and in an aggregate principal amount equal to the unredeemed portion of such Series 2015B Bond. A portion of any Series 2015B Bond of a denomination of more than $5,000 to be redeemed will be in the principal amount of $5,000 or an integral multiple of $5,000 and, in selecting portions of such Series 2015B Bonds for redemption, the Trustee will treat each such Series 2015B Bond as representing that number of Series 2015B Bonds of $5,000 denomination which is obtained by dividing the principal amount of such Series 2015B Bonds by $5,000.

Defeasance

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

SECURITY AND SOURCES OF PAYMENT FOR THE BONDS

Special Limited Obligations

The Bonds, including the Series 2015B Bonds, are special limited obligations of the Finance Authority payable solely from the Trust Estate. The Series 2015B Bonds do not constitute nor create a general obligation or other indebtedness of the State, the Finance Authority or any Governmental Unit within the meaning of any constitutional or statutory debt limitation. THE FINANCE AUTHORITY HAS NO TAXING POWERS. No provision of the Series 2015B Bonds will be construed or interpreted as a donation by or lending of the credit of the Finance Authority, the State or any Governmental Unit within the meaning of the Constitution of the State. The principal of and interest and premium, if any, on the Series 2015B Bonds do not constitute or give rise to a personal liability on the part of the members, directors and officers of the Finance Authority. No breach of any pledge, obligation or agreement of the Finance Authority will impose a pecuniary liability or a charge upon the general credit of the State, the Finance Authority or any political subdivision of the State, or upon the taxing power of the State or any political subdivision of the State.

Trust Estate

In the Indenture, the Finance Authority pledges and assigns the Trust Estate for the equal and ratable payment of the Bonds. The Trust Estate includes (i) Agreement Revenues (as defined below) and amounts in the Agreement Reserve Accounts subject to the uses provided for in the Indenture and described herein, (ii) Additional Pledged Loans, (iii) revenues received by the Finance Authority from the allocation of the NMFA Portion of the Governmental Gross Receipts Tax, and (iv) other amounts in certain funds and accounts created and maintained pursuant to the Indenture, all as more fully described below.

Agreement Revenues. The Agreements consist of Loan Agreements and Securities executed and delivered by Governmental Units in consideration for the financing of all or a portion of their respective projects by the Finance Authority. Under each Loan Agreement or issue of Securities, the respective Governmental Unit pledges to the Finance Authority for payment of all amounts due under their respective Agreements (i) revenues of specific enterprise systems or revenues attributable to certain taxes (the “Agreement Revenues” or, as defined in the Indenture, the “Agreement Pledged Revenues”) and (ii) moneys in certain funds and accounts held by the Trustee. Each Governmental Unit executing a Loan Agreement or issuing Securities agrees to pay principal of and interest on its Loan promptly from its Agreement Revenues and to continue such payments until its Loan is paid in full. Each Governmental Unit that has entered into a Loan Agreement or has issued Securities has pledged specific Agreement Revenues to the repayment of its Loan. It should be noted that each Governmental Unit that has entered into an Agreement with the Finance Authority has the ability to incur additional obligations that may be secured on a parity basis with the Agreement Revenues as long as certain conditions are satisfied. See APPENDIX F for a list of the 2015B Governmental Units and the allocable portions of the Loans financed with the Series 2015B Bonds. Also, please see APPENDIX F for information relating to the largest repayment obligations. A Governmental Unit is not required to make up any Loan Payment not paid in full by another Governmental Unit or to make up any insufficiency in any other source of revenues.

The following table lists the various types of revenues from which Agreement Revenues are derived based upon scheduled payments in fiscal year 2015-2016. The table also lists the amounts of those revenues and the percentage of the total Agreement Revenues of those revenues.

Type of Revenue	FY 2015-2016 Amounts	% of Total Agreement Revenues
Gross Receipts Tax	$31,136,183	30.65%
Enterprise System Revenues	24,292,663	23.92
General Obligation (ad valorem taxes)	16,128,622	15.88
Local Special Tax	13,331,777	13.12
State Gross Receipts Tax	6,768,057	6.66
Fire Protection Funds	4,392,511	4.32
Special Assessments	2,718,554	2.68
Governmental Gross Receipts Tax State	2,503,153	2.46
Mill Levy	164,713	0.16
Law Enforcement Protection Funds	139,275	0.14
Total	$101,575,508	100.00%

Note: Totals may not add due to rounding. Assumes that the Loans funded with proceeds of the Series 2015B Bonds are executed and delivered.

(Source: The Finance Authority.)

The following table lists the ten Governmental Units that have Agreements with the same revenue pledge from the respective Governmental Unit that, based on scheduled payments in fiscal year 2015-2016 and assuming no further prepayments of any Agreements, are expected to generate the largest amount of Agreement Revenues in fiscal year 2015-2016. The Agreement Revenues generated from such Agreements account for 38.87% of projected Agreement Revenues for fiscal year 2015-2016.

AGREEMENTS EXPECTED TO GENERATE THE LARGEST AGREEMENT REVENUES[1]

Borrower	FY 2015-2016 Debt Service	% of Total Pledged Agreement Revenues[1]
City of Albuquerque (Enterprise System Revenue)	$7,034,161	6.92%
General Services Department	6,413,090	6.31
New Mexico Spaceport	5,646,443	5.56
Albuquerque Bernalillo County Water Utility Authority	5,477,231	5.39
Farmington Schools	3,886,865	3.83
City of Albuquerque (Gross Receipts Tax)	3,287,872	3.24
City of Santa Fe (Gross Receipts Tax)	2,974,394	2.93
Jicarilla Apache Nation	2,373,192	2.34
Energy, Minerals, Natural Resources (Gross Receipts Tax)	2,336,168	2.30
New Mexico Highlands University[2]	2,299,638	2.26
Total	$41,729,054	41.08%

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

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

(Source: The Finance Authority.)

Although Agreement Revenues are received at various times throughout the year, they are held under the Indenture until June 1 of each year to be applied to pay debt service on the Bonds. For more information with respect to the Governmental Units with the largest repayment obligations, see "APPENDIX F—2015B GOVERNMENTAL UNITS, LARGEST REPAYMENT OBLIGATIONS."

The Finance Authority may require and has previously required the establishment and funding of an Agreement Reserve Fund in connection with certain Agreements. Amounts in a Governmental Unit's account of the Agreement Reserve Fund will be withdrawn by the Trustee and deposited into that Governmental Unit's account of the Debt Service Fund to the extent of any shortfall in payments by such Governmental Unit under its Agreement.

Additional Pledged Loans. The Finance Authority may make loans from or purchase securities with available funds in the Public Project Revolving Fund. At its option, the Finance Authority may designate such loans or securities as Additional Pledged Loans, and upon such designation, the principal and interest payments on such loans or securities become pledged by the Finance Authority to the payment of the Bonds. See "Flow of Funds" below under this caption.

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

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

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

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

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

Presented below is information from the New Mexico Taxation and Revenue Department concerning collections of the governmental gross receipts tax for the fiscal years 2008-2009 through 2013-2014 and for the ten-month period ended April 30, 2015.

GOVERNMENTAL GROSS RECEIPTS TAX COLLECTIONS
FISCAL YEARS 2009-2010 THROUGH 2013-2014

	Fiscal Year 2009-2010	Fiscal Year 2010-2011	Fiscal Year 2011-2012	Fiscal Year 2012-2013	Fiscal Year 2013-2014	10-Month Period Ended 4/30/2015
Total Net Receipts	$30,375,481	$32,872,185	$34,939,052	$36,766,258	$36,396,929	$30,060,720
NMFA Portion of the Governmental Gross Receipts Tax	$23,053,051	$24,518,214	$26,204,289	$27,451,328	$27,297,697	$22,545,540

(Source: State of New Mexico Taxation and Revenue Department.)

Data that identifies the top payers of the governmental gross receipts tax for recent fiscal years is not publicly available from the State of New Mexico Taxation and Revenue Department. Based upon data provided by individual governmental entities in the previous fiscal years, the payers of the governmental gross receipt tax whose payments accounted for at least 5% of the total net receipts from the governmental gross receipts tax were the Albuquerque Bernalillo County Water Utility Authority, the City of Albuquerque, the City of Santa Fe and the City of Las Cruces. Although the Finance Authority has not verified and does not guarantee the accuracy of such information, the Finance Authority does not have any reason to believe that the list of entities providing at least 5% of the governmental gross receipts tax has changed in any material respect in recent fiscal years.

Funds and Accounts

The Indenture creates a Revenue Fund, a Program Fund (with separate accounts for each Agreement or Project), a Bond Fund, a Debt Service Fund (with separate accounts for each Agreement), an Agreement Reserve Fund (with a separate account for each Agreement that has a reserve requirement), a Common Debt Service Reserve Fund, and an Expense Fund, all of which are part of the Trust Estate. Amounts on deposit in accounts in the Debt Service Fund and in each Agreement Reserve Account shall only secure repayment of the Loan made under the related Agreement.

Flow of Funds

Loan Payments. All Loan Payments and other amounts paid by Governmental Units pursuant to the Loan Agreements and Securities are to be paid directly to the Finance Authority on or before Loan Payment Dates for remittance to the Trustee prior to each Interest Payment Date, and the Trustee is directed to deposit all such payments immediately upon receiving them, in the following accounts and in the following priority:

First: to the Debt Service Fund in an amount required to cause the aggregate amount on deposit in that Fund to equal the amount then required to make the principal and interest payments due or to next become due with respect to the Loan;

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

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

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

On each Interest Payment Date for the Bonds, the Trustee is directed to transfer moneys in the respective Accounts of the Debt Service Fund to the Bond Fund to pay the interest on the related Bonds becoming due on such Interest Payment Date and to pay the principal of each related Bond due at maturity or by prior redemption, to the extent amounts are on deposit for such purpose. At least once each year, and more frequently if required pursuant to the provisions of a Supplemental Indenture, the Trustee must determine the amount necessary (i) to be transferred to the Bond Fund from each Debt Service Account on Interest Payment Dates for the Bonds from payments relating to a Governmental Unit's Agreement, (ii) to replenish the Governmental Unit's Account in the Agreement Reserve Fund and (iii) in certain cases, to pay the Governmental Unit's share of Program Costs for the year. The Trustee is directed to return any excess that the Trustee does not expect to be required for such payments to the related Governmental Unit or to credit such excess to the Loan Payments next coming due under the Governmental Unit's Agreement. In certain cases, any excess attributable to the difference in interest rates on the Governmental Unit's Loans and the related Bonds (including the Series 2015B Bonds) will be deposited into the Revenue Fund.

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

On the third day preceding a Loan Payment Date (or, if such third day is not a Business Day, on the next Business Day preceding such third day), if the amount on deposit in any Governmental Unit's account of the Debt Service Fund is insufficient, after applying any applicable Agreement Reserve Account or other source for the payment of Debt Service, the Trustee shall transfer the amount of such deficiency from the Common Debt Service Reserve Fund. See "Common Debt Service Reserve Fund" below under this caption.

Revenue Fund. During each Bond Fund Year, all Revenues constituting (i) receipts from the NMFA Portion of the Governmental Gross Receipts Tax, (ii) principal and interest payments from Additional Pledged Loans, and (iii) any Federally provided interest subsidies actually delivered to or for the account of the Finance Authority in relation to Bonds, including, but not limited to direct payments of the refundable interest credit (i.e., an interest subsidy) paid pursuant to Section 6431(b) of the Code in relation to "Build America Bonds" (as such term is defined in such section of the Code) are all required to be paid by the Finance Authority to the Trustee prior to each Interest Payment Date and shall be accounted for and maintained by the Trustee in the Revenue Fund. On each Interest Payment Date, the Trustee (except as otherwise provided in a Supplemental Indenture) is directed to transfer from the Revenue Fund (including any amounts in the separate account described in the next paragraph) to the Bond Fund (i) an amount equal to the principal and interest due on such Interest Payment Date on the portion of any Bonds, the proceeds of which were used to make Grants and (ii) if the amounts on deposit in the Bond Fund are insufficient for payments coming due with respect to the Bonds on such Interest Payment Date, an amount sufficient, together with amounts transferred from the Debt Service Account, to pay the principal and interest due on the Bonds on such Interest Payment Date.

At the conclusion of each Bond Fund Year, the Trustee is directed to retain in the Revenue Fund, in a separate account to be created therein (to the extent of amounts remaining in the Revenue Fund), the following:

- an amount equal to any deficiency in any account in the Agreement Reserve Fund;
- with respect to Agreements for which no Agreement Reserve Account was created in the Agreement Reserve Fund and a default in the payment of principal or interest under such Agreement has occurred and is continuing, an amount equal to the least of (i) ten percent (10%) of the proceeds of such Agreement, (ii) maximum annual debt service on such Agreement and (iii) 1.25 times average annual debt service on such Agreement; and
- with respect to Bonds issued to finance Grants and for which no other debt service reserve fund has been created, an amount equal to the least of (i) five percent (5%) of the proceeds of the Bonds issued to finance such Grant, (ii) one-half of maximum annual debt service on the Bonds issued to finance such Grants and (iii) 0.625 times average annual debt service on the Bonds issued to finance such Grant.

Pursuant to the Indenture, the Finance Authority is not required to contribute any amounts to fund the retention described in the preceding paragraph other than from amounts on deposit in the Revenue Fund at the end of each Bond Fund Year, and no default under the Indenture occurs solely by reason of any insufficiency of funds remaining in the Revenue Fund to fund such retention.

After making the foregoing deposits, at the conclusion of each Bond Fund Year, and after making the payments required by the Indenture during such Bond Fund Year, the Trustee is directed to transfer the balance on deposit in the Revenue Fund to the Finance Authority for deposit into the Subordinate Lien Revenue Fund. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Outstanding Subordinate Lien Bonds." After the moneys have been used for the purposes specified in the Subordinated Indenture (as defined below) and to make any deposits to the Common Debt Service Reserve Fund (as described below), the Finance Authority may use any remaining moneys for Public Project Revolving Fund purposes; redemption of Bonds prior to maturity by depositing the same into the Bond Fund; refinancing, refunding, purchasing or advance refunding of any Bonds; or any other lawful purpose.

The balance so transferred to the Subordinate Lien Revenue Fund is no longer pledged to the payment of debt service on the Bonds.

The Finance Authority will contribute $10.5 million of fiscal year 2015 flow-through funds towards New Mexico's Local Economic Development Act fund. Such contribution is a one-time transfer and has no effect on debt service coverage for the Bonds, as the contribution will be made after debt service requirements.

Common Debt Service Reserve Fund. The Finance Authority has established the Common Debt Service Reserve Fund under the Indenture to secure payment of debt service on any Bonds issued under the Indenture. The Common Debt Service Reserve Fund was initially funded on January 14, 2011, and, as of April 1, 2015, the Common Debt Service Reserve Fund was funded in the amount of approximately $30,255,720.

The Finance Authority shall determine, as of the end of each Bond Fund Year, the Required Common Debt Service Reserve Funding Level. The Finance Authority shall deposit the Annual Common Debt Service Reserve Deposit Amount with the Trustee in the Common Debt Service Reserve Fund within three (3) business days of receipt by the Finance Authority of the disbursement of the NMFA Portion of the Governmental Gross Receipts Tax distributed to the Finance Authority by the trustee under the Subordinated Indenture on June 16.

If amounts on deposit in the Common Debt Service Reserve Fund are greater than the Required Common Debt Service Reserve Funding Level for a given Bond Fund Year, then no additional deposit shall be made to the Common Debt Service Reserve Fund for such Bond Fund Year. Any such excess amount may be used during the subsequent Bond Fund Year, at the discretion of the Finance Authority, for the redemption of Bonds prior to maturity by depositing the amount into the Bond Fund or the defeasance of any Bonds. If the Finance Authority has deposited the entirety of the available Annual Common Debt Service Reserve Deposit Amount as of a Bond Fund Year end, but the amount in Common Debt Service Reserve Fund is less than the Required Common Debt Service Reserve Funding Level, then the Finance Authority shall not be required to fund from any other source any such difference in excess of the Annual Common Debt Service Reserve Deposit Amount; provided, however, if a funding difference remains (based on the annual recalculation of the Required Common Debt Service Reserve Funding Level), then the next year's available Annual Common Debt Service Reserve Deposit Amount shall be applied to that difference.

If the amounts on deposit in any Governmental Unit's Account of the Debt Service Fund are insufficient for payments coming due under the related Loan Agreement or Securities on the next Loan Payment Date, after applying any applicable Agreement Reserve Account or other source for the payment of Debt Service, on the third day preceding a Loan Payment Date (or, if such third day is not a Business Day, on the Business Day next preceding such third day), the Trustee shall transfer from the Common Debt Service Reserve Fund, an amount sufficient, together with amounts in the related Debt Service Account, to pay the Principal Component and the Interest Component due under such Loan Agreement or Securities on such Loan Payment Date. Amounts on deposit in the Common Debt Service Reserve Fund may not be applied toward payment of the Bonds, except to the extent that amounts are due and owing under the Bonds and amounts are not otherwise available for such payments in the Debt Service Fund.

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

Application of Loan Prepayments

Covenants Applicable to the Series 2015B Bonds. The Finance Authority covenants pursuant to the Eighty-Seventh Supplemental Indenture, for the purpose of matching, to the extent practicable, (i) the revenues received from Loan Payments received pursuant to the Loans reimbursed or originated with proceeds of the Series 2015B Bonds with debt service payable on the Series 2015B Bonds, and (ii) the overall debt service requirements on the Outstanding Bonds and the Series 2015B Bonds with revenues received from Loan Payments on all outstanding Loans, to take any one or more of the following actions separately or in combination, within 365 days following the receipt of a Prepayment of a Loan financed with proceeds of the Series 2015B Bonds:

For Prepayments funded with proceeds of bonds or another financing transaction, the interest on which is intended by the Governmental Unit to be exempt from inclusion in gross income under the Internal Revenue Code (a "Tax-Exempt Financing"), the Finance Authority must either, to the extent practicable, (i) originate or reimburse one or more new Loans in an aggregate principal amount equal to or greater than the amount of the portion of the Prepayment to be applied, and with a final maturity date and debt service requirements approximating, to the extent practicable, the final maturity date and debt service requirements for the portion of the Loan pursuant to which the Prepayment was made (or a pro rata portion thereof if a portion of the Prepayment is to be used to originate a new Loan or Loans), or (ii) call for optional redemption the Series 2015B Bonds from which the Loan relating to the Prepayment was initially funded and which Series 2015B Bonds are subject to redemption in an aggregate principal amount equal to or greater than the amount of the Prepayment (or a pro rata portion thereof if a portion of the Prepayment is to be applied), and with a final maturity date and debt service requirements approximating the final maturity date and debt service requirements of the Loan pursuant to which the Prepayment was made (or a pro rata portion thereof if a portion of the Prepayment is to be applied). See "THE SERIES 2015B BONDS—Redemption."

The Finance Authority will recalculate the respective Loan Payments due under any Loan Agreement in the case of a partial Prepayment of Loan Payments under such Loan Agreement in a manner consistent with the actions taken.

Historical Prepayments. During the fiscal years indicated below, the Finance Authority has received prepayments (including Prepayments under the Indenture as well as prepayments of obligations under the Subordinated Indenture) in the numbers and aggregate principal amounts presented in the following table. Because prepayment of some Loans by Governmental Units is optional for certain Governmental Units and because the Loan Payments that Governmental Units may prepay vary greatly in amount, the occurrence and aggregate principal amount of Prepayments in past fiscal years are not an indication of Prepayments to be received by the Finance Authority in future fiscal years.

Fiscal Year	Number of Prepayments	Aggregate Principal Amount
2005-2006	8	$2,681,000
2006-2007	9	9,145,000
2007-2008	21	2,973,716
2008-2009	32	10,223,706
2009-2010	23	6,945,375
2010-2011	58	124,271,480
2011-2012	55	118,727,583
2012-2013	33	54,407,892
2013-2014(1)	23	71,812,973
2014-2015(1)	14	3,952,852

(1) Reflects prepayments received for the period of July 1, 2013 thru April 1, 2015, including Prepayments under the Indenture as well as prepayments under the Subordinated Indenture. The large amount of prepayments is attributable to a favorable interest rate climate that permitted governmental units to refinance their respective loans. As discussed above under "Covenants Applicable to the Series 2015B Bonds," the NMFA may originate additional Loans, redeem outstanding Bonds that related to the prepaid Loans, if such Bonds are subject to redemption, or defease outstanding Bonds that relate to the prepaid Loans. As of the date of this Official Statement, the NMFA has applied $4,345,289 of the proceeds of such prepayments to originate additional loans which, pursuant to a Pledge Notification, have been pledged to the Indenture if the prepaid loan related to Bonds issued under the Indenture or the Subordinated Indenture if the prepaid loan related to bonds issued under the Subordinated Indenture. The NMFA has also applied $63,220,185 of such prepayments to redeem obligations under the Indenture or the Subordinated Indenture. There remains $8,304,898 of prepayments for which the NMFA is working to identify new loans.

(Source: The Finance Authority.)

Additional Bonds

Additional Bonds or other indebtedness, bonds or notes of the Finance Authority payable on a parity with the Bonds out of the Trust Estate may be issued or incurred, only if certain requirements have been met, including the following:

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

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

(c) The proceeds of the Additional Bonds or other indebtedness, bonds or notes must be used (i) to refund Bonds issued under the Indenture or other obligations of the Finance Authority (including the funding of necessary reserves and the payment of costs of issuance) or (ii) to make additional Loans or to purchase Securities (including the funding of necessary reserves and the payment of costs of issuance).

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

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

The Finance Authority maintains an ongoing program to provide loans and to purchase securities from Governmental Units and expects to finance certain of those activities with the issuance of Additional Bonds in parity with the Series 2015B Bonds. The Finance Authority is contemplating issuing approximately $95,000,000 of a combination of Additional Bonds and Subordinate Lien Bonds (as hereinafter defined) sometime during late summer of 2015 (the "Series 2015CD Bonds"). The Finance Authority may also issue other Additional Bonds besides the Series 2015CD Bonds within the next two to three years. The issuance of such Additional Bonds depends on a variety of factors, including market conditions. No assurance can be given when, or if, such Additional Bonds will be issued. The timing, amount and other details of such other Additional Bonds are not known as of the date of this Official Statement.

No Obligations Senior to the Series 2015B Bonds

No additional indebtedness, bonds or notes of the Finance Authority payable on a priority senior to the pledge of the Revenues for payment of the Bonds will be created or incurred without the prior written consent of the Owners of one hundred percent (100%) of the Outstanding Bonds.

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Outstanding Parity Bonds

The following table presents the Series of Outstanding Parity Bonds that are expected to be outstanding under the Indenture as of July 1, 2015:

Series[(1)(2)]	Original Principal Amount Issued	Aggregate Principal Amount Outstanding as of 7/1/2015[(3)]
2005A	$19,015,000	$5,795,000
2005B	13,500,000	3,490,000
2006B	38,260,000	24,440,000
2006D	56,400,000	44,975,000
2007E	61,945,000	37,085,000
2008A	158,965,000	124,400,000
2008B	36,545,000	24,195,000
2008C	29,130,000	19,385,000
2009A	18,435,000	13,265,000
2009C	55,810,000	43,630,000
2009D-1	13,570,000	8,385,000
2009D-2	38,845,000	35,605,000
2009E	35,155,000	16,480,000
2010A-1	15,170,000	6,110,000
2010A-2	13,795,000	13,795,000
2010B-1	38,610,000	26,035,000
2010B-2	17,600,000	17,120,000
2011A	15,375,000	3,270,000
2011B-1	42,735,000	28,850,000
2011B-2	14,545,000	11,435,000
2011C	53,400,000	42,800,000
2012A	24,340,000	21,265,000
2013A	44,285,000	37,910,000
2013B	16,360,000	14,175,000
2014B	58,235,000	54,970,000
Total	$930,025,000	$678,865,000

(1) The official statements for the various Series of Senior Bonds are available at the Internet site of the Finance Authority, http://www.nmfa.net, under "Investors, Public Project Revolving Fund."
(2) Does not include the Series 2015B Bonds.
(3) All series of bonds have maturities on June 1.
(Source: The Finance Authority.)

See "ANNUAL DEBT SERVICE REQUIREMENTS" for Debt Service Requirements on the outstanding Bonds and aggregate payments under Agreements relating to the Bonds. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Trust Estate" for a listing of the Governmental Units that have Agreements with the same revenue pledge, based on scheduled payments in fiscal year 2015-2016 and assuming no further prepayment, expected to generate the highest percentages of estimated annual Revenues in fiscal year 2015-2016.

Outstanding Subordinate Lien Bonds

Pursuant to a Subordinated General Indenture of Trust and Pledge dated as of December 1, 2005 (the "Subordinated Indenture"), the Finance Authority may incur obligations that have a lien on the revenues from the NMFA Portion of the Governmental Gross Receipts Tax and the revenues from Additional Pledged Loans (collectively, the "Subordinate Lien Revenues") that is subordinate to the lien of the Indenture on those revenues.

Pursuant to the Subordinated Indenture, the Finance Authority has issued various series of bonds (the "Subordinate Lien Bonds"). The following table sets forth the various series of Subordinate Lien Bonds, the original aggregate principal amount and the aggregate principal amount of Subordinate Lien Bonds that are expected to be outstanding as of July 1, 2015:

Series[(1)]	Original Principal Amount Issued	Aggregate Principal Amount Outstanding as of 7/1/2015[(2)]
2005E	$23,630,000	$23,320,000
2005F[(3)]	21,950,000	0
2006A	10,725,000	2,040,000
2006C	39,860,000	26,135,000
2007A	34,010,000	15,680,000
2007B	38,475,000	22,340,000
2007C	131,860,000	89,445,000
2013C	14,295,000	11,570,000
2014A	31,940,000	29,900,000
2015A	63,390,000	62,355,000
Total	$410,135,000	$282,785,000

(1) The official statements for the various series of Outstanding Parity Bonds are available at the Internet site of the Finance Authority, http://www.nmfa.net, under "Investors, Public Project Revolving Fund."
(2) All series of bonds have maturities on June 15.
(3) These bonds will be called for redemption on June 15, 2015.
(Source: The Finance Authority.)

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

The Series 2015B Bonds have a lien on the Subordinate Lien Revenues senior to the lien securing the outstanding Subordinate Lien Bonds.

Supplemental Indentures and Amendments to Agreements; Rating Agency Discretion

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

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

THE PLAN OF FINANCING

General

The proceeds of the Series 2015B Bonds will be used by the Finance Authority for the purpose of (i) originating Loans to or purchasing Securities from or reimbursing the Finance Authority for moneys used to originate Loans to or purchase Securities from the 2015B Governmental Units that will be or were used to finance or refinance certain Projects for such 2015B Governmental Units, (ii) paying amounts owing under a line of credit with Wells Fargo Bank, National Association, and (iii) paying costs incurred in connection with the issuance of the Series 2015B Bonds. See APPENDIX F for a list of the 2015B Governmental Units and the amount of the Loans expected to be financed with the Series 2015B Bonds.

Estimated Sources and Uses of Funds

The following tables set forth the estimated sources and uses of funds in connection with the issuance of the Series 2015B Bonds.

<u>Sources of Funds</u>

Principal Amount	$45,325,000.00
Net Original Issue Premium	4,009,320.25
Total Sources	**$49,334,320.25**

<u>Uses of Funds</u>

Deposit to the Public Project Revolving Fund[1]	$18,301,343.93
Retire Line of Credit	30,609,653.52
Costs of Issuance[2]	423,322.80
Total Uses	**$49,334,320.25**

(1) Amounts in the Program Fund Accounts will be used to reimburse or fund the Loans to or purchase securities from the 2015B Governmental Units, certain of which will use proceeds to refinance existing Loans. See "APPENDIX F—2015B GOVERNMENTAL UNITS; LARGEST REPAYMENT OBLIGATIONS."

(2) Costs of issuance include Purchaser's discount, legal fees, rating agency fees, Trustee fees, financial advisory fees, and other miscellaneous costs.

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ANNUAL DEBT SERVICE REQUIREMENTS

The following schedule shows the total debt service payable for the Series 2015B Bonds and all currently Outstanding Parity Bonds for each fiscal year through their respective final maturity dates.

ANNUAL DEBT SERVICE FOR THE BONDS [(1)]

Fiscal Year	Series 2015B Bonds Principal	Series 2015B Bonds Interest	Outstanding Parity Bonds[(2)]	Total Annual Debt Service
2016	$2,730,000	$1,887,466	$81,745,819	$86,363,285
2017	2,690,000	1,799,363	75,952,415	80,441,778
2018	2,665,000	1,664,863	75,539,887	79,869,750
2019	2,680,000	1,531,613	72,315,312	76,526,924
2020	2,740,000	1,397,613	65,531,437	69,669,050
2021	2,445,000	1,260,613	64,239,364	67,944,976
2022	2,590,000	1,138,363	60,465,190	64,193,552
2023	1,960,000	1,080,088	59,243,108	62,283,196
2024	2,010,000	982,088	53,397,000	56,389,087
2025	2,375,000	881,588	50,125,764	53,382,351
2026	2,245,000	762,838	46,478,392	49,486,230
2027	1,575,000	695,488	42,962,487	45,232,975
2028	1,345,000	648,238	39,415,423	41,408,661
2029	1,185,000	607,888	32,881,826	34,674,714
2030	1,240,000	560,488	25,883,771	27,684,259
2031	1,295,000	510,888	23,640,746	25,446,633
2032	1,350,000	459,088	22,530,897	24,339,985
2033	1,410,000	405,088	20,709,212	22,524,299
2034	1,250,000	348,688	18,232,234	19,830,921
2035	940,000	298,688	15,927,303	17,165,991
2036	560,000	261,088	13,529,172	14,350,260
2037	585,000	238,688	2,897,384	3,721,071
2038	610,000	215,288	2,885,554	3,710,842
2039	635,000	192,413	58,523	885,936
2040	655,000	168,600	–	823,600
2041	685,000	142,400	–	827,400
2042	715,000	115,000	–	830,000
2043	740,000	86,400	–	826,400
2044	770,000	56,800	–	826,800
2045	650,000	26,000	–	676,000
Total	$45,325,000	$20,423,703	$966,558,221	$1,032,336,925

(1) Assumes the Series 2015B Bonds are issued and Outstanding. Totals may not add due to rounding.
(2) Includes principal and interest.
(Source: Western Financial Group, LLC.)

The following table shows estimated available Revenues pledged to the payment of the Bonds, total debt service requirements for the Series 2015B Bonds and all other outstanding Bonds and the resulting estimated annual coverage ratios. Revenues estimated for current and future fiscal years are based on an estimate of fiscal year 2014-2015 collections of the NMFA Portion of the Governmental Gross Receipts Tax and scheduled payments under the Agreements and Additional Pledged Loans, and do not reflect any future Prepayments or delinquencies. The estimated annual coverage ratios are based in part on assumptions that may not be realized. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Trust Estate—The Governmental Gross Receipts Tax," "—Agreement Revenues" and "—Additional Pledged Loans" for descriptions of the Revenues presented in the table under the headings "Governmental Gross Receipts Tax Collections" and "Aggregate Pledged Borrower Payments." See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Trust Estate" and "INVESTMENT CONSIDERATIONS" for a list of some factors which may affect Revenues.

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

June 30 Fiscal Year	NMFA Portion of Governmental Gross Receipts Tax[2]	Aggregate Pledged Borrower Payments[3][4]	Estimated Total Revenues[4]	Total Annual Debt Service Requirement[3]	Estimated Annual Coverage Ratios[5]
2016	$26,900,000	$101,575,508	$128,475,508	$86,363,285	1.49x
2017	26,900,000	89,565,630	116,465,630	80,441,778	1.45x
2018	26,900,000	87,077,335	113,977,335	79,869,750	1.43x
2019	26,900,000	81,832,814	108,732,814	76,526,924	1.42x
2020	26,900,000	77,827,590	104,727,590	69,669,050	1.50x
2021	26,900,000	71,046,983	97,946,983	67,944,976	1.44x
2022	26,900,000	67,517,127	94,417,127	64,193,552	1.47x
2023	26,900,000	67,660,403	94,560,403	62,283,196	1.52x
2024	26,900,000	60,410,649	87,310,649	56,389,087	1.55x
2025	26,900,000	57,451,538	84,351,538	53,382,351	1.58x
2026	26,900,000	52,067,542	78,967,542	49,486,230	1.60x
2027	26,900,000	46,727,654	73,627,654	45,232,975	1.63x
2028	26,900,000	43,857,846	70,757,846	41,408,661	1.71x
2029	26,900,000	45,963,436	72,863,436	34,674,714	2.10x
2030	26,900,000	28,952,842	55,852,842	27,684,259	2.02x
2031	26,900,000	25,995,116	52,895,116	25,446,633	2.08x
2032	26,900,000	24,182,078	51,082,078	24,339,985	2.10x
2033	26,900,000	23,795,185	50,695,185	22,524,299	2.25x
2034	26,900,000	21,475,039	48,375,039	19,830,921	2.44x
2035	26,900,000	18,471,176	45,371,176	17,165,991	2.64x
2036	26,900,000	15,623,695	42,523,695	14,350,260	2.96x
2037	26,900,000	5,981,936	32,881,936	3,721,071	8.84x
2038	26,900,000	5,502,858	32,402,858	3,710,842	8.73x
2039	26,900,000	1,445,663	28,345,663	885,936	32.00x
2040	26,900,000	1,016,137	27,916,137	823,600	33.90x
2041	26,900,000	1,015,740	27,915,740	827,400	33.74x
2042	26,900,000	1,019,417	27,919,417	830,000	33.64x
2043	26,900,000	829,633	27,729,633	826,400	33.55x
2044	26,900,000	831,238	27,731,238	826,800	33.54x
2045	26,900,000	680,742	27,580,742	676,000	40.80x

(1) Assumes the Series 2015B Bonds are issued and Outstanding. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Outstanding Parity Bonds."

(2) Estimated. Estimate based upon ten months of actual figures and forecast for the balance of the 2014-15 fiscal year based upon the experience of the Finance Authority for the receipt of such revenues. Assumes receipts will remain the same over the life of the Bonds.

(3) Assumes Pledged Borrower Payments for Loans outstanding as of June 1, 2015, including the Loans financed with proceeds of the Series 2015B Bonds not yet closed as of the date hereof.

(4) Amounts are rounded to the nearest dollar.

(5) Calculated using the NMFA Portion of the Governmental Gross Receipts Tax estimated for the fiscal year 2014-15 and assuming that no Additional Bonds will be issued under the Indenture; subject to change.

(Sources: The Finance Authority and Western Financial Group LLC.)

NEW MEXICO FINANCE AUTHORITY

General Information

The Finance Authority is a public body politic and corporate, separate and apart from the State, constituting a governmental instrumentality of the State. The Finance Authority was created in 1992 pursuant to the Act to coordinate the planning and financing of State and local public projects, to provide for long-term planning and assessment of State and local capital needs and to improve cooperation among the executive and legislative branches of State government and local governments in financing public projects. Pursuant to the Act, the Finance Authority and its corporate existence will continue until terminated by law, provided that no such law will take effect so long as the Finance Authority has bonds or other obligations outstanding, unless provision has been made for the payment of all such obligations. The Finance Authority is comprised of 11 members who also constitute the Finance Authority's board of directors and currently employs 36 persons, including a Chief Executive Officer. The Chief Executive Officer directs the business and affairs of the Finance Authority, subject to the policies, control and direction of the Finance Authority.

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

Powers

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

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

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

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

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

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

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

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

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

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

Organization and Governance

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

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

The Executive Committee provides oversight and direction relating to the operations of the Finance Authority. Other committees include the Finance and Loan Committee, the Audit Committee, the Economic Development Committee, the Investment Committee, the Disclosure Committee, and the Contracts Committee. The committees typically meet monthly.

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

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Governing Body and Key Staff Members

Current members of the Finance Authority, and their respective occupations and term expiration dates, are presented below:

Name	Occupation	Term Expires
John E. McDermott (Chair)[1]	President, McDermott Advisory Services, LLC	01/01/2017
William F. Fulginiti (Vice Chair)[2]	Executive Director, New Mexico Municipal League	not applicable
David Martin (Secretary)[1][2]	Cabinet Secretary, Energy, Minerals and Natural Resources Department, State of New Mexico	not applicable
Katherine Ulibarri (Treasurer)[1]	Vice President for Finance and Operations, Central New Mexico Community College	12/31/2018
Jon Barela[1][2]	Cabinet Secretary, Economic Development Department, State of New Mexico	not applicable
Tom Clifford[1][2]	Cabinet Secretary, Department of Finance and Administration	not applicable
Blake Curtis[1]	Chief Executive Officer, Senior Vice President, Curtis & Curtis, Inc., Clovis, New Mexico	01/01/16
Ryan Flynn[1][2]	Cabinet Secretary, Environment Department, State of New Mexico	not applicable
Jerry Jones[1]	Chief Executive Officer, Stolar Research Corporation, Raton, New Mexico	01/01/17
Steve Kopelman[2]	Executive Director, New Mexico Association of Counties	not applicable
Terry White[1]	Chief Executive Officer of Sunwest Trust, Inc., Albuquerque, New Mexico	01/01/16

(1) Appointed by the Governor of the State and serves at the pleasure of the Governor.
(2) Ex officio member with voting privileges. An ex officio member may designate an alternate member. Alternate members may attend meetings and vote on all matters considered by the Finance Authority. Ex officio members that are cabinet secretaries are appointed to their cabinet positions by the Governor of the State and serve in those capacities at the pleasure of the Governor.

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Presented below is certain information concerning key staff members of the Finance Authority involved in the issuance of the Series 2015B Bonds and the administration of the Finance Authority's financing programs.

Robert P. Coalter, Chief Executive Officer. Mr. Coalter began serving as the Chief Executive Officer of the Finance Authority in January 2014. Previously, Mr. Coalter served as Executive Director of the Texas Public Finance Authority (TPFA), one of the largest bond issuers in the State of Texas with over $5 billion in outstanding debt. Prior to his work at TPFA, Mr. Coalter served as Assistant Director of Treasury Operations for the Comptroller of Public Accounts for 16 years. He has been employed in various positions within state government for over 20 years, working with senior officials and staff in the both the legislative and executive branches. Mr. Coalter holds a Masters of Business Administration in Finance and has been accountable for the issuance, payment, and compliance of over $90 billion dollars in various municipal instruments during his career.

Robert Brannon, Chief Financial Officer. Mr. Brannon joined the Finance Authority as an accountant in 2008, was promoted to Controller in 2012, and was appointed Interim Chief Financial Officer in 2014. Mr. Brannon has over 12 years of accounting experience, the majority of such time spent with nonprofit community and mission based organizations. Mr. Brannon has a Bachelor of Arts degree in Finance from Temple University, a Bachelor of Arts degree in Psychology from the University of New Mexico, and a Master of Business Administration degree from George Washington University.

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

Zach Dillenback, Chief Lending Officer. Mr. Dillenback joined the Finance Authority in February 2006, and was promoted to Chief Lending Officer in 2012. Mr. Dillenback has over 10 years of experience in the finance industry, the majority of such time being devoted to public finance. He holds a Bachelor of Arts degree in Finance from Florida State University and is in the process of obtaining an Executive Master of Business Administration degree from the University of New Mexico.

Marquita Russel, Chief of Programs. Ms. Russel joined the Finance Authority in September, 2000. Ms. Russel has approximately 20 years of experience in the financial services industry, in both marketing and financial analysis. Prior to joining the Finance Authority, Ms. Russel spent 10 years at the Illinois Development Finance Authority, where she held the positions of Marketing Director and Senior Program Administrator. During that time, Ms. Russel closed more than $1 billion of transactions, ranging from $5,000 microloans to $175 million tax-exempt hospital bonds. Ms. Russel earned her Bachelor of Science degree from Marquette University, Milwaukee, Wisconsin.

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

Legislative Oversight

The Act also provides for the creation of a legislative oversight committee, whose membership is determined by the State Legislative Council. The oversight committee is required to monitor and oversee the operation of the Finance Authority, and in that connection it, among other things: (i) meets on a regular basis to receive and review reports from the Finance Authority and to review and approve regulations proposed for adoption pursuant to the Act; (ii) monitors and provides assistance and advice on the public project financing program of the

Finance Authority; (iii) oversees and monitors State and local government capital planning and financing; (iv) provides advice and assistance to the Finance Authority on planning, setting priorities for and financing of State and local capital projects; (v) undertakes an ongoing examination of the statutes, constitutional provisions, regulations and court decisions governing State and local government capital financing in the State; and (vi) reports its findings and recommendations, including recommended legislation or necessary changes, to the Governor and to each session of the State legislature (the "Legislature"), and makes available the report and proposed legislation.

The Public Project Revolving Fund Program

General. The Act created the Public Project Revolving Fund (the "PPRF") program of the Finance Authority in 1992 to pay the reasonably necessary costs of originating and servicing loans, grants or securities funded by the PPRF and to make loans or grants and to purchase or sell securities to assist qualified entities in financing the acquisition, construction, improvement, alteration or reconstruction of assets of a long-term capital nature, including land; buildings; water rights; water, sewerage and waste disposal systems; streets; airports; municipal utilities; public recreation facilities; public transportation systems; parking facilities; and machinery, furniture and equipment. Public projects financed through the PPRF in amounts in excess of $1 million per project require specific authorization by the Legislature. As of April 1, 2015, the Finance Authority had made 1,212 PPRF loans totaling approximately $2.44 billion. To implement the PPRF Program, the Finance Authority has been granted the following specific powers:

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

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

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

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

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

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

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

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

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

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

Contingent Liquidity Account. In an effort to pursue its policy of maintaining a sufficient cash balance to meet the borrowing needs of eligible entities and improving the fund and cash balances of the PPRF program, the Finance Authority established a contingency account (the "Contingent Liquidity Account"). Although it will not be pledged to the Series 2015B Bonds, or any other Finance Authority bonds, the Contingent Liquidity Account is intended to enhance the Finance Authority's ability to meet the cash-flow needs of the PPRF program. Funds from the Contingent Liquidity Account may be used to pay debt service on Finance Authority bonds; however, such use is within the sole discretion of the Finance Authority and such funds may also be used for other purposes, including but not limited to payments of unforeseen expenses of the Finance Authority, urgent economic development projects, loan originations, or addressing other purposes as determined by the Finance Authority. As of April 1, 2015, the Contingent Liquidity Account was funded to an amount of approximately $33,476,780. Upon approval of the Finance Authority, the Contingent Liquidity Account may receive increases. The Finance Authority annually evaluates the level of the Contingent Liquidity Account to determine the amount, if any, of subsequent deposits.

Temporary Borrowing. The Finance Authority has entered into an arrangement (the "Wells Fargo Short-Term Borrowing") with Wells Fargo Bank, National Association ("Wells Fargo") for Wells Fargo to provide to the Finance Authority an amount up to $100,000,000 to reimburse the Finance Authority for loans made to eligible entities that are incurred prior to the issuance of a series of bonds or to make loans to eligible entities by using funds drawn from the Wells Fargo Short-Term Borrowing. Once the amounts are advanced, the Finance Authority has up to 180 days to repay the advancement. The Wells Fargo Short-Term Borrowing is currently scheduled to expire on December 10, 2015. The Wells Fargo Short-Term Borrowing is secured by proceeds of bonds that are anticipated to be issued subsequent to the advances. The Finance Authority has entered into Wells Fargo Short-Term Borrowing to assist it with its cash flows. The Wells Fargo Short-Term Borrowing is not secured by the Trust Estate. The Finance Authority expects to draw approximately $30,500,000 under the Wells Fargo Short-Term Borrowing within the last quarter of fiscal year 2014-2015. A portion of the proceeds from the Series 2015 Bonds will be used to retire this Short-Term Borrowing.

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Other Bond Programs and Projects

The Finance Authority also participates in or administers other bond programs designed to provide financing to local governmental entities and state agencies for public projects. Such programs are not secured by the Trust Estate but are secured by other sources of revenues. The following table sets forth the different types of bond programs and the amount of bonds expected to be outstanding under such programs as of July 1, 2015

Program	Project	Original Principal Amount	Outstanding as of July 1, 2015	Scheduled Final Maturity
Cigarette Tax	University of New Mexico Health Sciences Building	$39,035,000	$ 8,850,000	4/1/2019
Cigarette Tax	Behavioral Health Facilities	2,500,000	1,375,000	5/1/2026
Transportation	Highways 2004A	700,000,000	61,255,000	6/15/2024
Transportation	Highways 2006A	150,000,000	11,305,000	12/15/2018
Transportation	Highways 2006B Subordinate	40,085,000	2,935,000	12/15/2016
Transportation	Highways 2008A Subordinate	115,200,000	35,200,000	6/15/2024
Transportation	Highways 2008B Subordinate	220,000,000	100,000,000	12/15/2026
Transportation	Highways 2009A	112,345,000	15,080,000	6/15/2017
Transportation	Highways 2010A	95,525,000	31,965,000	12/15/2024
Transportation	Highways 2010A Subordinate	79,100,000	63,255,000	12/15/2021
Transportation	Highways 2010B	461,075,000	444,800,000	6/15/2024
Transportation	Highways 2011A-1 Subordinate	80,000,000	80,000,000	12/15/2026
Transportation	Highways 2011A-2 Subordinate	120,000,000	120,000,000	12/15/2026
Transportation	Highways 2011A-3 Subordinate	84,800,000	84,800,000	12/15/2026
Transportation	Highways 2012	220,400,000	217,455,000	6/15/2026
Transportation	Highways 2014 Subordinate	70,110,000	70,110,000	6/15/2032
Transportation	Highways 2014B-1	18,025,000	61,380,000	6/15/2027
Transportation	Highways 2014B-2 Subordinate	61,380,000	18,025,000	6/15/2027

(Source: The Finance Authority.)

LITIGATION

To the knowledge of the Finance Authority, there is no controversy or litigation known to be pending or threatened to restrain or enjoin the issuance, sale, execution or delivery of the Series 2015B Bonds, the execution, adoption or effectiveness of the Indenture or the levying or collecting of any Revenues the loss of which would materially adversely affect the ability of the Finance Authority to pay debt service on the Series 2015B Bonds, or in any way contesting or affecting the validity or enforceability of the Series 2015B Bonds, the Indenture, or any proceeding and authority of the Finance Authority taken with respect to the foregoing. The Finance Authority will deliver a non-litigation certification as to the foregoing prior to the issuance of the Series 2015B Bonds.

SALE OF SERIES 2015B BONDS

The Series 2015B Bonds were sold to the Purchaser at an aggregate purchase price of $49,160,997.45 (being the par amount of the Series 2015B Bonds plus a net original issue premium of $4,009,320.25, and less a Purchaser’s discount of $173,322.80). The Series 2015B Bonds may be offered and sold to certain dealers (including dealers depositing the Series 2015B Bonds into investment trusts) at prices lower than the initial public offering prices set forth on the inside front cover pages of this Official Statement and such public offering prices may be changed from time to time.

Morgan Stanley, parent company of Morgan Stanley & Co. LLC., the Purchaser of the Series 2015B Bonds, has entered into a retail distribution arrangement with Morgan Stanley Smith Barney LLC. As part of the distribution arrangement, Morgan Stanley & Co. LLC may distribute municipal securities to retail investors through the financial advisor network of Morgan Stanley Smith Barney LLC. As part of this arrangement, Morgan Stanley & Co. LLC may compensate Morgan Stanley Smith Barney LLC for its selling efforts with respect to the Series 2015B Bonds.

TAX MATTERS

The following sections are not intended to be an exhaustive discussion of collateral tax consequences arising from receipt of interest on the Series 2015B Bonds. Prospective purchasers or owners should consult their tax advisors with respect to collateral tax consequences, including without limitation the calculations of alternative minimum tax, environmental tax or foreign branch profits tax liability, inclusion of Social Security or other retirement payments in taxable income and the state and local tax rules in New Mexico and other states.

A copy of the proposed form of opinion of Bond Counsel is attached hereto as "APPENDIX D—FORM OF OPINION OF BOND COUNSEL."

In the opinion of Sherman & Howard L.L.C., Bond Counsel, assuming continuous compliance with certain covenants described below, interest on the Series 2015B Bonds is excluded from gross income under federal income tax laws pursuant to Section 103 of the Internal Revenue Code of 1986, as amended to the date of delivery of the Series 2015B Bonds (the "Tax Code"), and interest on the Series 2015B Bonds is excluded from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code except that such interest is required to be included in calculating the "adjusted current earnings" adjustment applicable to corporations for purposes of computing the alternative minimum taxable income of corporations as described below. Interest on the Series 2015B Bonds is exempt from taxation by the state of New Mexico, except for estate or gift taxes and taxes on transfers. For purposes of this paragraph and the succeeding discussion, interest includes the original issue discount on certain of the Series 2015B Bonds only to the extent such original issue discount is accrued as described herein.

The Tax Code and New Mexico law impose several requirements which must be met with respect to the Series 2015B Bonds in order for the interest thereon to be excluded from gross income and alternative minimum taxable income (except to the extent of the aforementioned adjustment applicable to corporations). Certain of these requirements must be met on a continuous basis throughout the term of the Series 2015B Bonds. These requirements include: (a) limitations as to the use of proceeds of the Series 2015B Bonds; (b) limitations on the extent to which proceeds of the Series 2015B Bonds may be invested in higher yielding investments; and (c) a provision, subject to certain limited exceptions, that requires all investment earnings on the proceeds of the Series 2015B Bonds above the yield on the Series 2015B Bonds to be paid to the United States Treasury. The Finance Authority will covenant and represent in the Indenture that it will take all steps to comply with the requirements of the Tax Code (in effect on the date of delivery of the Series 2015B Bonds) to the extent necessary to maintain the exclusion of interest on the Series 2015B Bonds from gross income and alternative minimum taxable income (except to the extent of the aforementioned adjustment applicable to corporations) under such federal income tax laws. Bond Counsel's opinion as to the exclusion of interest on the Series 2015B Bonds from gross income and alternative minimum taxable income (to the extent described above) is rendered in reliance on these covenants, and assumes continuous compliance therewith. The failure or inability of the Finance Authority to comply with these requirements could cause the interest on the Series 2015B Bonds to be included in gross income or alternative minimum taxable income, or a combination thereof, from the date of issuance. Bond Counsel's opinion also is rendered in reliance upon certifications of the Finance Authority and other certifications furnished to Bond Counsel. Bond Counsel has not undertaken to verify such certifications by independent investigation.

Section 55 of the Tax Code contains a 20% alternative minimum tax on the alternative minimum taxable income of corporations. Under the Tax Code, 75% of the excess of a corporation's "adjusted current earnings" over the corporation's alternative minimum taxable income (determined without regard to this adjustment and the alternative minimum tax net operating loss deduction) is included in the corporation's alternative minimum taxable income for purposes of the alternative minimum tax applicable to the corporation. "Adjusted current earnings" includes interest on the Series 2015B Bonds.

With respect to Series 2015B Bonds that were sold in the initial offering at a discount (the "Discount Bonds"), the difference between the stated redemption price of the Discount Bonds at maturity and the initial offering price of those bonds to the public (as defined in Section 1273 of the Tax Code) will be treated as original issue discount for federal income tax purposes and will, to the extent accrued as described below, constitute interest which is excluded from gross income, alternative minimum taxable income, and taxation by the State of New Mexico, except for estate or gift taxes and taxes on transfers, under the conditions and subject to the exceptions described in the preceding paragraphs. The original issue discount on the Discount Bonds is treated as accruing over the respective terms of such Discount Bonds on the basis of a constant interest rate compounded at the end of each six-month period (or shorter period from the date of original issue) ending on June 1 and December 1 with straight line interpolation between compounding dates. The amount of original issue discount accruing each period (calculated as described in the preceding sentence) constitutes interest which is excluded from gross income, alternative minimum taxable income, and taxation by the State of New Mexico, except for estate or gift taxes and taxes on transfers, under the conditions and subject to the exceptions described in the preceding paragraphs and will be added to the owner's basis in the Discount Bonds. Such adjusted basis will be used to determine taxable gain or loss upon disposition of the Discount Bonds (including sale or payment at maturity). Owners should consult their own tax advisors with respect to the tax consequences of the ownership of the Discount Bonds.

Owners who purchase Discount Bonds after the initial offering or who purchase Discount Bonds in the initial offering at a price other than the initial offering price (as defined in Section 1273 of the Tax Code) should consult their own tax advisors with respect to the federal tax consequences of the ownership of the Discount Bonds. Owners who are subject to state or local income taxation (other than New Mexico state income taxation) should consult their tax advisor with respect to the state and local income tax consequences of ownership of the Discount Bonds. It is possible that, under the applicable provisions governing determination of state and local taxes, accrued original issue discount on the Discount Bonds may be deemed to be received in the year of accrual even though there will not be a corresponding cash payment.

The Tax Code contains numerous provisions which may affect an investor's decision to purchase the Series 2015B Bonds. Owners of the Series 2015B Bonds should be aware that the ownership of tax-exempt obligations by particular persons and entities, including, without limitation, financial institutions, insurance companies, recipients of Social Security or Railroad Retirement benefits, taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, foreign corporations doing business in the United States and certain "subchapter S" corporations may result in adverse federal and New Mexico tax consequences. Under Section 3406 of the Tax Code, backup withholding may be imposed on payments on the Series 2015B Bonds made to any owner who fails to provide certain required information, including an accurate taxpayer identification number, to certain persons required to collect such information pursuant to the Tax Code. Backup withholding may also be applied if the owner underreports "reportable payments" (including interest and dividends) as defined in Section 3406, or fails to provide a certificate that the owner is not subject to backup withholding in circumstances where such a certificate is required by the Tax Code. Certain of the Series 2015B Bonds were sold at a premium, representing a difference between the original offering price of those Series 2015B Bonds and the principal amount thereof payable at maturity. Under certain circumstances, an initial owner of such bonds (if any) may realize a taxable gain upon their disposition, even though such bonds are sold or redeemed for an amount equal to the owner's acquisition cost. Bond Counsel's opinion relates only to the exclusion of interest (and to the extent described above for the Discount Bonds, original issue discount) on the Series 2015B Bonds from gross income, alternative minimum taxable income and State of New Mexico income taxes as described above and will state that no opinion is expressed regarding other federal or New Mexico tax consequences arising from the receipt or accrual of interest on or ownership of the Series 2015B Bonds. Owners of the Series 2015B Bonds should consult their own tax advisors as to the applicability of these consequences.

The opinions expressed by Bond Counsel are based on existing law as of the delivery date of the Series 2015B Bonds. No opinion is expressed as of any subsequent date nor is any opinion expressed with respect to pending or proposed legislation. Amendments to the federal or state tax laws may be pending now or could be proposed in the future that, if enacted into law, could adversely affect the value of the Series 2015B Bonds, the exclusion of interest (and to the extent described above for the Discount Bonds, original issue discount) on the Series 2015B Bonds from gross income or alternative minimum taxable income or both from the date of issuance of the Series 2015B Bonds or any other date, the tax value of that exclusion for different classes of taxpayers from time to time, or that could result in other adverse tax consequences. In addition, future court actions or regulatory decisions could affect the tax treatment or market value of the Series 2015B Bonds. Owners of the Series 2015B Bonds are advised to consult with their own tax advisors with respect to such matters.

The Internal Revenue Service (the "Service") has an ongoing program of auditing tax-exempt obligations to determine whether, in the view of the Service, interest on such tax-exempt obligations is includable in the gross income of the owners thereof for federal income tax purposes. No assurances can be given as to whether or not the Service will commence an audit of the Series 2015B Bonds. If an audit is commenced, the market value of the Series 2015B Bonds may be adversely affected. Under current audit procedures, the Service will treat the Finance Authority as the taxpayer and the Owners may have no right to participate in such procedures. The Finance Authority has covenanted in the Indenture not to take any action that would cause the interest on the Series 2015B Bonds to lose its exclusion from gross income for federal income tax purposes or lose its exclusion from alternative minimum taxable income except to the extent described above for the owners thereof for federal income tax purposes. None of the Finance Authority, the Municipal Advisor, the Trustee, Bond Counsel or Disclosure Counsel is responsible for paying or reimbursing any Bond holder with respect to any audit or litigation costs relating to the Series 2015B Bonds.

LEGAL MATTERS

In connection with the issuance and sale of the Series 2015B Bonds, Sherman & Howard L.L.C., Denver, Colorado, as Bond Counsel to the Finance Authority, will deliver its opinion in substantially the form included in APPENDIX D. Certain legal matters will be passed upon for the Finance Authority by its General Counsel. Certain matters relating to disclosure will be passed upon for the Finance Authority by Ballard Spahr LLP, Salt Lake City, Utah, Disclosure Counsel to the Finance Authority. The counsels involved in this transaction have not participated in any independent verification of the information concerning the financial condition or capabilities of the Finance Authority contained in this Official Statement.

MUNICIPAL ADVISOR

The Finance Authority has retained Western Financial Group, LLC, as municipal advisor in connection with the preparation of this Official Statement and with respect to the issuance of the Series 2015B Bonds. Western Financial Group, LLC is an independent advisory firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities.

FINANCIAL STATEMENTS

The financial statements of the Finance Authority for the year ended June 30, 2014, included in APPENDIX A of this Official Statement, have been audited by REDW, LLC, certified public accountants, Albuquerque, New Mexico, as set forth in its report thereon dated December 4, 2014. REDW, LLC has not been asked to consent to the use of its name and audited financial reports of the Finance Authority in this Official Statement nor has REDW, LLC participated in the preparation of this Official Statement.

In July 2012, the Finance Authority disclosed that what it believed was the audit of its financial statements for the fiscal year ended June 30, 2011 was not completed properly (the "Incomplete Audit"). Upon such discovery, the Finance Authority withdrew the Incomplete Audit. The Finance Authority then initiated an investigation and determined that its former controller had misrepresented the status of the Incomplete Audit and provided financial statements for use with third parties that he falsely represented as "audited." For additional information, see www.nmfa.net/investors/disclosures/.

CONTINUING DISCLOSURE UNDERTAKING

The Finance Authority will execute and deliver a Continuing Disclosure Undertaking in connection with the issuance of the Series 2015B Bonds pursuant to which it will agree to provide the following information:

- to the Municipal Securities Rulemaking Board ("MSRB") in an electronic format prescribed by the MSRB by March 31 of each fiscal year, or the next succeeding business day if March 31 is not a business day (and to the Trustee and to each holder of the Series 2015B Bonds who requests such information):

1. annual financial information and operating data concerning the Revenues, such information to be of the type set forth under the tables captioned "Trust Estate—Agreement Revenues," and "Governmental Gross Receipts Tax Collections – Fiscal Years 2009-2010 Through 2013-2014" under the caption "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Trust Estate—The Governmental Gross Receipts Tax—Collection and Distribution Information" in the Official Statement;

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

3. audited financial statements for the Finance Authority, any Governmental Unit meeting the 20% Test and each additional Governmental Unit designated by the Finance Authority, or, if audited financial statements are not available by March 31 of each fiscal year, or the next succeeding business day if March 31 is not a business day, unaudited financial statements and audited financial statements as soon as such audited financial statements become available;

• in a timely manner to the MSRB in an electronic format prescribed by the MSRB, notice of a failure to provide the required annual financial information on or before the date specified in its written continuing disclosure undertaking;

• in a timely manner, but not more than ten business days after the occurrence of the event, to the MSRB in an electronic format prescribed by the MSRB, notice of the occurrence of any of the following events (if applicable) with respect to the Series 2015B Bonds:

1. principal and interest payment delinquencies;

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

3. unscheduled draws on credit enhancements reflecting financial difficulties;

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

5. adverse tax opinions or the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Series 2015B Bonds;

6. defeasances;

7. tender offers;

8. bankruptcy, insolvency, receivership or similar proceedings; and

9. rating changes.

- in a timely manner, but not more than ten business days after the occurrence of the event, to the MSRB in an electronic format prescribed by the MSRB, notice of the occurrence of any of the following events (if applicable) with respect to the Series 2015B Bonds, if material:

    1. mergers, consolidations, acquisitions, the sale of all or substantially all of the assets of the obligated persons or their termination;

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

    3. non-payment related defaults;

    4. modification of rights of owners of the Series 2015B Bonds;

    5. bond calls; and

    6. release, substitution, or sale of property securing repayment of the Series 2015B Bonds.

The Finance Authority may from time to time choose to provide notice of the occurrence of certain other events, in addition to those listed above, if, in the judgment of the Finance Authority, such other event is material with respect to the Series 2015B Bonds. However, the Finance Authority does not undertake to commit to provide any such notice of the occurrence of any material event except those events listed above.

The Finance Authority reserves the right to modify from time to time the Continuing Disclosure Undertaking, including the specific types of information provided or the format of the presentation of such information, to the extent necessary or appropriate in the judgment of the Finance Authority; provided that, the Finance Authority has agreed that any such modification will be done in a manner consistent with the Rule. The Finance Authority acknowledges that its undertaking pursuant to the Rule described under this heading is intended to be for the benefit of the Owners of the Series 2015B Bonds and will be enforceable by the Owners; provided that the right to enforce the provisions of this undertaking are limited to a right to obtain specific performance of the Finance Authority's obligations, and any failure by the Finance Authority to comply with the provisions of the undertaking will not be an event of default with respect to the Series 2015B Bonds.

None of the Governmental Units have represented annual Loan repayment obligations exceeding 20% of estimated Revenues in the first full year immediately following issuance of the Series 2015B Bonds. See APPENDIX F for a discussion of Loans to Governmental Units with the largest outstanding principal loan balances.

Previous continuing disclosure undertakings of the Finance Authority required the Finance Authority to provide information with respect to Governmental Units whose Loan repayment obligations exceeded 5% of Revenues. Some of those disclosure undertakings varied from other disclosure undertakings. In an effort to promote consistency amongst its continuing disclosure undertakings, in August 2005, the Finance Authority amended many of its disclosure undertakings to change the 5% provision to 20% as set forth above. However, the Finance Authority subsequently discovered that an undertaking executed in 1999 relating to bonds that were retired in 2009 was not amended. As a result, information with respect to certain underlying borrowers was not filed within the previous five years from the date of this Official Statement. That previous undertaking expired in 2009 when the bonds relating to that undertaking were retired.

In July 2012, the Finance Authority disclosed that what it believed was the audit of its financial statements for the fiscal year ended June 30, 2011 was not properly completed (the "Incomplete Audit"). Due to the Incomplete Audit, the Finance Authority was unable to file its audit for the fiscal year ended June 30, 2011 in a manner that was in material compliance with its previous undertakings. Eventually, the audit for fiscal year ended June 30, 2011 was completed and made available, and the Finance Authority filed such audit with the MSRB as specified in its disclosure undertakings.

Other than as described under this caption "Continuing Disclosure Undertaking," the Finance Authority believes that it is currently in compliance in all material respects with each of its previous continuing disclosure undertakings.

RATINGS

S&P and Moody's have assigned ratings of "AAA" and "Aa1," respectively, to the Series 2015B Bonds. An explanation of the significance of such ratings may be obtained from S&P and Moody's, respectively.

Such ratings reflect only the views of such organizations. The ratings are not a recommendation to buy, sell or hold the Series 2015B Bonds and there is no assurance that such ratings will continue for any given period of time or that such ratings will not be revised downward or withdrawn entirely by the rating agencies if, in their judgment, circumstances so warrant. Any downward revision or withdrawal of the ratings given to the Series 2015B Bonds may have an adverse effect on the market price of the Series 2015B Bonds. The Municipal Advisor has not undertaken any responsibility to bring to the attention of the owners of the Series 2015B Bonds any proposed revision or withdrawal of the ratings on the Series 2015B Bonds, or to oppose any such proposed revision or withdrawal. The Finance Authority undertakes no responsibility to oppose any such revision or withdrawal. Any such downward revision or withdrawal of the ratings or other actions by a rating agency may have an adverse effect on the market price of the Series 2015B Bonds.

INVESTMENT CONSIDERATIONS

Availability of Revenues

The amount of Revenues actually received by the Finance Authority may be affected by several factors. Among other things, the amount of governmental gross receipts taxes that will be collected and distributed to the Finance Authority is subject to fluctuation based on the activities that generate those taxes, including general economic conditions. There can be no guarantee that the NMFA's Portion of the Governmental Gross Receipts Taxes collected in the future will be consistent with historical collection trends. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Trust Estate—The Governmental Gross Receipts Tax."

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

As previously stated, the Series 2015B Bonds are also payable from Agreement Revenues. Agreement Revenues are derived from a variety of different sources including enterprise system revenues, property taxes and specific taxes. Those sources of Agreement Revenues may be adversely affected by a variety of factors including, but not limited to, general economic conditions, the demand and cost of certain services and governmental actions. There can be no guarantee that future Agreement Revenues will be consistent with historical receipts.

The mandate from the Budget Control Act of 2011 that became effective in March 2013 requires a reduction of federal spending ("Sequestration"). The Finance Authority receives an insignificant amount of federal revenues. In addition, various entities throughout the State of New Mexico have been receiving federal revenues. While some of those entities may experience a reduction in the receipt of federal revenues due to Sequestration, the Finance Authority does not believe that any such reductions will impact the ability of the Finance Authority to pay debt service on its Bonds.

ADDITIONAL INFORMATION

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

Any statements in this Official Statement involving matters of opinion, whether or not expressly stated as such, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the Finance Authority and the purchasers or holders of any of the Series 2015B Bonds.

NEW MEXICO FINANCE AUTHORITY

By /s/ John E. McDermott
John E. McDermott,
Chair

By /s/ Robert P. Coalter
Robert P. Coalter,
Chief Executive Officer

APPENDIX A

AUDITED FINANCIAL STATEMENTS OF THE FINANCE AUTHORITY FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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New Mexico Finance Authority
(A Component Unit of the State of New Mexico)

Financial Statements
and
Independent Auditor's Report

June 30, 2014

REDW LLC
CPAs | Business & Financial Advisors

New Mexico Finance Authority
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New Mexico Finance Authority

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New Mexico Finance Authority

Official Roster

Year Ended June 30, 2014

Governing Board
John E. McDermott, Chair
William Fulginiti, Vice Chair
David Martin, Secretary
Katherine Ulibarri, Treasurer
Steve Kopelman, Member
Ryan Flynn, Member
Tom Clifford, Member
Jon Barela, Member
Jerry L. Jones, Member
Blake Curtis, Member
Terry White, Member

Chief Executive Officer
Robert P. Coalter

Acting Chief Financial Officer
Robert Brannon

Independent Auditor's Report

Governing Board
New Mexico Finance Authority
and
Mr. Hector H. Balderas
New Mexico Office of the State Auditor
Santa Fe, NM

Report on the Financial Statements

We have audited the accompanying financial statements of New Mexico Finance Authority (the "Authority"), a component unit of the State of New Mexico, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control

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7425 Jefferson St NE
Albuquerque, NM 87109
P 505.998.3200
F 505.998.3333

Phoenix
5353 N 16th St, Suite 200
Phoenix, AZ 85016
P 602.730.3600
F 602.730.3699

Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of June 30, 2014, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

As discussed in Note 17 to the financial statements, in 2014 the Authority changed its method of accounting for bond issuance cost with the adoption of Governmental Accounting Standards Board Statement No. 65. This Statement specifies the items that were previously reported as assets and liabilities that should now be reported as deferred outflows of resources, deferred inflows of resources, outflows of resources, or inflows of resources. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The accompanying supplementary schedules, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 4, 2014, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

REDW LLC

Albuquerque, New Mexico
December 4, 2014

New Mexico Finance Authority
Management's Discussion and Analysis
June 30, 2014

Introduction

This section of the New Mexico Finance Authority's (the "Authority") annual financial statements presents management's discussion and analysis of the Authority's financial position at June 30, 2014 and its financial performance during the fiscal year then ended. This section should be read together with the Authority's financial statements and accompanying notes.

The New Mexico Finance Authority

The Authority was created by the New Mexico State Legislature in 1992 to finance infrastructure projects for the state's counties, cities, school districts and certain departments of the state government. The objective was to provide low-cost financing for borrowers who might not otherwise be able to access the tax-exempt bond market on a cost-effective basis. The 1992 statute created the Public Project Revolving Fund (PPRF) as the vehicle to accomplish this financing objective. As authorized by the statute, the Authority issues tax-exempt PPRF bonds to obtain the funds in which it loans to New Mexico governmental entities. The statute created the Governmental Gross Receipts Tax as a source of funding for Authority operations and to serve as a credit enhancement for the Authority's bonds. Although the legislature has created additional program responsibilities for the Authority, the PPRF remains the core of its activities.

Overview of the Financial Statements

The financial statements have been prepared using the economic resources measurement focus and accrual basis of accounting in accordance with generally accepted accounting principles. The Authority's basic financial statements are comprised of the following:

- The *Statement of Net Position* presents information on the assets and liabilities of the Authority, with the difference between the assets and the liabilities reported as net position. Over time, increases or decreases in net position serve as a useful indicator of whether financial position is improving or deteriorating.
- The *Statement of Revenues, Expenses and Changes in Net Position* present information reflecting how the net position of the Authority changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the cash flows. Thus, revenues and expenses are reported in the statement for some items that will only result in cash flows in future fiscal periods.
- The *Statement of Cash Flows* reports the cash flows from operating activities, noncapital financing activities, capital and related financing activities and investing activities, and the resulting change in cash and cash equivalents during the fiscal year.

The accompanying notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes can be found immediately following the financial statements.

New Mexico Finance Authority
Management's Discussion and Analysis
June 30, 2014

Financial Highlights

- The Authority's overall financial improved slightly in the past year. The key indicator is total net position which increased by $33.2 million or 7.8%.
- During the fiscal year, unrestricted cash decreased 55.3% or $64.2 million. Restricted cash decreased by 27.0% or $29.7 million. Restricted investments increased by 39.6% or $52.1 million.
- Loans receivable decreased by $52.1 million or 4.2% during the fiscal year, primarily as a result of a large amount of prepayments on loans.
- Bonds payable decreased by $132.3 million or 11.2% in 2014, the result of issuing of $62.6 million of new bonds, principal payments on outstanding bonds of $197.3 million, and amortization of bond premium of $2.6 million.
- Undisbursed loan proceeds decreased by $16.7 million or 36.8% during 2014 consistent with reduced loan activity against loan proceeds from borrowers.
- Appropriation revenue increased by $9.1 million in fiscal year 2014, representing a 26.6% increase from fiscal year 2013. The addition reflects a subsequent tranche from the initial 2012 appropriation received to continue lending within the State Small Business Credit Initiative program, as well as increased pledged revenues received for payment on intergovernmental receivables.
- The Authority experienced a $0.2 million or 5% decrease in administrative fees revenue from $3.4 million in 2013 to $3.2 million in 2014. This drop in revenue was in direct relation to the large amount of prepayments on loans experienced during the year, as discussed above.
- Expenses decreased 8.4% or from $124.0 million in 2013 to $113.6 million in 2014 representing an expected decrease of $10.4 million.
- Grant revenue and corresponding activity increased 13.4% or $6.5 million as the Authority experienced increased grant activity within the Water Trust Board, Colonias and Drinking Water programs during the year.
- No reversions were due to the State General Fund for fiscal year 2014.

Statement of Net Position

The following presents condensed, combined statements of net position as of June 30, 2014 and 2013, with the dollar and percentage change:

New Mexico Finance Authority
Management's Discussion and Analysis
June 30, 2014

	2014	Restated 2013	Net Increase/ (Decrease)	Percentage Increase/ (Decrease)
Assets				
Cash and equivalents				
Unrestricted	$ 51,834,915	$ 116,073,324	$ (64,238,409)	-55.3%
Restricted	80,305,540	109,965,262	(29,659,722)	-27.0%
Investments – restricted	183,692,467	131,565,455	52,127,012	39.6%
Loans receivable, net of allowance	1,179,166,365	1,231,232,043	(52,065,678)	-4.2%
Intergovernmental receivables	118,148,921	125,274,549	(7,125,628)	-5.7%
Other receivables	9,405,694	10,960,455	(1,554,761)	-14.2%
Capital assets	104,378	220,772	(116,394)	-52.7%
Other assets	118,610	118,630	(20)	0.0%
Total assets	**$ 1,622,776,890**	**$ 1,725,410,490**	**$ (102,633,600)**	-5.9%
Deferred Outflows of Resources				
Deferred charge on refunding	$ 1,191,181	$ -	$ 1,191,181	100%
Total deferred outflows of resources	**$ 1,191,181**	**$ -**	$ 1,191,181	100%
Liabilities				
Bonds payable, net	$ 1,048,141,351	$ 1,180,405,517	$ (132,264,166)	-11.2%
Undisbursed loan proceeds	28,744,630	45,485,533	(16,740,903)	-36.8%
Advanced loan payments	72,189,707	68,380,111	3,809,596	5.6%
Accounts payable, accrued payroll and compensated absences	627,178	831,236	(204,058)	-24.5%
Line of credit	12,006,298	-	12,006,298	100.0%
Other liabilities	3,706,408	4,998,215	(1,291,807)	-25.8%
Total liabilities	**1,165,415,572**	**1,300,100,612**	**(134,685,040)**	-10.4%
Net Position				
Invested in capital assets	104,378	220,772	(116,394)	-52.7%
Restricted for debt service	71,462,270	68,069,252	3,393,018	5.0%
Restricted for program commitments	114,074,025	143,292,282	(29,218,257)	-20.4%
Unrestricted	272,911,826	213,727,572	59,184,254	27.7%
Total net position	**458,552,499**	**425,309,878**	**33,242,621**	7.8%
Total liabilities and net position	**$ 1,623,968,071**	**$ 1,725,410,490**	**$ (101,442,419)**	**-5.9%**

The Authority's overall financial position increased slightly in the past year. The key indicator is total net position which increased by $33.2 million or 7.8%.

Assets

Loans receivable decreased by $52.1 million or 4.2% in 2014. New loans made during the year totaled $120.7 million while loan payments received were $172.7 million.

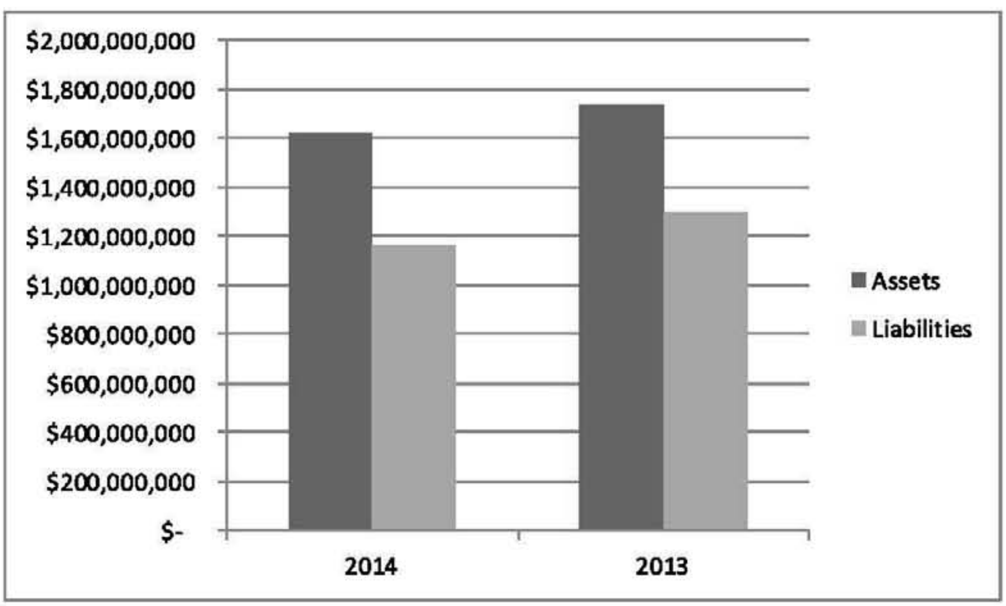
The allowance for uncollectible loans increased $0.1 million due to changes in estimated losses based on the risk evaluations performed by a third party. The number and amount of early loan payoffs increased significantly from 2013 as interest rates began to fall.

Total cash and investments decreased 19.5% from $357.6 million in 2013 to $315.8 million in 2014 due a large amount of bonds being retired or defeased during the year using prepayments on loans.

Liabilities

Bonds payable decreased by $132.3 million in 2014 resulting from the issuance of $62.6 million of new bonds, principal payments and defeasances on outstanding bonds of $197.3 million, and amortization of bond premium of $2.5 million. Undisbursed loan proceeds decreased by $16.7 million during 2014 indicating a significant amount of draw requests against loan proceeds from borrowers. Advanced loan payments experienced a $3.8 million or 5.6% increase from 2013.

The following chart indicates the ratio of assets to liabilities:



Statement of Revenue, Expenses and Changes in Net Position

The following table presents the condensed combined statement of revenue, expenses and changes in net position for 2014 and 2013 fiscal years:

		2014		Restated 2013		Net Increase/ (Decrease)	Percentage Increase/ (Decrease)
Operating Revenues							
Administrative and processing fees	$	3,209,306	$	3,395,491	$	(186,185)	-5.5%
Interest on loans		48,723,703		52,942,880		(4,219,177)	-8.0%
Interest on investments		488,080		139,403		348,677	250.1%
Total operating revenues		52,421,089		56,477,774		(4,056,685)	-7.2%
Expenses							
Grants to local governments		50,824,441		48,828,884		1,995,557	4.1%
Bond issuance costs		674,398		10,918,272		(10,243,874)	-93.8%
Professional services		2,189,377		2,651,079		(461,702)	-17.4%
Salaries and benefits		4,284,392		3,926,740		357,652	9.1%
Debt service – interest expense		54,319,247		53,026,726		1,292,521	2.4%
Other expense		1,266,776		4,636,406		(3,369,630)	-72.7%
Total operating expenses		113,558,631		123,988,107		(10,429,476)	-8.4%
Net operating loss		(61,137,542)		(67,510,333)		6,372,791	-9.4%
Nonoperating Revenues (Expenses)							
Appropriation revenue		43,086,860		34,033,130		9,053,730	26.6%
Grant revenue		55,224,996		48,692,048		6,532,948	13.4%
Reversions and transfers		(3,931,693)		(2,953,157)		(978,536)	33.1%
		94,380,163		79,772,021		14,608,142	18.3%
Increase in net position		33,242,621		12,261,688		20,980,933	171.1%
Net position, beginning of year, as restated		425,309,878		413,048,190		-	
Net position, end of year	**$**	**458,552,499**	**$**	**425,309,878**	**$**	**20,980,933**	**4.9%**

Operating revenue decreased 7.2% to $52.4 million in 2014. Interest on investments began to increase, experiencing 250% incline compared to 2013 due to a larger portion of cash being invested in long-term investments. Appropriation revenue increased 26.6% while grant revenue increased 13.4%. The loan interest decline directly relates to lower outstanding loans receivable.

Overall operating costs decreased 8.4% due to increased grant expenses of $2.0 million and a decrease of loan loss provision of $3.1 million. The decrease in loan loss provision was made based on third party review of the risk of the outstanding direct equity loans in which loan ratings improved from 2013. Grant expense increased in 2014 after a grant activity recovery effort in fiscal years 2012 and 2013.

Long-Term Debt

The Authority's long-term debt consists of outstanding bond issues related to the various programs administered by the Authority. At the end of fiscal year 2014, the total amount outstanding was $1.0 billion (excluding the $1.4 billion in GRIP bonds which are administered by, but are not a direct liability of the Authority). More detailed information about the Authority's long-term debt is presented in Note 7 to the financial statements.

During the fiscal year, the Authority issued $62.6 million in PPRF bonds, primarily to directly fund loans and to reimburse the PPRF loan fund for loans already made.

Programs

The Authority accounts for each of its programs separately, each with its own assets, liabilities, net position, income and expense. The Public Project Revolving Fund is highlighted in the following discussion due to the significance of the program.

Public Project Revolving Fund

The Authority began its existence in 1992 to administer the PPRF. The mission of the PPRF is to make affordable tax-exempt financing for infrastructure projects available to borrowers who could not, on their own, access the bond market on a cost-effective basis. New Mexico's counties, cities and certain departments of state government qualify as entities who can borrow from the PPRF. Departments of state governments and certain not-for-profit entities, including state universities, are also eligible borrowers. Since 1993, the PPRF has made 1,183 loans totaling $2.5 billion.

The PPRF makes loans of less than $5 million from its own funds on hand. It then replenishes its cash balance at a later date by "packaging" the loans as collateral and selling tax-exempt bonds. Loans for amounts larger than $5 million are funded by closing the loans at the same time a reimbursement bond issue closes, thus ensuring a precise matching of loan and bond interest rates.

The PPRF operates, in many respects, in the same manner as a bank or other lending institution. Infrastructure finance agencies similar to the PPRF are often called "bond banks." Financial statements for the PPRF are presented in the following pages in a format similar to that employed by commercial banking organizations.

Public Project Revolving Fund
Statements of Net Position
June 30

	2014	Restated 2013	Net Increase/ (Decrease)	Percentage Increase/ (Decrease)
Assets				
Cash and equivalents				
Unrestricted	$ 37,838,342	$ 79,007,637	$ (41,169,295)	-52%
Restricted	67,359,957	79,173,378	(11,813,421)	-15%
Restricted investments	122,591,262	130,787,736	(8,196,474)	-6%
Accounts receivable and other	8,794,009	10,367,285	(1,573,276)	-15%
Loans receivable, net of allowance	1,081,631,189	1,138,450,511	(56,819,322)	-5%
Due from the State of New Mexico	104,525,000	108,025,000	(3,500,000)	-3%
Capital assets	70,302	186,696	(116,394)	-62%
Other assets	9,353,716	13,073,586	(3,719,870)	-28%
Total assets	**$ 1,432,163,777**	**$ 1,559,071,829**	**$ (126,908,052)**	-8%
Deferred Outflows of Resources				
Deferred charge on refunding	$ 1,191,181	$ -	$ 1,191,181	100%
Total deferred outflows of resources	**$ 1,191,181**	**$ -**	$ 1,191,181	100%
Liabilities				
Accounts payable and accrued payroll liabilities	$ 2,751,301	$ 6,202,814	$ (3,451,513)	-55.6%
Undisbursed loan proceeds	28,682,538	45,423,441	(16,740,903)	-36.9%
Borrowers' debt service and reserve deposits	86,969,969	72,016,499	14,953,470	20.8%
Bonds payable, net	1,036,144,409	1,165,236,955	(129,092,546)	-11.1%
Total liabilities	**1,154,548,217**	**1,288,879,709**	**(134,331,492)**	-10.4%
Net Position				
Invested in capital assets	70,302	186,696	(116,394)	-62.3%
Restricted for program funds	100,144,808	103,752,754	(3,607,946)	-3.5%
Unrestricted	178,591,631	166,252,670	12,338,961	7.4%
Total net position	**278,806,741**	**270,192,120**	**8,614,621**	3.2%
Total liabilities and net position	**$ 1,433,354,958**	**$ 1,559,071,829**	**$ (125,716,871)**	**-8.1%**

Loan Volume

	2014	2013	Since Inception
Amount of loans made	$104.0 million	$61.2 million	$2.48 billion
Number of loans made	64	67	1,183
Average loan size	$1.63 million	$0.9 million	$2.1 million

Public Project Revolving Fund
Statements of Revenue, Expenses and Changes in Net Position
For the Years Ended June 30

	2014	Restated 2013	Net Increase/ (Decrease)	Percentage Increase/ (Decrease)
Interest Income				
Loans	$ 46,548,780	$ 50,708,332	$ (4,159,552)	-8.2%
Investments	245,422	127,387	118,035	92.7%
Total interest income	46,794,202	50,835,719	(4,041,517)	-8.0%
Interest Expense				
Bonds	53,772,342	52,317,500	1,454,842	2.8%
Short-term borrowing	144,082	94,931	49,151	51.8%
Total interest expense	53,916,424	52,412,431	1,503,993	2.9%
Net Interest Income (Loss)				
Interest income (loss) less interest expense	(7,122,222)	(1,576,712)	(5,545,510)	351.7%
Provision for loan losses	1,900,656	(699,842)	2,600,498	-371.6%
Net interest loss after provision for loan losses	(5,221,566)	(2,276,554)	(2,945,012)	129.4%
Noninterest Income				
Loan administration fees	1,451,116	1,659,473	(208,357)	-12.6%
Appropriation revenues	29,091,277	26,585,797	2,505,480	9.4%
Total noninterest income	30,542,393	28,245,270	2,297,123	8.1%
Noninterest Expense				
Salaries and benefits	2,179,170	2,507,794	(328,624)	-13.1%
Professional services	970,669	874,564	96,105	11.0%
Bond issuance costs	674,398	674,703	(305)	0.0%
Other	1,561,926	10,808,047	(9,246,121)	-85.5%
Total noninterest expense	5,386,163	14,865,108	(9,478,945)	-63.8%
Excess of revenues over expenditures	19,934,664	11,103,608	8,831,056	79.5%
Transfers to other funds or agencies	(11,320,043)	(7,490,781)	(3,829,262)	51.1%
Increase (decrease) in net position	**8,614,621**	**3,612,827**	**5,001,794**	138.4%
Net position, beginning of year, as restated	**270,192,120**	**266,579,293**	**3,612,827**	1.4%
Net position, end of year	**$ 278,806,741**	**$ 270,192,120**	**$ 8,614,621**	**3.2%**

Net Interest Income

As a not-for profit lender, the Authority attempts to pass on to its borrowers the same rates it pays on the bonds it issues to provide the funds it loans. Therefore, in its planning and management processes, the Authority attempts to achieve approximately zero net interest income in the PPRF. In 2014, the PPRF had a net interest loss of $7.1 million, compared to $1.3 million in 2013. This is a result of market conditions in which $115.5 million in PPRF loans exercised their early call provisions in 2013 and 2014 and the Authority relent those loan repayments at moderately lower interest rates. See Note 14 Contingencies – Loan Prepayment and Bond Call Provisions.

Governmental Gross Receipts Tax

The Governmental Gross Receipts Tax (GGRT) is a tax imposed on the gross receipts of municipalities for services rendered to customers such as water, sewer, and solid waste collection. 75% of GGRT collections are appropriated to the PPRF. The Authority's share of GGRT collections was $27.4 million in 2014, a $0.4 million decrease from the $27.8 million received in 2013. The GGRT funds are used as follows:

- As a credit enhancement for the PPRF bonds. In the event of defaults on loans, GGRT funds can be used to make up for any shortfall in funds available for bond payments.
- To fund loans to borrowers, especially smaller loans which the Authority may choose to not reimburse in a bond issue.
- To pay operating expenses of the PPRF.

Other Programs

The PPRF accounts for a large portion of total Authority activity. At June 30, 2014, and for the year then ended, the relationships were as follows:

	PPRF	Total Authority	% PPRF
Total assets	$1.4 billion	$1.6 billion	88%
Net assets	$278.8 million	$458.6 million	61%
Revenues	$77.4 million	$150.7 million	51%

There are 23 other programs administered by the Authority, some of which are loan programs and some of which are grant programs.

A rise occurred in grant volume for the Drinking Water Revolving Loan Fund program because of increased grant subsidies being awarded for qualifying drinking water facilities projects in New Mexico. The cause was due to various larger projects being approved during the fiscal year.

Similar to the Drinking Water Revolving Loan Fund program, an increase in the Colonias Infrastructure program grant activity reflects the fact that the program saw an increased number of projects being approved during 2014. This is the result of the Colonias Infrastructure Act taking effect July 1, 2011 and the number of approved projects increasing as more funding is available.

A for profit limited liability company operated by the Authority has been awarded a total of $156 million allocation of New Markets Tax Credits by the U.S. Treasury Department. Under this program, the Authority can provide federal income tax credits to incentivize businesses to create jobs and otherwise contribute to the economic development of the state. Prior to 2014, the Authority made ten awards totaling $133.3 million. During 2014, the Authority has made two additional awards totaling $18.0 million. The tax credits have no impact on the financial statements of the Authority beyond the expenses incurred to administer the program and the fees charged to applicants and recipients of the credits, which are minimal.

Contacting the Authority's Financial Management

This financial report is designed to provide citizens, taxpayers, customers, legislators, investors, and creditors with a general overview of the Authority's finances and to demonstrate the Authority's accountability for the money it receives. Substantial additional information is available on the Authority's website at www.nmfa.net. If you have any questions about this report or need additional financial information, contact:

New Mexico Finance Authority (NMFA)
207 Shelby Street
Santa Fe, New Mexico 87501

Financial Statements

NEW MEXICO FINANCE AUTHORITY
Statement of Net Position
June 30, 2014

Assets	
Current assets	
Cash and equivalents	
Unrestricted	$ 51,834,915
Restricted	80,305,540
Interest receivable	7,431,412
Grants and other receivable	1,788,239
Prepaid rent	19,500
Administrative fees receivable	186,043
Investment in Finance New Mexico	99,110
Loans receivable, net of allowance	93,384,387
Intergovernmental receivables	7,341,438
Total current assets	242,390,584
Noncurrent assets	
Restricted investments	183,692,467
Loans receivable, net of allowance	1,085,781,978
Intergovernmental receivables	110,807,483
Capital assets, net of accumulated depreciation	104,378
Total assets	$ 1,622,776,890
Deferred Outflows of Resources	
Deferred charge on refunding	$ 1,191,181
Total deferred outflows of resources	$ 1,191,181
Liabilities	
Current liabilities	
Accounts payable	$ 262,198
Accrued payroll	91,540
Compensated absences	273,440
Bond interest payable	3,625,714
Undisbursed loan proceeds	28,744,630
Advanced loan payments	72,189,707
Line of credit	12,006,298
Bonds payable, net	70,430,000
Other liabilities	80,694
Total current liabilities	187,704,221
Noncurrent liabilities	
Bonds payable	977,711,351
Total liabilities	1,165,415,572
Net Position	
Invested in capital assets	104,378
Restricted for debt service	71,462,270
Restricted for program commitments	114,074,025
Unrestricted	272,911,826
Total net position	458,552,499
Total liabilities and net position	$ 1,623,968,071

The accompanying notes are an integral part of these financial statements.

NEW MEXICO FINANCE AUTHORITY
Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2014

Operating Revenues	
Administrative fees revenue	$ 2,819,302
Processing fee	390,004
Interest on loans	48,723,703
Interest on investments	488,080
Total operating revenues	52,421,089
Operating Expenses	
Grants to others	50,824,441
Bond issuance costs	674,398
Administrative fees	189,383
Professional services	2,189,377
Salaries and benefits	4,284,392
Other operating costs	1,484,748
Depreciation expense	116,394
Bond interest expense	54,319,247
Provision for loan losses	(822,108)
Interest expense	298,359
Total operating expenses	113,558,631
Net operating loss	(61,137,542)
Nonoperating Revenues (Expenses)	
Appropriation revenue	43,086,860
Grant revenue	55,224,996
Transfers to the State of New Mexico	(3,931,693)
Increase in net position	33,242,621
Net position, beginning of year, as restated (note 17)	425,309,878
Net position, end of year	$ 458,552,499

The accompanying notes are an integral part of these financial statements.

Statement of Cash Flows
For the Year Ended June 30, 2014

Cash flows from operating activities		
Cash paid for employee services	$	(4,277,609)
Cash paid to vendors for services		(5,030,758)
Intergovernmental payments received		7,125,630
Loans payments received		156,697,761
Loans funded		(116,741,280)
Grants to local governments		(50,824,441)
Cash received from federal government for revolving loan funds		12,448,854
Interest on loans		49,600,877
Proceeds from line of credit		17,536,712
Payments of line of credit		(5,530,414)
Administrative fees received		3,887,651
Net cash provided by operating activities		64,892,983
Cash flows from noncapital financing activities		
Appropriations received from the State of New Mexico		43,086,860
Cash transfers from the State of New Mexico		42,775,670
Cash transfers to the State of New Mexico		(3,931,221)
Proceeds from the sale of bonds		62,595,000
Payment of bonds		(197,526,239)
Bond issuance costs		(674,398)
Bond interest expense paid		(53,477,874)
Net cash use in noncapital financing activities		(107,152,202)
Cash flows from investing activities		
Purchase of investments		(60,323,486)
Sale of investments		8,196,494
Interest received on investments		488,080
Net cash used in investing activities		(51,638,912)
Net increase (decrease) in cash and cash equivalents		(93,898,131)
Cash and cash equivalents, beginning of year		226,038,586
Cash and cash equivalents, end of year	$	132,140,455

Reconciliation of net operating income (loss) to net cash provided by (used in) operating activities	
Net operating income (loss)	$ (61,137,542)
Adjustments to change in net position	
Depreciation	116,394
Amortization on bond premiums	(2,298,264)
Provision for loan losses	(1,238,151)
Interest on investments	(488,080)
Bond interest paid	56,766,702
Bond issuance costs	674,398
Cash received from federal grants	12,448,854
Interest expense	149,168
Changes in assets and liabilities	
Interest receivable	876,416
Grants and other receivable	652,045
Administrative fees receivable	26,300
Loans receivable, net of allowance	53,303,831
Intergovernmental receivables	7,125,628
Accounts payable	(210,841)
Accrued payroll	7,420
Compensated absences	(637)
Funds held for others	(80,263)
Undisbursed loan proceeds	(16,740,903)
Advanced loan payments	3,809,596
Line of credit	12,006,298
Other liabilities	(875,386)
	$ 64,892,983

Agency Funds - Statement of Assets and Liabilities
For the Year Ended June 30, 2014

Assets		
Cash held by Trustee		
Program funds	$	97,782,134
Expense funds		171,363
Revenue funds		7,135,444
Rebate fund		3,126,037
Bond reserve funds		824,863
Total assets	$	109,039,841
Liabilities		
Accounts payable	$	1,712,100
Debt service payable		9,545,607
Program funds held for the NM Department of Transportation		97,782,134
Total liabilities	$	109,039,841

The accompanying notes are an integral part of these financial statements.

1) Nature of Organization

The New Mexico Finance Authority (the "Authority"), a component unit of the State of New Mexico (the "State"), is a public instrumentality of the State, organized and existing pursuant to the New Mexico Finance Authority Act (the "Act") created by the Laws of 1992 Chapter 61, as amended. The Authority has broad powers to provide financing for an array of infrastructure and economic development projects. The Authority also provides for long-term planning and assessment of state and local capital needs and improves cooperation among the executive and legislative branches of state government and local governments in financing public projects.

The Authority's governing board is composed of eleven members including the Secretary of the Department of Finance and Administration; the Secretary of Economic Development; the Secretary of Energy, Minerals and Natural Resources; and the Secretary of the Environment Department, the Executive Director of the New Mexico Municipal League and the Executive Director of the New Mexico Association of Counties are ex-officio members of the Authority with voting privileges. The Governor, with the advice and consent of the Senate, appoints to the Authority Board, whose membership must include the chief financial officer of an institution of higher education and four other members who are residents of the State. The appointed members serve at the pleasure of the Governor.

The Authority issues loans to entities pursuant to the rules and regulations governing the Public Projects Revolving Loan Fund Program (PPRF). The PPRF provides low cost financing to local government entities for a variety of infrastructure projects throughout the State. The PPRF Program receives 75 percent of the Governmental Gross Receipts Tax of the State of New Mexico pursuant to section 7-1-6.1 NMSA, 1978, and may issue bonds in amounts deemed necessary to provide sufficient money for the purposes set forth by the New Mexico Finance Authority Act. Bonds are issued under a Master Indenture as well as individual Series Indentures, proceeds and covenants of which are administered through a trust relationship established by contract with a trust company or bank bearing trust powers (Trustee) and the Authority. The Authority may also serve as conduit issuer of revenue bonds for other governmental agencies.

The Authority manages the Drinking Water State Revolving Loan Program (DWRLF) and the Water Trust Board Program (WTB).

The DWSRF provides low cost financing for the construction of and improvements to drinking water facilities throughout New Mexico in order to protect drinking water quality and public health. This program is primarily funded through a federal capitalization grant which the State is required to match by 20%.

The WTB program provides grant and interest free loans to support water projects which support water use efficiency, resource conservation and protection and fair distribution and allocation of water.

Other significant programs administered by the Authority include:

- The Local Transportation Infrastructure Projects Program provides for grants and low-cost financial assistance for local governments transportation projects which are not eligible for federal funding and funding for which have not been set by the existing Local Government Road Fund.
- The Economic Development Program provides comprehensive financing tools to stimulate economic development projects statewide.
- The New Markets Tax Credit Program acts as managing partner in Finance New Mexico LLC, a subsidiary for-profit company which received an allocation of federal tax credits under the New Markets Tax Credit Program.
- The Primary Care Capital Program is a revolving loan program which provides financial assistance to rural primary care health clinics for infrastructure, construction and capital equipment purchases. These loans provide 20 percent annual loan forgiveness if the borrower agrees to a contract-for-services to provide medical care free or at reduced prices to sick and indigent clients.
- The Water and Wastewater Project Grant Program provides grant funding for water and wastewater system projects authorized by legislation.
- The Local Government Planning Grant Program provides grants to qualified entities on a per project basis for water and wastewater related studies, long-term water management plans and economic development plans.
- The State Capital Improvement Financing Program accounts for the issuance of revenue bonds the proceeds of which were used to finance capital improvements to a state facility located adjacent to the State Capitol.
- The UNM Health Sciences Program administers the financing of several capital projects for UNM Health Sciences Center. The Authority issued bonds, secured by authorized distributions of cigarette excise taxes, for the purpose of designing, constructing, equipping and furnishing additions and improvements to the University of New Mexico Hospital and the Cancer Research and Treatment Center.
- The Worker`s Compensation Financing Program accounts for the issuance of revenue bonds used to finance the planning, designing, constructing, equipping and furnishing of a state office building for the Workers' Compensation Administration.
- The Colonias Infrastructure Act appropriates to the Authority 5% of the senior lien severance tax bond proceeds for loans and grants to certain communities in southern New Mexico that lack basic infrastructure for water and wastewater, solid waste disposal, flood and drainage control, roads and housing.

- Through a Memorandum of Understanding entered into with the New Mexico Economic Development Department, the Authority received $13.2 million of federal State Small Business Credit Initiative funds in 2011 to help increase the flow of capital to small businesses by mitigating bank risk. The Authority uses the funds to buy loan participations from banks for economic development projects under a program marketed as the Collateral Support Participation.

The Authority is not subject to the supervision or control of any other board, bureau, department or agency of the State, except as specifically provided in the Act. Bonds and other obligations issued by the Authority under the provisions of the Act are not a debt or liability of the State or any subdivision thereof. The New Mexico Finance Authority Finance Committee was created by the Act and was appointed by the Legislative Council Service to provide legislative oversight.

The Authority does not have any component units.

2) Summary of Significant Accounting Policies

Accounting Principles
The financial statements of the Authority have been prepared in accordance with accounting principles generally accepted in the United States of America as applied to governmental units and funds. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting.

Basis of Presentation
The financial statements of the Authority have been prepared using the economic resources measurement focus and the accrual basis of accounting. All of the Authority's activities, except those in which the Authority acts as an agent, are reported as an enterprise fund. Enterprise funds are used for activities for which a fee is charged to external users for goods and services.

The Authority distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing financial services in connection with on-going operations. Primary operating revenues includes financing income and fees charged to program borrowers. Operating expenses include interest expense, program support, as well as funds granted to others in the form of loan forgiveness and other subsidies to governmental entities.

Nonoperating items consist primarily of governmental gross receipts and other tax distributions reported as appropriations, grant revenue, and transfers-out for excess distributions and reversions of prior year appropriated revenue.

Revenues from grants that are restricted for specific uses are recognized as revenues and as receivables when the related costs are incurred. When restricted resources meet the criteria to be available for use and unrestricted resources are also available, it is the Authority's policy to use restricted resources first. Expenses are recorded when they are incurred. Expenses charged to federal programs are recorded utilizing the cost principles prescribed or permitted by the various funding sources.

Agency Funds
Agency Funds are used to report resources held by the Authority in a purely custodial capacity. These funds result from transactions associated with the Authority acting as fiscal agent for the New Mexico Department of Transportation (the "Department") on several of the Department's bond transactions. The amounts reported as agency funds do not belong to the Authority and are held in separate accounts on the Authority's books in the name of the Department. Accordingly, all assets held and reported in the Agency Funds are offset by a corresponding liability.

Cash, Cash Equivalents and Investments
The Authority considers all highly liquid financial instruments with a maturity of three months or less when purchased to be cash equivalents. Cash and cash equivalents consist of cash on deposit with Wells Fargo Bank and the Bank of Albuquerque which also acts as bond trustee. Certain proceeds of the Authority's bonds, as well as certain resources set aside for their repayment are invested in certain allowable securities. All investments are stated at fair value except for Investment in Finance New Mexico which is accounted for utilizing the cost method.

Accounts Receivable
Accounts receivable consists of payments due from governmental entities, administrative fees due from projects, and other receivables arising from the normal course of operations.

Loans Receivable
Loans are carried at amounts advanced, net of collections and reserves for loan losses, if any. Loans that become past due as to principal and interest are evaluated for collectability. Generally, loans are not placed on nonaccrual status because they are insured, guaranteed, or collateralized.

The allowance for loan losses is maintained to cover possible losses inherent in the loan portfolio based on management's evaluation of the loan portfolio, giving consideration to various factors, including collateral value, past loan loss experience, current facts and economic conditions. The allowance is based on management's estimates, and ultimate losses may vary from the current estimates. These estimates are reviewed periodically and any necessary adjustments are reported in income in the period they become known.

Intergovernmental Receivables

Intergovernmental receivables consist of amounts due from the State based on legislated appropriation of specified taxes for repayment of certain bonds issued by the Authority on behalf of State entities. The related statute directs the Authority to issue bonds and make proceeds available to specified State entities to fund various projects. The statute appropriates a portion of existing taxes or fees to fund the payment of the related bonds. No allowance has been established, as all such receivables are considered collectable.

Capital Assets

Capital assets are recorded at historical cost and depreciated over their estimated useful lives. Donated capital assets are recorded at their estimated fair value at the date of donation. Additions, improvements and other capital outlays individually exceeding $5,000 that significantly extend the useful life of an asset are capitalized.

Estimated useful life is management's estimate of how long the asset is expected to meet service demands. Straight-line depreciation is used, based on estimated useful lives ranging from three to seven years.

Deferred Outflows/Inflows of Resources

The statement of net position, where applicable, includes separate sections for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources represent consumption of net position that applies to future periods that will be recognized as an expense in future periods. Deferred inflows of resources represent an acquisition of net position that applies to future periods and will be recognized as revenues in future periods.

Bond Discounts and Premiums

Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount.

Compensated Absences

Full-time employees with ten years or less employment with the Authority are entitled to fifteen days' vacation leave. Employees with more than ten years' service receive twenty days. When employees terminate, they are compensated at their current hourly rate for accumulated unpaid vacation leave.

Full-time employees are entitled to twelve days of sick leave each fiscal year. When employees terminate, they are compensated at twenty-five (25%) of their current hourly rate of accumulated unpaid sick leave up to 300 hours. Part-time employees accrue vacation leave and sick leave on a prorated basis based on the number of hours they work. Accrued compensated absences are recorded and liquidated in the PPRF operating fund.

Undisbursed Loan Proceeds
Undisbursed loan proceeds represent loan amounts awaiting disbursement to loan recipients. Funds are not automatically disbursed in their entirety when a loan closes. Proceeds are disbursed as the related project costs are incurred. The accounts, in the majority, represent loans of the PPRF program.

Net Position
The difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources, is referred to as net position. Net position is categorized as investment in capital assets (net of related debt), restricted and unrestricted, based on the following:

Investment in capital assets (*net of related debt*) is intended to reflect the portion of net position which is associated with capital assets less outstanding capital asset related debt. The net of related debt is the debt less the outstanding liquid assets and any associated unamortized cost. The Authority has no capital asset related debt.

Restricted net position has third-party (statutory, bond covenant or granting agency) limitations on their use. When there is an option, the Authority spends restricted resources first.

Unrestricted net position represents net position not otherwise classified as invested in capital assets or restricted net position.

Income Taxes
The Authority is a tax-exempt, quasi-governmental organization under Section 115 of the Internal Revenue Code. Accordingly, no provision for income taxes has been included in the accompanying financial statements. The Authority is subject to other Internal Revenue Code sections relating to the tax-exempt status of the bonds issued by the Authority.

Use of Estimates
The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

Budget
The Authority's budget represents a financial plan, not a legal constraint, therefore, budgetary comparison information is not presented in the financial statements or as required supplementary information.

<u>Recently Issued Accounting Standards</u>
In March 2012, GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities* (GASB 65). The objective of this Statement is to either (a) properly classify certain items that were previously reported as assets and liabilities as deferred outflows of resources or deferred inflows of resources or (b) recognize certain items that were previously reported as assets and liabilities as outflows of resources (expenses or expenditures) or inflows of resources (revenues). The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2012. Adopting GASB 65 for fiscal year 2014 resulted in a charge to net position of approximately $10.2m of previously capitalized debt issuance costs. The implementation of GASBS No. 65 also resulted in the reclassification of the unamortized portion of bond refunding losses. These amounts are now reported as Deferred Outflows of Resources instead of as a reduction of Bonds Payable.

In March 2012, GASB issued Statement No. 66, *Technical Corrections–2012* (GASB 66). The objective of this Statement is to improve accounting and financial reporting by state and local governmental entities by resolving conflicting guidance that resulted from the issuance of two pronouncements–Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No.62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre – November 30, 1989 FASB and AICPA Pronouncements*. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2012. Adopting GASB 66 did not impact the Authority's financial statements.

In June 2012, GASB issued Statement No. 67, *Financial Reporting for Pension Plans* (GASB 67). The objective of this Statement is to improve the usefulness of pension information included in the general purpose external financial reports (financial reports) of state and local governmental pension plans for making decisions and assessing accountability. The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2013. Adopting GASB 67 did not impact the Authority's financial statements.

In June 2012, GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions* (GASB 68). The objective of this Statement is to improve the information provided in government financial reports about pension related financial support provided by certain nonemployer entities that make contributions to pension plans that are used to provide benefits to the employees of other entities. The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2014. The Authority has not completed the process of evaluating the impact of GASB 68 on its financial statements.

In January 2013, GASB issued Statement No. 69, *Government Combinations and Disposals of Government Operations* (GASB 69). This Statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2013. The Authority has not completed the process of evaluating the impact of GASB 69 on its financial statements.

In April 2013, GASB issued Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees* (GASB 70). The requirements of this Statement will enhance comparability of financial statements among governments by requiring consistent reporting by those governments that extend nonexchange financial guarantees and by those governments that receive nonexchange financial guarantees. The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2013. Adopting GASB 70 did not impact the Authority's financial statements.

In November 2013, GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68* (GASB 71). The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, Accounting and Financial Reporting for Pensions. The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2014. The Authority has not completed the process of evaluating the impact of GASB 71 on its financial statements.

3) Cash and Cash Equivalents and Investments

The Authority follows GASB No. 40, *Deposit and Investment Risk Disclosures*. This statement requires the disclosure of applicable interest rate, credit, custodial credit, concentration of credit and foreign currency risks.

Investments conform to the provisions of the Statements of Investment Policies, Objectives and Guidelines adopted by the Board on March 26, 2008, as revised. The investment policy applies to all of the Authority's funds; including funds the Authority may manage for others, except for those funds where trust indentures, bond resolutions, or other documents or agreements control the investment of funds. This policy is the Authority master investment policy and may be amended or supplemented as applied to specific categories of funds by adoption of addenda by the Board applicable to specific categories of the Authority funds.

Except where prohibited by statute, trust indenture, or other controlling authority, the Authority consolidates cash and reserve balances from all funds to maximize investment earnings and to increase efficiencies with regard to investment pricing, safekeeping, and administration. Investment income is allocated to the various funds based on their respective participation. The primary objectives, in order of priority, of investment activity shall be safety, liquidity and yield.

Investments shall be undertaken in a manner that seeks to ensure the preservation and principal in the overall portfolio while mitigating credit risk and interest rate risk.

The Authority has Primary Care Capital Program funds invested in the New Mexico State Treasurer's Office investment pool. State law (Section 8-6-3 NMSA 1978) requires investments of these funds be managed by the New Mexico State Treasurer's Office.

Credit Risk
The Authority minimizes credit risk (the risk of loss due to the failure of securities issuer or backer) by limiting investments, prequalifying financial institutions, broker/dealers, intermediaries and advisors with which the Authority will do business and diversifying the investment portfolio so that the impact of potential losses from any one type of security or from any one individual issuer will be minimized.

The New Mexico State Treasurer pools are not rated.

Interest Rate Risk
The Authority minimizes interest rate risk (the risk that the market value of securities in the portfolio will decline due to changes in market interest rates) by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market prior to maturity and by investing operating funds primarily in short-term securities limiting the average maturity of the portfolio.

For the Primary Care Capital program funds invested in the New Mexico State Treasurer's Office investment pool, the New Mexico State Treasurer's Office has an investment policy that limits investment maturities to five years or less on allowable investments. This policy is a means of managing exposure to fair value losses arising from increasing interest rates. This policy is reviewed and approved annually by the New Mexico State Board of Finance.

For additional GASB 40 disclosure information regarding cash held by the New Mexico State Treasurer, the reader should refer to the separate audit report for the New Mexico State Treasurer's Office for the fiscal year ended June 30, 2014.

Permitted Investments

As provided in Sections 6-21-6 and 6-21-2 of the Act, money pledged for or securing payment of bonds issued by the Authority shall be deposited and invested as provided in the bond resolution, trust indenture or other instrument under which the bonds were issued. The following table identifies the investment types permitted by the investment policy:

	Description	Maximum Percentage of Authority Funds [1]
A	Direct and general U.S. Government Obligations (Treasury Bills, Treasury Notes, Treasury Bonds)	100%
B	U.S. Government Agencies (any federal agency or instrumentality notes, bonds, debentures, with implicit guarantee of the United States of America)	75%
C	SEC-registered money market funds with total assets at time of deposit in excess of $100,000,000[2]	100%
E	Certificates of deposits and bank deposits[3]	20%
F	Commercial paper issued by corporations organized and operating on the United States and rated A1 P1 or equivalent by two or more rating services.	10%
G	Bonds or notes issued by any municipality, county or school district of the State	10%
H	Overnight repurchase agreements[4]	25%
I	Investment contracts (guaranteed investment contracts (GIC's) and flexible repurchase agreements)[1]	N/A
J	State Treasurer's Short-term Investment Fund	50%

Investment of Bond Proceeds

All or any portion of the proceeds of bonds or other obligations of the Authority may be invested in a GIC or flexible repurchase agreement without regard to the investment allocation ranges set forth in the investment policy, if the GIC or repurchase agreement provides for disbursement upon request of the Authority in amounts necessary to meet expense requirements for the bonds or other obligations.

[1] Limits do not apply to cash invested by trustee per bond indenture.

[2] Money markets must be rated AAA by Standards & Poor or Aaa by Moody and in compliance with the diversification, quality and maturity requirements 2a-7 of the U.S. Securities and Exchange Commission applicable to money markets with no sales load or deferred sales charge.

[3] Interest bearing certificates of deposit or bank deposits must be in banks having a branch location in New Mexico, and all principal and interest must be fully insured by the Federal Deposit Insurance Corporation or secured by obligations described in A) and B) above, registered in the name of the Authority and held by a third party safe-keeping agent, or collateralized as required by 6.10.16 NMSA at 102% of the value of the deposit that is not FDIC insured.

[4] Investment contracts and repurchase agreements investments must be fully secured by obligations described in A) and B) above with all collateral held by an independent third party safekeeping agent.

Cash and equivalents at June 30, 2014 were as follows:

Description	Balance at June 30, 2014	Rated	Percentage of Authority Funds [1]
Bank deposits, collateralized, at the Bank of Albuquerque in the name of the State Treasurer	$ 1,023	N/A	<1%
Wells Fargo deposit account	213,482	N/A	<1%
Wells Fargo Repurchase agreement -fully secured[2]	248,028	N/A	<1%
Government Money Market Funds	131,677,922	AAA	41.7%
Total cash and equivalents	$ 132,140,455		
Cash held in agency fund	$ 109,039,841[3]		

Maturity Restrictions

It is the policy of the Authority to diversify investment maturities based on cash flow requirements. Unless matched to a specific cash flow, the Authority will invest in securities maturing five years or less from date of purchase.

Investments consist of bond proceeds which are restricted to uses specified in the related bond indentures. Such restricted investments at June 30, 2014, are comprised of the following:

Description	Fair Value at June 30, 2014	Average Years to Maturity	Percentage of Authority Funds
U.S. Treasury notes	$ 120,084,268	.98	38.0%
Primary Care Capital Program funds held with the State Treasurer Fund Investment Pool	1,407,522	1 day to 5 years	<1%
Federal Home Loan Mortgage Corporation bonds	62,200,677	1.33	19.69%
Total restricted investments	$ 183,692,467		

1 Limits described in the "permitted investments" section above do not apply to cash invested by trustee per bond indenture.

2 Wells Fargo accounts FDIC insured for $250,000. Remaining $211,510 is secured by a pledge of Agency securities in the name of the State of New Mexico monitored by the New Mexico State Treasurer's Office.

3 All cash held as agent by the Authority is fully collateralized by securities held in the name of the Authority.

4) Loans Receivable

Loans receivable activity for the fiscal year was as follows:

Program Description	Term (Years)	Rates	2013	Increases	Decreases	2014
Public Projects Revolving Loan Fund	1 to 30	0% to 6%	$ 1,140,530,507	$ 104,821,188	$ 162,646,076	$ 1,082,705,619
Drinking Water State Revolving Loans	1 to 30	0% to 4%	63,341,227	5,662,622	4,070,491	64,933,358
Drinking Water State Revolving Loans-ARRA	1 to 20	1%	2,616,809	-	311,131	2,305,678
Primary Care Capital Fund Loans	10 to 20	3%	4,216,376	-	632,069	3,584,307
Water Projects Fund Loan Grants	10 to 20	0%	18,336,546	7,301,228	4,414,778	21,222,996
Smart Money Participation Loans	3 to 20	2% to 5%.	4,161,711	576,000	55,947	4,681,764
Behavioral Health Care Loan	15	3%	198,512	-	23,907	174,605
Cigarette Tax - Behavioral Health Care Capital Loans	15	3%	441,272	587,230	34,804	993,698
Pooled Equipment Certificates of Participation Loans	5 to 20	4% to 6.4%	108,000	-	55,000	53,000
Colinias Infrastructure Fund Loans	10 to 20	3%	202,731	546,253	87,634	661,350
SSBCI Loans	10 to 20	3%	2,461,746	2,127,931	1,277,150	3,312,527
Child Care Revolving Loans	8	3%	25,970	-	6,160	19,810
			1,236,641,407	121,622,452	173,615,147	1,184,648,712
Less allowance for loan losses			(5,409,364)	(895,092)	822,109	(5,482,347)
Totals			$ 1,231,232,043	$ 120,727,360	$ 174,437,256	$ 1,179,166,365

The following is a summary of scheduled payments to be collected on loans receivable as of June 30, 2014:

	Principal	Interest	Total
Fiscal year ending June 30			
2015	$ 93,384,387	$ 41,501,928	$ 134,886,315
2016	91,342,260	39,154,650	130,496,910
2017	84,516,759	36,685,197	121,201,956
2018	83,005,755	34,223,254	117,229,009
2019	81,042,883	31,598,294	112,641,177
2020 – 2024	344,420,879	120,448,670	464,869,549
2025 – 2029	238,154,305	63,817,660	301,971,965
2030 – 2034	125,488,846	25,319,255	150,808,101
2035 – 2039	42,919,269	3,785,107	46,704,376
2040 – 2044	373,369	11,387	384,756
Subtotals	1,184,648,712	$ 396,545,402	$ 1,581,194,114
Less allowance for loan losses	(5,482,347)		
Loans receivable net	$ 1,179,166,365		

5) Intergovernmental Receivables

The Authority has agreements with various state entities relating to the issuance of bonds. Pursuant to the underlying legislation and resolutions, the bond proceeds financed various state projects. Pursuant to the legislation, the debt service on these bonds is payable solely from revenues from the State and state entities. Intergovernmental receivables represent amounts due to the Authority under these agreements.

Intergovernmental receivables activity during the year ended June 30, 2014, was as follows:

State Entity	Revenue Pledge	Rates	Maturity	2013	Payments	2014	Due in One Year
Administrative Office of the Courts	Court Facilities fees	3.05% to 5.00%	6/15/2025	$ 40,085,000	$ 2,525,000	$ 37,560,000	$ 2,650,000
University of New Mexico Health Sciences Center	Cigarette excise tax	3.88% to 5.00%	6/15/2025	23,565,000	120,000	23,445,000	125,000
General Services Department - State of New Mexico	State Gross Receipts tax	4.25% to 5.00%	6/1/2036	44,375,000	855,000	43,520,000	900,000
University of New Mexico Health Sciences Center	Cigarette excise tax	2.25% to 5.00%	4/1/2019	10,825,000	1,975,000	8,850,000	1,955,000
University of New Mexico Health Sciences Center	Cigarette excise tax	2.13% to 3.94%	4/1/2019	4,599,549	770,628	3,828,921	766,438
General Services Department - State of New Mexico	Income from Land Grant Permanent Fund	7.00%	3/15/2015	1,825,000	880,000	945,000	945,000
			Totals	$ 125,274,549	$ 7,125,628	$ 118,148,921	$ 7,341,438

The following is a summary of scheduled payments to be collected on the receivables from state entities as of June 30, 2014:

	Principal	Interest	Total
Fiscal year ending June 30			
2015	$ 7,341,438	$ 5,773,494	$ 13,114,932
2016	6,884,184	5,424,462	12,308,646
2017	7,103,814	5,097,956	12,201,770
2018	7,315,443	4,760,840	12,076,283
2019	7,594,042	4,411,819	12,005,861
2020 – 2024	42,425,000	16,227,813	58,652,813
2025 – 2029	18,780,000	7,193,463	25,973,463
2030 – 2034	14,030,000	3,844,000	17,874,000
2035 – 2039	6,675,000	504,750	7,179,750
Intergovernmental receivables	$ 118,148,921	$ 53,238,597	$ 171,387,518

6) Capital Assets

A summary of changes in capital assets during the fiscal year was as follows:

	Balance at June 30, 2013	Increases	Decreases	Balance at June 30, 2014
Depreciable assets				
Furniture and fixtures	$ 28,665	$ -	$ -	$ 28,665
Computer hardware and software	731,618	-	-	731,618
Leasehold improvement	8,241	-	-	8,241
	768,524	-	-	768,524
Accumulated depreciation				
Furniture and fixtures	(28,665)	-	-	(28,665)
Computer hardware and software	(510,846)	(116,394)	-	(627,240)
Leasehold improvement	(8,241)	-	-	(8,241)
	(547,752)	(116,394)	-	(664,146)
Net total	$ 220,772	$ (116,394)	$ -	$ 104,378

Depreciation expense for the fiscal year was $116,394.

7) Bonds Payable

Bonds have been issued to provide financing for various Authority programs and are collateralized as follows:

- Loan Agreements and securities executed and delivered by governmental units in consideration for the financing of all or a portion of their respective projects by the Authority.
- Amounts held in the Agreement Reserve Accounts.
- Additional pledged loans.
- Revenues received by the Authority from the allocation of the Authority's portion of the Governmental Gross Receipts tax.
- Revenues pledged through legislation as security for the payment of principal and interest on bonds. These revenues include Court Facilities Fees, Cigarette Excise Tax, State Gross Receipts Tax, Workers' Compensation Fees and Income from Land Grant Permanent Fund.

Bonds payable consist of the following at June 30, 2014:

Bond Series	Rate	Maturities	Original Amount	Outstanding Amount
Public Project Revolving Fund Revenue Bonds - Senior Lien Debt				
2005 A	3.750% to 5.000%	June 1, 2013 to June 1, 2025	$ 19,015,000	$ 6,980,000
2005 B	3.500% to 4.500%	June 1, 2013 to June 1, 2020	13,500,000	4,365,000
2006 B	4.250% to 5.000%	June 1, 2013 to June 1, 2036	38,260,000	26,265,000
2006 D	4.250% to 5.000%	June 1, 2013 to June 1, 2036	56,400,000	46,015,000
2007 E	4.250% to 5.000%	June 1, 2013 to June 1, 2032	61,945,000	40,030,000
2008 A	3.000% to 5.000%	June 1, 2013 to June 1, 2038	158,965,000	129,605,000
2008 B	4.000% to 5.250%	June 1, 2013 to June 1, 2035	36,545,000	25,780,000
2008 C	4.250% to 6.000%	June 1, 2013 to June 1, 2033	29,130,000	21,150,000
2009 A	2.250% to 5.000%	June 1, 2013 to June 1, 2038	18,435,000	14,230,000
2009 C	2.500% to 5.250%	June 1, 2013 to June 1, 2029	55,810,000	45,795,000
2009 D-1	3.000% to 4.500%	June 1, 2013 to June 1, 2030	13,570,000	9,370,000
2009 D-2	2.320% to 6.070%	June 1, 2013 to June 1, 2036	38,845,000	36,290,000
2009 E	3.000% to 4.500%	June 1, 2013 to June 1, 2019	35,155,000	19,945,000
2010 A-1	3.000% to 4.500%	June 1, 2013 to June 1, 2034	13,795,000	7,555,000
2010 A-2	3.777% to 6.406%	June 1, 2016 to June 1, 2039	15,170,000	13,795,000
2010 B-1	2.000% to 5.000%	June 1, 2013 to June 1, 2035	38,610,000	28,450,000
2010 B-2	2.236% to 6.230%	June 1, 2013 to June 1, 2035	17,600,000	17,285,000
2011 A	2.000% to 4.000%	June 1, 2013 to June 1, 2016	15,375,000	6,425,000
2011 B-1	2.000% to 4.000%	June 1, 2013 to June 1, 2036	42,735,000	32,500,000
2011 B-2	2.000% to 4.950%	June 1, 2013 to June 1, 2031	14,545,000	12,225,000
2011 C	3.000% to 5.000%	June 1, 2013 to June 1, 2036	53,400,000	46,025,000
2012 A	1.500% to 5.500%	June 1, 2013 to June 1, 2038	24,340,000	22,445,000
2013 A	2.000% to 5.000%	June 1, 2013 to June 1, 2038	44,285,000	41,245,000
2013 B	2.000% to 5.000%	June 1, 2014 to June 1, 2036	16,360,000	15,455,000
			871,790,000	669,225,000
Public Project Revolving Fund Revenue Bonds - Subordinate Lien Debt				
2005 C	3.625% to 5.000%	June 15, 2013 to June 15, 2025	50,395,000	36,410,000
2005 E	3.875% to 5.000%	June 15, 2013 to June 15, 2025	23,445,000	23,445,000
2005 F	4.000% to 5.000%	June 15, 2013 to June 15, 2025	21,950,000	16,245,000
2006 A	4.000% to 5.000%	June 15, 2013 to June 15, 2035	49,545,000	42,525,000
2006 C	4.000% to 5.000%	June 15, 2013 to June 15, 2026	39,860,000	27,845,000
2007 A	4.000% to 5.000%	June 15, 2013 to June 15, 2027	34,010,000	18,260,000
2007 B	4.250% to 5.000%	June 15, 2013 to June 15, 2034	38,475,000	24,050,000
2007 C	4.250% to 5.250%	June 15, 2013 to June 15, 2027	131,860,000	96,700,000
2013 C-1	2.000% to 4.000%	June 15, 2014 to June 15, 2028	3,745,000	3,325,000
2013 C-2	.950% to 5.000%	June 15, 2014 to June 15, 2029	10,550,000	9,350,000
2014 A-1	2.000% to 5.000%	June 15, 2014 to June 15, 2033	15,135,000	15,135,000
2014 A-2	.250% to 4.491%	June 15, 2014 to June 15, 2034	16,805,000	16,805,000
			435,775,000	330,095,000
		Subtotal - PPRF Bonds	1,307,565,000	999,320,000

Bond Series	Rate	Maturities	Original Amount	Outstanding Amount
Pooled Equipment Certificates of Participants				
1995 A	6.30%	October 1, 2015	4,288,000	36,000
1996 A	5.80%	April 1, 2016	1,458,000	17,000
			5,746,000	53,000
State Capitol Building Improvement Revenue Bonds				
1996	7.0%	Sept. 15, 2012 to Mar. 15, 2015	9,315,000	945,000
Cigarette Tax Revenue Bonds - UNM Health Sciences Center Project				
2004A	4.0% to 5.0%	April 1, 2012 to April 1, 2019	39,035,000	8,850,000
Cigarette Tax Revenue Bonds - Behavioral Health Projects				
2006	5.51%	May 1, 2012 to May 1, 2026	2,500,000	1,500,000
Total bonds outstanding			$ 1,364,161,000	1,010,668,000
Add net unamortized premium				37,473,351
Total bonds payable, net				1,048,141,351
Less current portion of bonds payable				(70,430,000)
Noncurrent portion of bonds payable				$ 977,711,351

Maturities of bonds payable and interest are as follows:

	Principal	Interest	Total
Fiscal year ending June 30,			
2015	$ 70,430,000	$ 47,179,421	$ 117,609,421
2016	69,968,000	44,280,544	114,248,544
2017	70,100,000	41,386,204	111,486,204
2018	71,275,000	38,300,822	109,575,822
2019 – 2023	332,065,000	144,408,165	476,473,165
2024 – 2028	230,385,000	71,951,554	302,336,554
2029 – 2033	113,610,000	29,714,771	143,324,771
2034 – 2038	52,780,000	5,688,316	58,468,316
2039 – 2040	55,000	3,523	58,523
	1,010,668,000	$ 422,913,320	$ 1,433,581,320
Add unamortized premium	37,473,351		
Bonds payable, net	$ 1,048,141,351		

The bonds payable activity for the fiscal year was as follows:

	Balance at June 30, 2013, as restated	Increases	Decreases	Balance at June 30, 2014	Due within One Year
Bonds payable	$ 1,145,326,000	$ 62,595,000	$ (197,253,000)	$ 1,010,668,000	$ 70,430,000
Add unamortized premium	36,378,109	3,666,745	(2,571,503)	37,473,351	-
Total	$ 1,181,704,109	$ 66,261,745	$ (199,824,503)	$ 1,048,141,351	$ 70,430,000

8) Advanced Loan Payments

Advanced loan payments represent the amounts received from loan recipients which have not been applied as a payment against their loan as well as debt service reserve accounts funded from the loan proceeds. The Authority applies loan payments semi-annually, therefore, any payments received prior to being applied to the loan are held in an account which earns interest and the interest is credited to the borrower. These funds are held by the trustee and in accounts at the State Treasurer's office. The balance of advanced loan payments was $72,189,707 at June 30, 2014.

9) Line of Credit

The Authority maintains a credit facility with Wells Fargo for the PPRF which provides for a borrowing limit of up to $100,000,000 for the purpose of obtaining necessary funding, on an interim basis, to make loans to qualified entities prior to the issuance, sale and delivery of certain Public Project Revolving Fund Revenue Bonds and to reimburse the Authority for such loans that have been made. The terms of the credit facility require payment in full of any outstanding balance from the proceeds of the next PPRF bond issuance. Interest is due monthly on the outstanding balance, and accrues at 70% of U.S. dollar monthly LIBOR plus 75 basis points. The LIBOR rate at June 30, 2014, was .154. The Authority pays a 15 basis point fee on the unused portion of the facility. A summary of changes in the line of credit follows:

	Balance, June 30, 2013	Increases	Decreases	Balance, June 30, 2014	Due within One Year
PPRF line of credit	$ -	$ 17,536,712	$ (5,530,414)	$ 12,006,298	$ 12,006,298
Total	$ -	$ 17,536,712	$ (5,530,414)	$ 12,006,298	$ 12,006,298

10) Operating Lease Commitment

The Authority is committed under various lease agreements for office space, a vehicle, and office equipment. These leases are classified as operating leases. Lease expenditures for the year ended June 30, 2014, were $362,044. Future minimum lease payments are $242,797 in 2015.

11) Retirement Plans

The Authority's retirement plan was organized under Section 408(k) of the Internal Revenue Code. The retirement plan is not subject to the general claims of the creditors of the Authority. Each eligible employee participating in the plan must contribute 3% of their compensation. The Authority makes a contribution of 15% of their compensation. Employees can make an additional, voluntary contribution of up to 4% of their compensation. The Authority also makes a 50% matching contribution on voluntary contributions. Employee contributions are 100% vested, and the Authority contributions will vest 100% to the employee over five years. The contributions are invested in various mutual funds selected by the employee. The Authority's contributions for this retirement plan were $479,948 for the year ended June 30, 2014. Substantially all full-time employees participate in this plan.

The Authority maintains a retirement plan in accordance with an "eligible deferred compensation plan" pursuant to Section 457 of the Internal Revenue Code for its Executive Director and its Chief Operating Officer. The contributions are made regardless of the number of hours worked or the employment status on the last day of the plan year. Employer contributions are limited by IRS Code Section 457(e)(15)(A). The employee is fully vested at all times. The executive plan was not in effect for the year ended June 30, 2014.

12) Compensated Absences

The following changes occurred during the fiscal year in the compensated absences liabilities:

Balance at June 30, 2013	$	274,077
Additions		193,745
Deletions		(194,382)
Balance at June 30, 2014	$	273,440
Due within one year	$	273,440

13) Agency Transactions

The Authority was authorized in 2003 to issue bonds as agent for the New Mexico Department of Transportation (NMDOT). Approximately $1.4 billion of such bonds are outstanding at June 30, 2014.

Debt service for the bonds is payable solely from certain revenues of the Department of Transportation. In the opinion of legal counsel, there is no claim that could be asserted against the Authority's assets for payment of debt service on the bonds; therefore, these bonds are not reflected in the Authority's financial statements. The Authority receives a biannual fee from the Department of Transportation equal to its overhead costs for management of the bond issues. The fee is recognized on a cost reimbursement basis.

14) Contingencies

Litigation
In the normal course of operations, the Authority is involved in certain litigation and arbitration proceedings involving former employee complaints and subcontractor claims. Management and legal counsel believe the outcomes will not have a materially adverse impact on the financial position of the Authority.

Loan Prepayment and Bond Call Provisions
Certain loans included in loans receivable contain provisions that allow for prepayment of the loan after one year whereas the related bonds used to fund the loans cannot be called for up to 10 years. In the event of a loan prepayment prior to the tenth year, the Authority's bond indentures require the substitution of a loan with similar cash flow characteristics or the defeasance of the related bond.

If interest rates at the time of prepayment are lower than the rates on the related bonds, as is currently the case, both loan substitution and defeasance will result in the Authority earning less on the substituted loan or the defeasance escrow than it will pay on the related bond, resulting in a negative cash flow. The Authority has other funding sources available to pay the shortfall, including the proceeds of the loan payoff, reserve funds, and operating cash. Management does not believe this condition will have a material adverse impact on the financial statements. The variance in prepayment and call periods was eliminated through a Board resolution in 2008 so that this condition is eliminated by 2018. The loans containing the shortened call provision total approximately $577 million and the related bonds total approximately $539 million at June 30, 2014. During FY 2013, loans totaling $51.6 million exercised this call provision and $63.8 million exercised the option during fiscal year 2014.

The Authority is exposed to various risks of loss related to torts; theft of, damages to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority participates in the State of New Mexico self-insurance program (Risk Management Program). Under this program, the Authority pays an annual premium to the State for the following types of insurance coverage:

- Workers' compensation insurance
- General liability insurance
- Civil rights
- Blanket property insurance
- Boiler and machinery insurance
- Auto physical damage insurance
- Crime insurance

The Authority also carries commercial insurance to cover losses to which it may be exposed related to their leased office space.

During the year, there were no significant reductions in commercial insurance coverage. For the past five years, no insurance settlements exceeded commercial insurance coverage.

15) Related Party Transactions

The Authority has issued bonds or purchased securities for several other state entities to finance the construction of certain capital projects. Representatives of two of these entities (the Secretary of the New Mexico Department of Finance and Administration and the Secretary of the New Mexico Department of Energy, Minerals and Natural Resources) are members of the Authority's board of directors. Additionally, a representative serving on the Board holds a position as Cabinet Secretary of the NM Environmental Department in which the Authority assists the Department in the administration of the State's Drinking Water federal program.

16) Finance New Mexico, LLC

The Authority has invested in and is the managing member of, Finance New Mexico, LLC (FNMLLC) which was formed on June 19, 2006, under the laws of the State of New Mexico. FNMLLC is an approved Community Development Entity (CDE) that holds New Market Tax Credits (NMTC) allocation authority to be used for investment in Qualified Active Low-Income Community Businesses (QALICB) pursuant to Section 45D of the Internal Revenue Code (IRC).

The principal business objective of FNMLLC principal is to provide nontraditional investment capital to underserved markets and enhance the return on such investments by providing its members with Federal tax credits. In general, under Section 45D of the Internal Revenue Code, a qualified investor in a CDE can receive the tax credits to be used to reduce Federal taxes.

In accordance with the operating agreement of NMFLLC, profits, losses and cash flows are allocated 99% to the New Mexico Finance Authority, the managing member and 1% to New Mexico Community Capital, the nonmanaging member.

The Authority's interest in NMFLLC is accounted for using the cost method of accounting. The Authority's interest in NMFLLC is reported at its initial investment plus return on equity totaling $99,110 as of June 30, 2014.

The financial statements of FNMLLC as of June 30, 2014 and the year then ended are presented using the FASB financial reporting framework. Condensed financial information is as follows:

Balance Sheet	
Assets	
Cash	$ 532,300
Due from affiliates	838,737
Investment in limited liability companies	13,569
Total assets	$ 1,384,606
Liabilities	
Accounts payable	$ 30,756
Due to affiliate	493,938
Total liabilities	524,694
Equity	
Members equity	859,726
Noncontrolling interest	186
	859,912
Total equity	$ 1,384,606
Statement of Operations	
Operating Income	
Interest income	$ 597
Sponsor fee income	810,000
Management fee income	612,203
Total operating income	1,422,800
Operating Expense	
Sponsor fee expense	743,681
Management fee expense	377,035
Professional fees	80,835
Gross receipt tax	110,104
Miscellaneous administrative expenses	2,506
Total operating expenses	1,314,161
Net operating income	108,639
Nonoperating Expenses	
Share of income from investment in limited liability companies	64
Net income	108,703
Less net income attributable to noncontrolling interest	(11)
Net income attributable to controlling interest	$ 108,692

Statement of Members Equity

	Controlling Interest		Noncontrolling Interest		Total Equity
Balance, June 30, 2013	$	751,034	$	175	$	751,209
Net income		108,692		11		108,703
Balance, June 30, 2014	$	859,726	$	186	$	859,912

17) Implementation of new accounting standard GASB Statement 65

Effective July 1, 2013, the Authority adopted GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This Statement specifies the items that were previously reported as assets and liabilities should now be reported as deferred outflows of resources, deferred inflows of resources, outflows of resources, or inflows of resources. Accordingly, beginning Net Position was reduced by $10,165,480, for restatement of bond issue costs to fully recognize a period expense (see restatement below). In addition, certain balances are now reported as Deferred Inflows of Resources according to the newly adopted terminology.

		Enterprise Fund
Statement of Revenues, Expenses and Changes in Net Position		
Net position, as previously reported	$	435,475,358
Effect of GASB 65 adoption		(10,165,480)
Net position, July 1, 2013, as restated	$	425,309,878

APPENDIX B

EXTRACTS OF CERTAIN PROVISIONS OF THE INDENTURE

The following statements are extracts, supplementing the information in the body of the Official Statement, of certain defined terms in and provisions of the Indenture. These extracts do not purport to be complete. Please refer to the Indenture itself for a full and complete statement of such provisions. During the offering period of the Series 2015B Bonds, copies of the Indenture will be available at the principal office of the Municipal Advisor. Subsequent to the offering of the Series 2015B Bonds, copies of the Indenture may be obtained from the Trustee. See "ADDITIONAL INFORMATION."

CERTAIN DEFINITIONS

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

"Act" means the New Mexico Finance Authority Act, being Sections 6-21-1 through 6-21-31, inclusive, NMSA 1978, as amended and as the same may hereafter be amended and supplemented.

"Additional Bonds" means any Bonds of the NMFA, authorized and issued under the Indenture, in compliance with the Indenture, except for the Series l995A-B Bonds.

"Additional Pledged Loans" means any additional loans or securities which (i) were made or purchased by the NMFA from amounts on deposit in the Public Project Revolving Fund and (ii) the payments of principal and interest on which have been specifically pledged by the NMFA to the payment of the Bonds and other amounts due under the Indenture. No such loans or securities will be deemed to be Additional Pledged Loans unless the Trustee has received written notice from the NMFA that a specific loan or security will be included under the Indenture.

"Aggregate Annual Debt Service" means, for any given Bond Fund Year, the sum of the principal and interest payable on all Bonds Outstanding or to be Outstanding or any portion thereof.

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

"Agreement Pledged Revenues" means the pledged revenues designated by a Governmental Unit for payments to be made pursuant to the respective Loan Agreement, Security Documents or Securities.

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

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

"Annual Common Debt Service Reserve Deposit Amount" means the lesser of (a) the positive difference, if any, between the Required Common Debt Service Reserve Funding Level and the amount then on deposit in the Common Debt Service Reserve (and if there is no positive difference, then the amount under this clause (a) shall be deemed to be zero), and (b) twenty-five percent (25%) of the remaining NMFA Portion of the Governmental Gross Receipts Tax for a given Bond Fund Year that was distributed to the NMFA by the trustee under the Subordinated Indenture on June 16, being the day after the end of the applicable bond fund year under the Subordinated Indenture, through the process described in the Indenture.

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

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

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

"Authorized Denominations" means, with respect to the Series 2015B Bonds, $5,000 or any integral multiple thereof and means, with respect to the Loans that are subject to the Eighty-Seventh Supplemental Indenture, $1 or any integral multiple thereof.

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

"Beneficial Owner" means, while DTC or its nominee is the registered owner of the Series 2015B Bonds, any person entitled to receive payment of principal of, premium, if any, and interest on Series 2015B Bonds and otherwise exercise ownership rights with respect to Series 2015B Bonds.

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

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

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

"Bond Fund Year" shall, with respect to each Series of Bonds, have the meaning set forth in the related Supplemental Indenture.

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

"Bonds" means all Bonds issued and secured under the Indenture.

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

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

(A) the amount of NMFA Portion of the Governmental Gross Receipts Tax to be received in each such Bond Fund Year and to be available to make debt service payments on the Bonds;

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

(C) the Aggregate Annual Debt Service for each such Bond Fund Year on all Bonds reasonably expected to be Outstanding;

and (b) showing that in each such Bond Fund Year, the aggregate of the amount set forth in clause (A) of the definition divided by 1.35, plus the aggregate amount set forth in clause (B) of the definition, exceeds one hundred percent (100%) of the aggregate of the amounts set forth in clause (C) of the definition.

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

(i) NMFA Portion of the Governmental Gross Receipts Tax in any future Bond Fund Year will be assumed to be the greatest amount received by the NMFA in any consecutive 12-month period in the 24 months next preceding the delivery of the Cash Flow Statement;

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

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

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

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

"Category III Loans and Additional Pledged Loans" means Loan Agreements, Securities and Additional Pledged Loans the underlying obligations of which, at the time in question, are not designated or rated or are designated or rated below the fourth highest full rating category by the Rating Agencies, but excluding Category IV Loans and Additional Pledged Loans.

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

"Cede" means Cede & Co. and any substitute nominee of DTC who becomes the Registered Owner of any Series 2015B Bonds.

“Code” means the Internal Revenue Code of 1986, as amended and the applicable regulations thereunder.

“Common Debt Service Reserve Fund” means the fund by that name which is created and established by the Indenture.

“Continuing Disclosure Agreement” means that certain Continuing Disclosure Agreement between the NMFA and the Trustee dated the date of issuance and delivery of the Series 2015B Bonds, as originally executed as it may be amended from time to time in accordance with the terms thereof.

“Covenant Default” has the meaning, if any, given in any Loan Agreement, Securities or Additional Pledged Loan.

“DTC” means The Depository Trust Company, New York, New York, a limited purpose trust company organized under the laws of the State of New York.

“Expense Fund” means the fund by that name established by the Indenture to be held by the Trustee.

“Funds and Accounts” means collectively, the Debt Service Fund and the Accounts created in therein, the Agreement Reserve Fund and the Accounts created therein, the Program Fund and the Accounts created therein, the Expense Fund, the Rebate Fund and the Accounts created therein, the Revenue Fund, the Bond Fund, and the Common Debt Service Reserve Fund.

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

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

“Grant Agreements” means a grant or other similar financing agreement and any amendment thereto, which is entered into by and between the NMFA and a Governmental Unit and which provides for the financing of a Project with proceeds of Bonds and does not require payments by the Governmental Unit to be made thereunder.

“Grants” means collectively, the Grants made pursuant to the Grant Agreements.

“Indenture” means the General Indenture of Trust and Pledge and all Supplemental Indentures thereto as the same may be amended and supplemented.

“Interest Component” means the portion of each Loan Payment representing interest on the related Loan.

“Interest Payment Date” means, with respect to the Series 2015B Bonds, each June 1 and December 1, commencing December 1, 2015.

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

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

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

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

"Maximum Debt Service Year" means the Bond Fund Year in which the aggregate annual Principal Component and Interest Component due in relation to all Loans is at its greatest, less any reserves, sinking fund redemption deposits or other funds deposited with the Trustee to the extent such reserves, sinking fund redemption deposits or funds may be used as a matter of right for such payments (as opposed to other reserves that are available for the payment of debt service solely in the event of non-performance of a party), for the payment of the Principal Component and Interest Component due, provided, however, amounts within the Agreement Reserve Fund shall in no event be accounted for in any calculation of the Maximum Debt Service Year.

"NMFA" means the New Mexico Finance Authority.

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

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

"Original Issue Date" means, with respect to the Series 2015B Bonds, the date of delivery thereof.

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

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

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

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

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

"Participants" means underwriters, securities brokers and dealers, banks and trust companies, clearing corporations and other persons from time to time for which DTC or any successor Securities Depository holds Series 2015B Bonds as Securities Depository.

"Paying Agent," when used with respect to the Series 2015B Bonds, means the person or persons authorized by the NMFA to pay the principal of, premium, if any, and interest on, the Series 2015B Bond on behalf of the NMFA, and initially is the Trustee.

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

(a) Governmental Obligations;

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

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

(ii) Federal Housing Administration (FHA) Debentures;

(iii) General Services Administration Participation certificates;

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

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

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

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

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

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

(iii) Federal National Mortgage Association (FNMA or "Fannie Mae") Mortgage-backed securities and senior debt obligations (excluded are stripped mortgage securities which are valued greater than par on the portion of unpaid principal);

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

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

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

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

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

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

(g) Commercial paper rated "Prime-1" by Moody's and "A-1+" or better by S&P;

(h) Bonds or notes issued by any state or municipality which are rated by Moody's and S&P in one of the two highest long-term rating categories assigned by such agencies;

(i) Federal funds or bankers acceptances with a maximum term of one year of any bank which has an unsecured, uninsured and unguaranteed obligation rating of "Prime-1" or "A-3" or better by Moody's and "A-1+" by S&P;

(j) Repurchase agreements providing for the transfer of securities from a dealer bank or securities firm (seller/borrower) to a municipal entity (buyer/lender), and the transfer of cash from a municipal entity to the dealer bank or securities firm with an agreement that the dealer bank or securities firm will repay the cash plus a yield to the municipal entity in exchange for the securities at a specified date; provided, however, that the repurchase agreement must satisfy certain criteria articulated in writing to the NMFA by the Rating Agencies;

(k) Investment contracts with providers the long term, unsecured debt organization of which are rated at least "Aaa" by the Rating Agencies; and

(l) deposits with the Treasurer of the State for investment in obligations described above.

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

"Principal Component" means the portion of each Loan Payment representing principal on the related Loan.

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

"Program Costs" means the fees and expenses payable to the Trustee, any Paying Agent and the NMFA.

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

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

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

"Rating Agencies" means Moody's Investors Service, Standard & Poor's Ratings Group and Fitch Ratings or their successors and assigns and any other nationally recognized rating service designated by the NMFA and then maintaining a rating on the Bonds.

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

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

"Rebate Requirement" means the amount of arbitrage profits earned from the investment of gross proceeds of the Bonds in nonpurpose investments described in Section 148(f)(2) of the Code and defined as "Rebate Amount"

in Section 1.148-3 of the Treasury Regulations, which are payable to the United States at the times and in the amounts specified in Section 148(f)(3) of the Code and Section 1.148-3 of the Treasury Regulations.

"Register" means the record of ownership of the Series 2015B Bonds maintained by the Registrar.

"Registered Owner" or "Bondowner" or "Owner" or "Bondholder" or "holder" means the person or persons in whose name or names a Bond will be registered on the books of the Trustee kept for that purpose in accordance with provisions of the Indenture.

"Regular Record Date" means the fifteenth (15th) day immediately preceding each Interest Payment Date (or the Business Day immediately preceding such fifteenth (15th) day, if such fifteenth (15th) day is not a Business Day).

"Representation Letter" means the blanket representations letter from the NMFA to DTC.

"Required Common Debt Service Reserve Funding Level" means an amount (unless amended pursuant to the provisions of this definition of Required Common Debt Service Reserve Funding Level), rounded up to the nearest thousand dollars, equal to the sum of:

(i) 0% of maximum annual Principal Component and Interest Component payable in the Maximum Debt Service Year of Loans secured by revenue pledges classified by the NMFA as fire protection fund, law enforcement protection fund, governmental gross receipts tax, or state gross receipts tax (collectively, "Risk Group One");

(ii) 20% of maximum annual Principal Component and Interest Component payable in the Maximum Debt Service Year of Loans outstanding secured by revenue pledges classified by the NMFA as general obligation, limited mill levy (limited general obligation), or gross receipts tax (other than governmental gross receipts tax, or state gross receipts tax) (collectively, "Risk Group Two");

(iii) 35% of maximum annual Principal Component and Interest Component payable in the Maximum Debt Service Year of Loans outstanding secured by revenue pledges classified by the NMFA as enterprise system revenues, special assessments or a local special tax such as a lodgers' tax, cigarette tax, gasoline tax, special fuel excise tax, pari-mutuel tax, or court facilities fees (collectively, "Risk Group Three," and together with Risk Group One and Risk Group Two, "Risk Groups").

Pursuant to the following provisions, the NMFA may revise the method of calculating the Required Common Debt Service Reserve Funding Level. The NMFA may, from time to time pursuant to an indenture supplemental to the Indenture and without obtaining the consent of the Owners, add or revise revenue pledge categories in addition to those included above. New revenue pledge categories either may be included in one of the three Risk Groups identified above or included in a new Risk Group established using a different Risk Group calculation percentage (a "Factor"). The NMFA may, from time to time pursuant to an indenture supplemental to the Indenture and without obtaining the consent of the Owners, adjust the funding percentages of the Risk Group Factors, adjust the Risk Group in which a revenue pledge is categorized and add or revise revenue pledge categories within Risk Groups as to any future Bond issuances. As to any Bonds outstanding at the time a supplemental indenture as described above is entered into, the Risk Groups and Risk Group Factors as they existed prior to the supplemental indenture shall continue to be applied to such Bonds. In the event of any adjustment pursuant to a supplemental indenture whereby the Required Common Debt Service Reserve Level is decreased over time below the amount that is currently on deposit in the Common Debt Service Reserve Fund, then as provided in the Indenture, the excess amount shall remain on deposit in the Common Debt Service Reserve Fund unless used for shortfalls in any Governmental Unit's Account of the Debt Service Fund, or to redeem or defease Bonds. The NMFA's and the Trustee's ability to enter into supplemental indentures for the foregoing purposes without the consent of the Owners is an integral term and condition of subjecting the Common Debt Service Reserve Fund to the Indenture, and the Trustee is authorized to execute any such supplemental indentures, and the provisions of Article XIII of the Indenture shall not apply to such supplemental indentures as long as such supplemental indentures comply with the terms of this definition of "Required Common Debt Service Reserve Funding Level." In conjunction with executing such supplemental

indentures, the Trustee shall not be required to make any determination as to whether such a supplemental indenture is materially adverse to the interests of the Owners or any other party; whether such a supplemental indenture otherwise is permitted pursuant to Article XIII of the Indenture; or any other determination.

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

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

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

"Securities Depository" means the person who operates the computerized book entry system through which ownership interest in the Series 2015B Bonds may be recorded. Such entity shall at all times be a registered clearing agency under the Securities Exchange Act of 1934, as amended, or other applicable statute or regulation, and in good standing thereunder.

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

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

"Series 2015B Bonds" means the New Mexico Finance Authority Senior Lien Public Project Revolving Fund Revenue Bonds, Series 2015B.

"Special Record Date" means a special record date established pursuant to the Indenture. "State" means the State of New Mexico.

"Subordinated Indenture" means that certain Subordinated General Indenture of Trust and Pledge between the NMFA and BOKF, NA dba Bank of Albuquerque, Albuquerque, New Mexico, dated as of March 1, 2005, and all supplemental indentures supplementing or amending such Subordinated Indenture.

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

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

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

THE INDENTURE

Registration and Exchange of Bonds

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

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

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

Nonpresentment of Bonds

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

Covenants of the NMFA

The NMFA will faithfully perform and abide by all of the covenants, undertakings and provisions contained in the Indenture or Supplemental Indenture or in any Bond, including the following covenants and agreements:

Covenant Against Creating or Permitting Liens. Except for the pledge of the Trust Estate to secure payment of the Bonds, the Trust Estate is and will be free and clear of any pledge, lien, charge or encumbrance thereon or with respect thereto; provided, however, that (i) nothing contained in the Indenture will prevent the NMFA from issuing, if and to the extent permitted by law, indebtedness having a lien on the Trust Estate subordinated to that of the Bonds and (ii) Revenues constituting NMFA Portion of the Governmental Gross Receipts Tax and payments of Additional Pledged Loans not needed for payments under the Indenture in any Bond Year may be released to the NMFA free and clear of the lien as provided in the Indenture.

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

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

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

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

Bonds to be Tax-Exempt Obligations. The NMFA covenants and agrees to and for the benefit of the Owners of Bonds that the NMFA (i) will not take any action that would cause interest on the Bonds to become subject to federal income taxation, (ii) will not omit to take or cause to be taken, in timely manner, any action, which omission would cause the interest on the Tax-exempt Bonds to become subject to federal income taxation, and (iii) will, to the extent possible, comply with any other requirements of federal tax law applicable to the Bonds in order to preserve the exemption from federal income taxation of interest on the Bonds. The provisions of this paragraph do not apply to Bonds designated in the related Supplemental Indenture as bearing or accruing interest intended to be subject to Federal income taxation.

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

Deposit and Advance of Funds

The NMFA and the Trustee will deposit the proceeds of the Bonds to the Accounts created under the Indenture and will make the advances of funds thereunder to fund the Program and the NMFA will enter into the Loan Agreements and Grant Agreements with the Governmental Units and purchase and receive the Securities and Security Documents from the Governmental Units on the terms and conditions and upon submission of the documents as provided in the Indenture.

Loan Agreement and Securities - Loan Payments

The Loan Payments will be governed by the following provisions:

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

(b) Loan Agreement and Securities Term. The "Term" of a Loan Agreement or Securities will be defined in the Loan Agreement or Securities. The Term will not exceed the useful life of the Project financed pursuant to the related Loan Agreement or Securities.

(c) Agreement Payment. Each Loan Agreement and Security will provide that the related Governmental Unit will pay Loan Payments directly to the NMFA on or before Loan Payment Dates for remittance to the Trustee (less a portion of the interest rate, if any, retained by the NMFA in lieu of an upfront payment as an administrative fee for the payment of Program Costs. The administrative fee is calculated as .015% of the loan amount, capped at $75,000, or the NPV equivalent of .015% if the administrative fee is included in the interest rate) prior to each Interest Payment Date. In the case of Securities, the Securities will be registered in the name of the Trustee or properly assigned to the Trustee on the books of any registrar for such Securities or, if in bearer form delivered to and held by the Trustee.

(d) Prepayments. The Loan Agreements and Securities may contain a provision permitting the Governmental Unit to prepay the Principal Component of the Loan Payments, in accordance with the provisions of the Loan Agreement and Securities by payment of Prepayments in whole on any date or in

part on any Interest Payment Date, at any time when the related Series of Bonds are or are about to become subject to optional redemption upon not less than forty-five (45) days' prior written notice to the Trustee and subject to any other conditions set forth in the related Supplemental Indenture, Loan Agreement or Securities. Partial prepayments of the Principal Component of Loan Payments will be made in multiples of the minimum Authorized Denomination. Each Prepayment will include interest to the date upon which the Trustee has scheduled a related redemption of Bonds as provided in the related Supplemental Indenture.

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

Establishment of Funds and Accounts

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

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

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

(c) a Bond Fund;

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

(e) an Expense Fund;

(f) a Rebate Fund and within such fund a separate Account for each Agreement;

(g) a Governmental Gross Receipts Tax, Additional Pledged Loan Revenue and Tax Subsidy Revenue Fund (the "Revenue Fund") established as an account of the Public Project Revolving Fund; and

(h) a Common Debt Service Reserve Fund.

In addition to the foregoing, with respect to Additional Pledged Loans the Trustee will, if directed in a Supplemental Indenture, establish subaccounts within the Program Fund, the Agreement Reserve Fund or the Debt Service Fund for such Additional Pledged Loans.

Flow of Funds

All Funds will be accounted for and maintained by the NMFA in the Funds and Accounts established in the Indenture. Each Fund and Account will be kept separate and apart from all other Funds and Accounts of the NMFA, except that Accounts may be consolidated within one or more special trust accounts within funds. Any amount deposited pursuant to a consolidation shall remain traceable and sufficiently distinguishable in relation to each Agreement and Governmental Unit to permit any applicable arbitrage, yield restriction or similar calculations to be made. The Funds will be expended and used by the Trustee and the NMFA only in the manner of order and priority specified below:

Program Fund. Upon the issuance of a Series of Bonds the Trustee will deposit an amount specified in the related Supplemental Indenture in the Program Fund and will allocate such amount to the respective Accounts within the Program Fund as provided in each Agreement. Disbursements from each Account within the Program Fund may be made in stages or in a single disbursement for the purpose of funding a Governmental Unit's capital projects account to the extent permitted by the Indenture, and upon acknowledgment of the Governmental Units of its obligation to comply with the provisions of the Indenture. Disbursements from each Account within the Program

Fund with respect to an Agreement with a Governmental Unit will (except for amounts to be used for capitalized interest on the Loan and as may be directed in a Supplemental Indenture with respect to Grants) only be made upon the delivery to the Trustee of a requisition substantially in the form attached to each Agreement signed by an Authorized Officer of the Governmental Unit.

Application of Loan Payments. The flow of funds is discussed in the forepart of this Official Statement under the heading "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Flow of Funds." The following paragraphs supplement that discussion.

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

In the event that the Trustee receives Prepayments under a Loan Agreement or Securities, the Trustee will apply such Prepayments to the mandatory redemption of the Bonds or portions thereof in accordance with the related Supplemental Indenture, except with respect to the Series 2004B and each series of Bonds issued thereafter, which are subject to the provisions of the Indenture discussed in the forepart of this Official Statement under the caption "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Application of Loan Prepayments."

At least once a year the Trustee will determine the amount necessary (i) to be transferred to the Bond Fund from each Debt Service Account on Interest Payment Dates for the Bonds from payments relating to a Governmental Unit's Agreement, (ii) to replenish the Governmental Unit's Account in the Agreement Reserve Fund, and (iii) to pay the Governmental Unit's share of Program Costs for the year, and will return any excess which the Trustee does not expect to be required for such payments to the related Governmental Unit or will credit such excess to the Loan Payments next coming due under the Governmental Unit's Agreement; provided, however, that (a) any excess attributable to earnings on funds and accounts for the Governmental Unit will be returned to the Governmental Unit or will be credited to the Loan Payments next coming due under the Governmental Unit's related Loan Agreement, Grant Agreement or Securities; and (b) any excess attributable to the difference in interest rates on the Governmental Unit's Loan and the relevant Outstanding Series of Bonds will be deposited into the Revenue Fund.

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

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

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

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

All moneys held by the Trustee in the Bond Fund will be applied in accordance with the Indenture to pay the principal or redemption price of Bonds as they mature or become due, upon surrender thereof, and the interest on Bonds as it becomes payable. There will be deposited into the Bond Fund all accrued interest received, if any, at the time of the execution, sale and delivery of the Bonds.

Amounts remaining on deposit in the Bond Fund at the end of each Bond Fund Year and after payment of all amounts due on the Bonds for such Bond Fund Year will be transferred to the Revenue Fund.

Common Debt Service Reserve Fund

Pursuant to a Supplemental Indenture, the NMFA has established the Common Debt Service Reserve Fund, which is currently funded in the amount of $30,255,720 (as of April 1, 2015). The NMFA will determine, as of the end of each Bond Fund Year, the Required Common Debt Service Reserve Funding Level. The NMFA will deposit the Annual Common Debt Service Reserve Deposit Amount with the Trustee in the Common Debt Service Reserve Fund within three (3) business days of receipt by the NMFA of the disbursement of the NMFA Portion of the Governmental Gross Receipts Tax distributed to the NMFA by the trustee under the Subordinated Indenture on June 16, being the day after the end of the applicable bond fund year under the Subordinated Indenture. The disbursement of the NMFA Portion of the Governmental Gross Receipts Tax becomes available to the NMFA pursuant to the following process: (i) at the end of each Bond Fund Year, amounts remaining in the Revenue Fund are disbursed to the NMFA pursuant to the Indenture, (ii) pursuant to the Subordinated Indenture, the NMFA is obligated to transfer such amounts to the trustee under the Subordinated Indenture on June 1 of each year, (iii) the trustee under the Subordinated Indenture applies such amounts as required under the Subordinated Indenture, and (iv) the trustee under the Subordinated Indenture transfers the remaining balance of the revenue fund under the Subordinated Indenture to the NMFA on June 16 of each year.

If amounts on deposit in the Common Debt Service Reserve Fund are greater than the Required Common Debt Service Reserve Funding Level for a given Bond Fund Year, then no additional deposit will be made to the Common Debt Service Reserve Fund for such Bond Fund Year. Any such excess amount may be used during the subsequent Bond Fund Year, at the discretion of the NMFA, for the redemption of Bonds prior to maturity by depositing the amount into the Bond Fund or the defeasance of any Bonds. If the NMFA has deposited the entirety of the available Annual Common Debt Service Reserve Deposit Amount as of a Bond Fund Year end, but the amount in Common Debt Service Reserve Fund is less than the Required Common Debt Service Reserve Funding Level, then the NMFA will not be required to fund from any other source any such difference in excess of the Annual Common Debt Service Reserve Deposit Amount; provided, however, if a funding difference remains (based on the annual recalculation of the Required Common Debt Service Reserve Funding Level), then the next year's available Annual Common Debt Service Reserve Deposit Amount will be applied to that difference.

If the amounts on deposit in any Governmental Unit's Account of the Debt Service Fund are insufficient for payments coming due under the related Loan Agreement or Securities on the next Loan Payment Date, after applying any applicable Agreement Reserve Account or other source for the payment of Debt Service, on the third day preceding a Loan Payment Date (or, if such third day is not a Business Day, on the Business Day next preceding such third day), the Trustee will transfer from the Common Debt Service Reserve Fund, an amount sufficient, together with amounts in the related Debt Service Account, to pay the Principal Component and the Interest Component due under such Loan Agreement or Securities on such Loan Payment Date. Amounts on deposit in the Common Debt Service Reserve Fund may not be applied toward payment of the Bonds, except to the extent that amounts are due and owing under the Bonds and amounts are not otherwise available for such payments in the Debt Service Fund.

If all of the following are true: (i) amounts in the Common Debt Service Reserve Fund have been disbursed to pay Principal Component or and Interest Component due under a Loan Agreement or in relation to Securities, (ii) at a Bond Fund Year end following such disbursement, a portion of the Annual Common Debt Service Reserve Deposit Amount that was funded into the Common Debt Service Reserve Fund was attributable to disbursements that should have been restored by a Governmental Unit prior to such Bond Fund Year end (a "CDSR Restorative Funding"), (iii) the relevant Governmental Unit later came into compliance as to certain delinquent payments that had been covered by Common Debt Service Reserve Fund disbursements (a "CDSR Compliance Restoration"), and (iv) the amount in the Common Debt Service Reserve Fund exceeds the Required Common Debt Service Reserve Funding Level; then no more frequently than every three months, the Trustee, upon the written request of the NMFA (which written request will also certify that the foregoing conditions have been satisfied) will disburse to the NMFA the amount by which aggregate CDSR Compliance Restoration amounts exceed the aggregate CDSR Restorative Funding amounts.

If no Bonds remain outstanding (or all Bonds have been defeased), then upon the request of the NMFA, any amount remaining in the Common Debt Service Reserve Fund will be disbursed by the Trustee to the NMFA, and the disbursed amounts may be used by the NMFA for any purpose described in the Indenture.

Investment of Moneys

Any moneys held as part of a Governmental Unit's Account in any of the Funds established under the Indenture will be invested and reinvested by the Trustee at the direction of the related Governmental Unit in Permitted Investments in accordance with the following provisions.

Any such investments will be held by or under the control of the Trustee. The Trustee will sell and reduce to cash a sufficient amount of such investments whenever the cash balance in the related Debt Service Account is insufficient to pay the principal of and premium, if any, and interest on the related Loan Agreement or Securities when due. In the absence of an appropriate direction from a Governmental Unit as to investment of funds, the Trustee will invest and reinvest such amounts in a daily money market fund which invests only in United States Government Obligations.

Any moneys held (i) as part of a Governmental Unit's Account in any of the Funds established under the Indenture or (ii) by the NMFA as agent for the Trustee will be invested and reinvested by the NMFA or the Trustee, as the case may be, at the direction of the related Governmental Unit in Permitted Investments as directed by the Loan Agent or the Securities and in accordance with the following provisions.

The Trustee or the NMFA will sell and reduce to cash a sufficient amount of such investments whenever the cash balance in the related Debt Service Account is insufficient to pay the principal of and premium, if any, and interest on the related Loan Agreement or Securities when due.

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

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

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

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

(i) all interest, income, and profits received in respect of the investment of the amounts on deposit in a Governmental Unit's Account in any of the Funds established under the Indenture will (after deduction of any losses) be retained in the applicable Governmental Unit's Account from which the investment was derived (except as otherwise required with respect to the Agreement Reserve Fund and deposits to be made to the Rebate Fund); and

(ii) all interest, income, and profits received in respect of the investment of the amounts on deposit in the Revenue Fund, the Rebate Fund, the Bond Fund or the Common Debt Service Reserve Fund will (after deduction of any losses) be retained in such Fund; and

(iii) whenever any other transfer or payment is required to be made from any particular Fund or Account, such transfer or payment will be made from such combination of

maturing principal, redemption, or repurchase prices, liquidation proceeds, and withdrawals of principal as the Trustee deems appropriate for such purpose, after taking into account such factors as future transfers or payments from the Fund or Account in question, the reinvestment opportunities for maturing principal, the current yield on any permitted investments to be redeemed, withdrawn, or sold, and any penalties, gains, or losses to be realized upon any such redemption, withdrawal, or sale.

The Trustee will not be accountable for any depreciation in the value of the Permitted Investments or any losses incurred upon any authorized disposition thereof.

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

Defeasance

When there has been paid, or provisions for payment have been made to or for the holders and Owners of the Bonds, the principal of and premium, if any, and interest due or to become due on the Bonds at the times and in the manner stipulated therein, and if there has been paid to the Trustee and any paying agents all sums of money due or to become due according to the provisions of the Indenture, then the estate and rights granted by the Indenture will cease, determine and be void, whereupon the Trustee will cancel and discharge the lien of the Indenture and on demand of the NMFA will execute such documents to evidence such release as will be reasonably required by the NMFA and will turn over to the NMFA all balances held by the Trustee under the Indenture (other than amounts required for return to the Governmental Units as provided in the Indenture).

Any Bond will be deemed to be paid within the meaning of and for all purposes of the Indenture when (a) payment of the principal of and the applicable premium, if any, on such Bond, whether at maturity or prior redemption plus interest thereon to the due date thereof, either (i) has been made or caused to be made in accordance with the terms thereof, or (ii) has been provided by irrevocably depositing with the Trustee or other escrow agent, in trust, and the Trustee or other escrow agent has irrevocably set aside exclusively for such payment, (1) moneys sufficient to make such payment, and/or (2) noncallable Governmental Obligations maturing as to principal and interest in such amount and at such times as will insure the availability of sufficient moneys to make such payment, and (3) all necessary and proper fees, compensation and expenses of the Trustee and any paying agents pertaining to the Bonds with respect to which such deposit is made have been paid or the payment thereof provided for to the satisfaction of the Trustee. At such time as a Bond is deemed to be paid under the Indenture, as aforesaid, it will no longer be secured by or entitled to the benefits of the Indenture, except for the purposes of any such payment from such moneys or noncallable Governmental Obligations.

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

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

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

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

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

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

Default Provisions and Remedies of the Trustee and Owners

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

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

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

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

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

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

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

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

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

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

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

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

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

(c) intervene in judicial proceedings that affect the Bonds, the Agreements, or the security therefor; or

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

(e) cause the NMFA or any related Governmental Unit to account as if it were the Trustee of an express trust for all of the Revenues or Agreement Pledged Revenues, pledged under the Indenture or pursuant to the Agreements and any Security Documents.

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

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

Remedies Not Exclusive. No remedy conferred upon or reserved to the Trustee or the Owners under the Indenture is intended to be exclusive of any other remedy, and each such remedy is cumulative and is in addition to

every other remedy given under the Indenture or now or hereafter existing in law or in equity or by statute or otherwise and may be extended without exhausting and without regard to any other remedy conferred by any law.

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

Limitation of Owners' Right to Bring Suit. No Owner of any Bond has any right to institute any proceeding, judicial or otherwise, under or with respect to the Indenture, for the appointment of a receiver or Trustee or for any other remedy, at law or in equity, unless:

(a) such Owner has previously given written notice to the Trustee of a continuing Event of Default;

(b) the Owners of not less than a majority of the aggregate principal amount of the Bonds Outstanding have made written request to the Trustee to institute proceedings in respect of such Event of Default in its own name as Trustee under the Indenture;

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

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

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

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

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

(a) Unless the principal of all Bonds shall have become due and payable, all such moneys will be applied, as follows:

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

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

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

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

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

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

SUPPLEMENTAL INDENTURES

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

(a) To provide for the issuance of Additional Bonds in accordance with the provisions of the Indenture;

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

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

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

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

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

(g) To make any amendments with the prior written confirmation from of the Rating Agency that such amendments will not result in the rating on the Bonds following such amendment being lower than the rating on the Bonds immediately prior to such amendment; and

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

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

If at any time the NMFA requests the Trustee to enter into any such supplemental indenture for any of the purposes of this section, the Trustee will, upon being satisfactorily indemnified with respect to expenses, cause notice of the proposed execution of such supplemental indenture to be given by registered or certified mail to the owner of each Bond shown by the list of Owners kept at the office of the Trustee. Such notices will briefly set forth the nature of the proposed supplemental indenture and will state that copies thereof are on file at the principal office of the Trustee for inspection by all Owners. If, within one hundred twenty (120) days or such longer period as the

holders of not less than a majority in aggregate principal amount of the Bonds outstanding at the time of the execution of any such supplemental indenture have consented to and approved the execution thereof as provided in the Indenture, no Owner of any Bond will have any right to object to any of the terms and provisions contained therein, or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Trustee or the Governmental Units from executing the same or from taking any action pursuant to the provisions thereof. Upon the execution of any such supplemental indenture as permitted and provided, the Indenture will be and be deemed to be modified and amended in accordance therewith.

Amendment of Agreements and Security Documents.

(a) The NMFA will have the right to amend an Agreement and any existing Security Documents with the Consent of the Trustee and the related Governmental Unit without Bond Owners' consent, for one or more of the following purposes:

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

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

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

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

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

Fees, Charges and Expenses of the Trustee

Upon an Event of Default, but only upon an Event of Default, the Trustee will have a right of payment prior to payment on account of interest or principal of, or premium, if any, on any Bond for the Trustee's advances, fees, costs and expenses incurred.

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APPENDIX C

CERTAIN ECONOMIC AND DEMOGRAPHIC INFORMATION RELATING TO THE STATE

The following economic and demographic descriptions are furnished for information only. The Series 2015B Bonds do not constitute a general obligation of the State and are special limited obligations of Finance Authority payable solely from the Trust Estate. THE FINANCE AUTHORITY HAS NO TAXING POWERS. The principal of and interest and premium, if any, on the Series 2015B Bonds do not constitute or give rise to a personal liability on the part of the directors and officers of the Finance Authority. No breach of any pledge, obligation or agreement of the Finance Authority will impose a pecuniary liability or a charge upon the general credit of the State, the Finance Authority or any political subdivision of the State, or upon the taxing power of the State or any political subdivision of the State.

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

Generally

The State, admitted as the forty-seventh state on January 6, 1912, is the fifth largest state, containing approximately 121,298 square miles. The estimated 2013 population of the State was 2,085,287. The State has a semiarid subtropical climate with light precipitation. Its climate is characterized by sunshine and bright skies in both winter and summer. Every part of the State receives no less than 70 percent sunshine year-round. Humidity ranges from 60 percent (mornings) to 30 percent (afternoons). Thunderstorms in July and August bring most of the moisture. December to March snowfalls vary from 2 inches (lower Rio Grande Valley) to 300 inches (north central mountains).

Governmental Organization

The Executive Branch of State government consists of a Governor, Lieutenant Governor, Secretary of State, State Auditor, State Treasurer, Attorney General, and Commissioner of Public Lands. These officials are elected to four-year terms beginning January 1 after their election. An elected Executive Branch officer may succeed himself or herself in office once. The primary functions of the Executive Branch are currently carried out by the offices of each elected Executive Branch officeholder, in addition to approximately 22 cabinet departments, each headed by a cabinet secretary appointed by the Governor and approved by the Legislature, and approximately 9 cabinet-level agencies. Elections for all executive branch statewide offices were held on November 6, 2012.

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

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

The Legislature consists of 112 members and is divided into a Senate and a House of Representatives. Senators are elected for four-year terms and members of the House are elected for two-year terms. The Legislature

convenes in regular session annually on the third Tuesday in January. Regular sessions are constitutionally limited in length to 60 calendar days in odd-numbered years and 30 calendar days in even-numbered years. Special sessions of the Legislature may be convened by the Governor. Extraordinary sessions may be convened by the Legislature under certain limited circumstances. Legislators do not receive any salary, but do receive per diem and mileage allowances while in session or performing official State business.

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

Economic and Demographic Characteristics

New Mexico is the 36th largest state by population and the fifth largest in land area. The population of the State as of July 1, 2013 was 2,085,287.

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

POPULATION
NEW MEXICO AND THE UNITED STATES
2002-2014

	Population		Annual Percentage Change	
Year	New Mexico	United States	New Mexico	United States
2002	1,849,187	287,745,630	1.1%	0.9%
2003	1,868,121	290,242,027	1.0	0.9
2004	1,890,215	292,936,109	1.2	0.9
2005	1,914,699	295,618,454	1.3	0.9
2006	1,940,631	298,431,771	1.4	1.0
2007	1,966,357	301,393,632	1.3	1.0
2008	1,984,179	304,177,401	0.9	0.9
2009	2,007,315	306,656,290	1.2	0.8
2010 (Census)	2,064,982	309,326,295	2.6	0.7
2011 (est.)	2,078,407	311,721,632	0.9	0.9
2012 (est.)	2,084,594	314,112,078	0.3	0.7
2013 (est.)	2,086,895	316,497,531	0.1	0.7
2014 (est.)	2,085,572	318,857,056	(0.1)	0.7

(Source: U.S. Census Bureau, Population Division. Last Revised December 2014.)

Major industries in the State include oil and natural gas production, manufacturing, service, tourism, services, arts and crafts, agribusiness, government and mining. Major federally funded scientific research facilities at Los Alamos, Albuquerque and White Sands are also a notable part of the State's economy. The following table sets forth information on employment by industry over the period of 2003 through 2012.

TOTAL FULL-TIME AND PART-TIME EMPLOYMENT BY INDUSTRY

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	Growth 2011-2012	Growth 2003-2012
Total employment	1,001,654	1,025,906	1,049,656	1,079,057	1,104,513	1,107,052	1,074,041	1,059,328	1,063,280	1,074,538	1.06%	7.28%
Wage and salary employment	813,139	830,103	845,493	868,514	878,579	881,906	849,037	837,460	837,760	842,939	0.62	3.66
Proprietors employment	188,515	195,803	204,163	210,543	225,934	225,146	225,004	221,868	225,520	231,599	2.70	22.85
Farm proprietors employment	16,045	15,632	15,588	15,255	18,193	17,745	17,752	18,664	19,723	20,407	3.47	27.19
Nonfarm proprietors employment	172,470	180,171	188,575	195,288	207,741	207,401	207,252	203,204	205,797	211,192	2.62	22.45
Farm employment	22,838	22,618	23,262	22,829	25,804	24,406	24,710	25,307	26,227	27,288	4.05	19.49
Nonfarm employment	978,816	1,003,288	1,026,394	1,056,228	1,078,709	1,082,646	1,049,331	1,034,021	1,037,053	1,047,250	0.98	6.99
Private employment	765,164	785,682	807,695	841,896	868,770	869,351	833,113	816,586	823,329	834,980	1.42	9.12
Forestry, fishing, related activities, and other[1]	4,979	5,171	5,229	5,135	5,172	5,344	5,208	5,225	5,305	5,431	2.38	9.08
Mining[2]	18,893	19,059	21,116	23,528	24,891	28,295	24,432	27,022	28,326	31,305	10.52	65.70
Utilities	4,113	4,042	4,074	4,122	4,451	4,564	4,801	4,565	4,508	4,524	0.35	9.99
Construction[3]	64,060	68,299	73,896	79,676	80,479	77,888	67,178	61,240	59,444	57,941	(2.53)	(9.55)
Manufacturing	41,557	40,611	41,175	42,745	42,810	40,595	36,422	34,537	35,617	35,862	0.69	(13.70)
Durable goods manufacturing[4]	28,701	27,903	28,502	29,863	29,772	28,038	24,371	23,033	23,612	23,344	(1.14)	(18.66)
Nondurable goods manufacturing[5]	12,856	12,708	12,673	12,882	13,038	12,557	12,051	11,504	12,005	12,518	4.27	(2.63)
Wholesale trade	26,157	26,800	27,878	28,863	28,746	28,606	26,582	26,799	26,378	27,071	2.63	3.49
Retail trade[6]	112,205	113,899	115,813	116,478	118,676	117,897	113,809	110,226	111,408	112,347	0.84	0.13
Transportation and warehousing[7]	24,078	24,888	25,271	25,875	27,377	26,629	24,279	23,351	24,311	25,295	4.05	5.05
Information[8]	17,939	17,152	17,290	18,425	18,805	18,942	17,457	17,114	16,480	16,705	1.37	(6.88)
Finance and insurance[9]	31,262	31,609	31,967	32,245	33,731	34,676	35,913	34,595	35,505	35,948	1.25	14.99
Real estate and rental and leasing[10]	32,003	34,828	38,262	40,428	42,994	42,552	40,370	39,914	39,855	41,229	3.45	28.83
Professional and technical services	62,847	65,973	66,744	74,238	81,915	82,023	80,345	78,336	77,497	76,602	(1.15)	21.89
Management of companies and enterprises	5,428	5,348	6,347	6,429	6,075	5,908	5,587	5,406	5,504	5,416	(1.60)	(0.22)
Administrative and waste services[11]	53,227	54,526	55,159	58,405	60,353	60,255	55,811	54,261	54,794	53,761	(1.89)	1.00
Educational services	13,864	14,825	15,313	15,833	15,679	15,908	16,263	16,734	16,209	16,566	2.20	19.49
Health care and social assistance[12]	99,730	103,520	104,986	107,818	111,681	114,669	118,029	119,371	121,541	124,072	2.08	24.41
Arts, entertainment and recreation[13]	20,357	20,933	21,404	21,792	22,840	23,229	23,212	22,981	23,020	23,937	3.98	17.59
Accommodation and food services[14]	79,661	80,463	81,310	84,401	85,075	83,953	81,653	81,122	82,364	84,113	2.12	5.59
Other services, except public administration[15]	52,804	53,736	54,461	55,460	57,020	57,418	55,762	53,787	55,263	56,855	2.88	7.67
Government and government enterprises[16]	213,652	217,606	218,699	214,332	209,939	213,295	216,218	217,435	213,724	212,270	(0.68)	(0.65)

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

(Source: Regional Economic Information System, Bureau of Economic Analysis, Last updated September 2013, including revised estimates for 2003-2011.)

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

EMPLOYMENT AND LABOR FORCE
NEW MEXICO AND THE UNITED STATES
2004-2013

	Civilian Labor Force (Thousands)		Number of Employed (Thousands)		Unemployment Rate		
Year	New Mexico	United States	New Mexico	United States	New Mexico	United States	N.M. as % of U.S. Rate
2004	902	147,401	850	139,252	5.8%	5.5%	105%
2005	913	149,320	866	141,730	5.2	5.1	102
2006	925	151,428	887	144,427	4.1	4.6	89
2007	936	153,124	904	146,047	3.5	4.6	76
2008	952	154,287	905	145,362	4.5	5.8	78
2009	942	154,142	870	139,877	6.9	9.3	74
2010	956	153,889	856	139,064	8.0	9.6	83
2011	927	153,617	954	139,869	7.6	8.9	85
2012	925	154,975	860	142,469	7.1	8.1	88
2013	926	155,389	863	143,929	6.9	7.4	93

(Source: New Mexico Department of Workforce Solutions, Economic Research and Analysis.)

PERSONAL INCOME
NEW MEXICO AND THE UNITED STATES
2004-2013

	Personal Income (000)		Annual Percentage Change	
Year	New Mexico	United States	New Mexico	United States
2004	52,314,496	10,043,231,000	n/a	n/a
2005	56,233,308	10,605,595,000	7.5%	5.6%
2006	60,090,836	11,376,405,000	6.9	7.3
2007	63,643,408	11,990,104,000	5.9	5.4
2008	67,188,091	12,429,234,000	5.6	3.7
2009	66,241,297	12,080,223,000	-1.4	-2.8
2010	68,505,892	12,417,659,000	3.4	2.8
2011	72,234,158	13,189,935,000	5.4	6.2
2012	74,601,613	13,873,161,000	3.3	5.2
2013	74,996,363	14,151,427,000	0.5	2.0

(Source: U.S. Department of Commerce, Bureau of Economic Analysis.)

PER CAPITA PERSONAL INCOME
NEW MEXICO AND THE UNITED STATES
2004-2013

	Per Capita Income			Annual Percentage Change	
Year	New Mexico	United States	N.M. as a % of U.S.	New Mexico.	United States
2004	27,479	34,300	80%	n/a	n/a
2005	29,102	35,888	81	5.9%	4.6%
2006	30,625	38,127	80	5.2	6.2
2007	31,980	39,804	80	4.4	4.4
2008	33,416	40,873	82	4.5	2.7
2009	32,522	39,379	83	-2.7	-3.7
2010	33,175	40,144	83	2.0	1.9
2011	34,763	42,332	82	4.8	5.5
2012	35,805	44,200	81	3.0	4.4
2013	35,965	44,765	80	0.4	1.3

(Sources: U.S. Department of Commerce, Bureau of Economic Analysis.)

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WAGES AND SALARIES BY INDUSTRY SECTOR
2002-2012

NAICS Earnings by Place of Work[1] Applicable to 2002-2012	New Mexico (Dollars in Thousands)[2]		United States (Dollars in Millions)[2]		Percent Change 2002–2012		Distribution of 2012 Wages & Salaries	
	2012	2002	2012	2002	N.M.	U.S.	N.M.	U.S.
Farm Wage and Salary	$203,903	$199,942	$19,903	$17,911	1.98%	11.12 %	0.58%	0.29%
Nonfarm Wage and Salary	34,865,280	24,128,541	6,897,283	4,975,028	44.50	38.64	99.42	99.71
Total Wages and Salaries	$35,069,183	$24,328,483	$6,917,186	$4,992,939			100.00%	100.00%
Private Nonfarm Wage and Salary	$25,420,163	$16,823,304	$5,717,937	$4,112,705	51.10	39.03	72.49%	82.66%
Forestry, Fishing, related activities	*69,877*	*50,025*	*14,902*	*10,198*	*39.68*	*46.13*	*0.20*	*0.22*
Mining	*1,769,807*	*674,052*	*76,944*	*30,664*	*162.56*	*150.93*	*5.05*	*1.11*
Utilities	*334,125*	*219,348*	*52,694*	*39,882*	*52.33*	*32.12*	*0.95*	*0.76*
Construction	*1,817,255*	*1,440,836*	*306,788*	*274,011*	*26.13*	*11.96*	*5.18*	*4.44*
Manufacturing	*1,698,615*	*1,490,240*	*735,422*	*680,068*	*13.98*	*8.14*	*4.84*	*10.63*
Wholesale Trade	*1,109,476*	*872,515*	*393,753*	*282,485*	*27.16*	*39.39*	*3.16*	*5.69*
Retail Trade	*2,489,637*	*1,974,693*	*427,935*	*359,201*	*26.08*	*19.14*	*7.10*	*6.19*
Transportation and Warehousing	*960,324*	*663,354*	*219,353*	*165,204*	*44.77*	*32.78*	*2.74*	*3.17*
Information	*646,380*	*544,653*	*224,806*	*190,239*	*18.68*	*18.17*	*1.84*	*3.25*
Finance and Insurance	*1,273,142*	*886,039*	*538,403*	*371,169*	*43.69*	*45.06*	*3.63*	*7.78*
Real Estate and Rental and Leasing	*361,315*	*308,089*	*98,161*	*72,316*	*17.28*	*35.74*	*1.03*	*1.42*
Professional, Scientific, and Technical Services	*3,855,410*	*2,059,084*	*673,895*	*401,538*	*87.24*	*67.83*	*10.99*	*9.74*
Management of Companies and Enterprises	*339,340*	*249,444*	*221,010*	*120,576*	*36.04*	*83.30*	*0.97*	*3.20*
Administrative and Waste Services	*1,441,093*	*1,051,499*	*289,634*	*196,003*	*37.05*	*47.77*	*4.11*	*4.19*
Educational Services	*336,759*	*197,053*	*127,948*	*75,036*	*70.90*	*70.52*	*0.96*	*1.85*
Health Care and Social Assistance	*4,274,627*	*2,329,095*	*785,889*	*469,766*	*83.53*	*67.29*	*12.19*	*11.36*
Arts, Entertainment, and Recreation	*199,282*	*136,946*	*73,885*	*52,583*	*45.52*	*40.51*	*0.57*	*1.07*
Accommodations and Food Services	*1,390,185*	*955,239*	*240,823*	*161,901*	*45.53*	*48.75*	*3.96*	*3.48*
Other Services, Except Public Administration	*1,053,514*	*721,100*	*215,692*	*159,865*	*46.10*	*34.92*	*3.00*	*3.12*
Government and Government Enterprises	$9,445,117	$7,305,237	$1,179,346	$862,323	29.29	36.76	26.93%	17.05%

(1) The estimates of wage and salary disbursements for 2002 are based on the 2002 North American Industry Classification System (NAICS). The estimates for 2013 forward are based on the 2012 NAICS.
(2) Dollar estimates are in current dollars (not adjusted for inflation).
(Source: Bureau of Economic Analysis, last updated September 2013.)

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APPENDIX D

FORM OF OPINION OF BOND COUNSEL

[Form of Opinion of Sherman & Howard L.L.C.]

New Mexico Finance Authority
207 Shelby Street
Santa Fe, New Mexico 87501

New Mexico Finance Authority

$45,325,000
Senior Lien Public Project
Revolving Fund Revenue Bonds
Series 2015B

Ladies and Gentlemen:

We have acted as bond counsel to the New Mexico Finance Authority (the "Finance Authority"), in connection with the issuance of its New Mexico Finance Authority Senior Lien Public Project Revolving Fund Revenue Bonds, Series 2015B, in the aggregate principal amount of $45,325,000 (the "Bonds").

The Bonds are authorized to be issued under and secured by a General Indenture of Trust and Pledge dated June 1, 1995, as previously amended and supplemented (the "General Indenture"), and as further amended and supplemented by the Eighty-Seventh Supplemental Indenture of Trust dated as of June 1, 2015 (the "Supplemental Indenture," and together with the General Indenture, the "Indenture"), by and between the Finance Authority and BOKF, NA dba Bank of Albuquerque, Albuquerque, New Mexico, as successor trustee (the "Trustee"). Capitalized terms not otherwise defined herein shall have the meanings set forth in the Indenture.

The Bonds are being issued for the purpose of providing funds to (i) originate Loans to or purchase Securities from, or reimburse the Finance Authority for moneys used to originate Loans to or purchase Securities from, Governmental Units that will be or were used to finance or refinance certain Projects for such Governmental Units, (iii) pay in full amounts owing under the line of credit established with Wells Fargo Bank, National Association on December 1, 2013, and drawn upon in anticipation of the issuance of the Bonds and (iii) pay costs incurred in connection with the issuance of the Bonds.

In our capacity as bond counsel to the Finance Authority, we have examined the Finance Authority's certified proceedings, the Indenture, and such other documents and such law of the State of New Mexico (the "State") and of the United States of America as we have deemed necessary to render this opinion letter.

Regarding questions of fact material to our opinions, we have relied upon the Finance Authority's certified proceedings and other representations and certifications of the Finance Authority, the Trustee and of public officials and others furnished to us without undertaking to verify the same by independent investigation.

Based upon such examination, it is our opinion as bond counsel that:

1. The Finance Authority is a public body politic and corporate, separate and apart from the State, constituting a governmental instrumentality, duly organized and validly existing under the New Mexico Finance Authority Act, Sections 6-21-1 et seq., NMSA 1978, as amended and supplemented, and has lawful authority to issue the Bonds and to execute and deliver the Indenture.

2. The Bonds have been duly and validly authorized, are issued in accordance with law and the Indenture, and constitute valid and binding special limited obligations of the Finance Authority, payable solely from the Trust Estate, and do not constitute an obligation, debt or liability of the State, or (except as expressly provided in

an Agreement or Securities) any Governmental Unit, within the meaning of any constitutional or statutory debt limitation.

3. The Indenture has been duly authorized, executed and delivered by the Finance Authority, and assuming due authorization, execution and delivery by the Trustee, constitutes a valid and binding obligation of the Finance Authority and creates a valid lien on the Trust Estate pledged under the Indenture to secure the payment of the principal of and interest on Bonds, subject to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth in the Indenture.

4. Interest on the Bonds is excluded from gross income under federal income tax laws pursuant to Section 103 of the Internal Revenue Code of 1986, as amended to the date hereof (the "Tax Code"), and interest on the Bonds is excluded from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code, except that such interest is required to be included in calculating the adjusted current earnings adjustment applicable to corporations for purposes of computing the alternative minimum taxable income of corporations. The opinions expressed in this paragraph assume continuous compliance with the covenants and continued accuracy of the representations contained in the Finance Authority's certified proceedings and in certain other documents and certain other certifications furnished to us.

5. Interest on the Bonds is exempt from taxation by the State, except for estate or gift taxes and taxes on transfers.

The opinions expressed in this opinion letter are subject to the following:

The obligations of the Finance Authority pursuant to the Bonds and the Indenture are subject to the application of equitable principles, to the reasonable exercise in the future by the State and its governmental bodies of the police power inherent in the sovereignty of the State, and to the exercise by the United States of America of the powers delegated to it by the Federal Constitution, including without limitation, bankruptcy powers.

In this opinion letter issued in our capacity as bond counsel, we are opining only upon those matters set forth herein, and we are not passing upon the accuracy, adequacy or completeness of the Official Statement or any other statements made in connection with any offer or sale of the Bonds or upon any federal or state tax consequences arising from the receipt or accrual of interest on or the ownership or disposition of the Bonds, except those specifically addressed herein.

This opinion letter is issued as of the date hereof and we assume no obligation to revise or supplement this opinion letter to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Respectfully submitted,

APPENDIX E

BOOK-ENTRY ONLY SYSTEM

The information in this section concerning DTC and DTC's book-entry only system has been obtained from sources that the Finance Authority and the Municipal Advisor believe to be reliable, but the Finance Authority and the Municipal Advisor take no responsibility for the completeness or accuracy thereof. The following description of the procedures and record keeping with respect to beneficial ownership interests in the Series 2015B Bonds, payment of principal, premium, if any, interest on the Series 2015B Bonds to DTC Participants or Beneficial Owners, confirmation and transfers of beneficial ownership interests in the Series 2015B Bonds and other related transactions by and between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC.

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Series 2015B Bonds. The Series 2015B Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Series 2015B Bond certificate will be issued for each maturity of the Series 2015B Bonds, each in the aggregate principal amount of such issue, and will be deposited with DTC.

DTC and its Participants. DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Series 2015B Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2015B Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2015B Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2015B Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Series 2015B Bonds, except in the event that use of the book-entry system for the Series 2015B Bonds is discontinued.

To facilitate subsequent transfers, all Series 2015B Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2015B Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2015B Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2015B Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

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

Redemption notices will be sent to DTC. If less than all of the Series 2015B Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Series 2015B Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Finance Authority as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2015B Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions and dividend payments on the Series 2015B Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Finance Authority or the Trustee, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC or its nominee, the Trustee or the Finance Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Finance Authority or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Series 2015B Bonds at any time by giving reasonable notice to the Finance Authority or the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, Bond certificates are required to be printed and delivered.

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

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

The Finance Authority does not have any responsibility or obligation to the DTC Participants or the Beneficial Owners with respect to (a) the accuracy of any records maintained by DTC or any DTC Participant; (b) the payment by DTC or any DTC Participant of any amount due to any Beneficial Owner in respect of the principal of and premium, if any, and interest on the Series 2015B Bonds; (c) the selection of the Beneficial Owners to receive payment in the event of any partial redemption of the Series 2015B Bonds; (d) any consent given or other action taken by DTC, or its nominee, Cede & Co., as Bond Owner; or (e) the distribution by DTC to DTC Participants or Beneficial Owners of any notices received by DTC as registered owner of the Series 2015B Bonds.

APPENDIX F

2015B GOVERNMENTAL UNITS; LARGEST REPAYMENT OBLIGATIONS

2015B Governmental Units

As previously stated, a portion of the proceeds of the Series 2015B Bonds is being used to originate Loans to be made to the 2015B Governmental Units or to reimburse the Finance Authority, in whole or in part, for Loans made to 2015B Governmental Units. The 2015B Governmental Units, the amount of their respective Loans, the agreement reserve amounts and the maturity dates of the Loans are listed in the following table:

Governmental Unit	Original Loan Amount	Agreement Reserve Amount[1]	Loan Maturity Date
Roosevelt County	$2,875,000	–	05/01/2034
Espanola Public School District	1,600,000	–	09/01/2019
Cuba Independent School	1,000,000	–	08/01/2018
Hatch Valley School District	725,000	–	08/01/2022
Dexter Consolidated Schools	500,000	–	08/01/2026
Carrizozo Municipal Schools	800,000	–	08/01/2028
San Miguel County	695,288	69,529	05/01/2024
Las Cruces	443,325	–	06/01/2022
Estancia Valley Solid Waste Authority	416,980	41,698	05/01/2021
Las Cruces	2,775,819	–	05/01/2022
Edgewood	2,696,483	151,009	05/01/2044
Bloomfield	213,222	21,322	05/01/2017
Socorro Consolidated Schools	1,225,000	–	08/01/2028
Magdalena Municipal Schools	520,000	–	07/15/2027
Reserve	269,018	–	05/01/2030
Taos, Town of	434,994	–	05/01/2021
Raton Public School District #11	792,000	–	05/01/2020
Maxwell MSD	280,000	–	05/01/2020
Eastern New Mexico University	18,655,000	–	04/01/2045
Chama Valley Independent SD #19	4,665,000	–	05/15/2035
Carlsbad, City of	1,165,267	116,526	05/01/2025
Chama, Village of	332,494	–	05/01/2035
Vaughn Municipal Schools	750,000	–	08/01/2027
Truth or Consequences MSD	1,500,000	–	08/01/2028
Cuba Independent School District	1,000,000	–	08/01/2024
Rio Rancho, City of	4,292,192	281,647	05/01/2035
Anthony WSD	982,356	70,645	05/01/2038
San Miguel County	835,855	83,585	05/01/2022
Total	$52,457,534	$884,837	

[1] The Finance Authority has adopted a policy which does not require an Agreement Reserve Account for certain types of Loans including those that have an "AA" credit rating, Loans secured by a pledge of the fire protection or state law enforcement funds that produce a debt service coverage ratio of two times, and Loans secured by a general obligation pledge of the respective Governmental Unit. Each of the Loans listed that does not have an Agreement Reserve Account either falls into one of the aforementioned categories or a waiver to the applicable policy has been obtained.

(Source: The Finance Authority.)

Agreements Generating Largest Amount of Agreement Revenues

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

State of New Mexico General Services Department.

The Finance Authority issued a series of Bonds and used a portion of the proceeds thereof to purchase bonds for the benefit of the State of New Mexico General Services Department (the "GSD Bonds"). The General

Services Department applied proceeds from the sale of the GSD Bonds to fund building projects in Santa Fe for use by the state government. The GSD Bonds are payable from and secured by a portion of gross receipts tax revenues received by the State of New Mexico and appropriated by the State Legislature or transferred to the State Building Bond Fund. As of July 1, 2015, the GSD Bonds will be outstanding in the aggregate principal amount of $83,805,824 and are scheduled to mature on June 1, 2039.

New Mexico Spaceport Authority.

The Finance Authority has previously issued a series of bonds and has applied certain Prepayments of Loans for the purpose of purchasing securities from the New Mexico Spaceport Authority (the "Spaceport Authority Securities"), the proceeds from which are being used to finance the costs of planning, designing, engineering and constructing a regional spaceport. The Spaceport Authority Securities are payable from and secured by a portion of the county regional spaceport gross receipts tax revenues received by the New Mexico Regional Spaceport District from gross receipts taxes imposed by Dona Aña and Sierra Counties which are pledged by the Regional Spaceport District and the Spaceport Authority to pay the Spaceport Authority Securities. As of July 1, 2015, the Spaceport Authority Securities will be outstanding in the aggregate principal amount of $61,755,000 and are scheduled to mature on December 1, 2029.

City of Albuquerque

Enterprise Systems. The Finance Authority has entered into various obligations with the City of Albuquerque (the "Albuquerque Enterprise Obligations") in which enterprise system revenues of the City are used to secure the debt obligations. The proceeds of the Albuquerque Enterprise Obligations were used to finance various projects totaling approximately $49,855,000 including the refinancing of debt obligations issued to fund projects for improvement to the Albuquerque Airport. These obligations are payable from and secured by the net operating revenues. The last of the Albuquerque Enterprise Obligations is scheduled to mature on July 1, 2019.

Gross Receipts Taxes. The Finance Authority has previously entered into various obligations with the City of Albuquerque (the "Albuquerque Gross Receipts Tax Obligations"). The Albuquerque Gross Receipts Tax Obligations were used to finance or refinance certain infrastructure projects in the City of Albuquerque. The Albuquerque Gross Receipts Tax Obligations are payable from and secured by certain gross receipt taxes. The last of the Albuquerque Gross Receipts Tax Obligations is scheduled to mature on July 1, 2028.

As of July 1, 2015, the Albuquerque Enterprise Obligations and the Albuquerque Gross Receipts Obligations will be outstanding in the aggregate principal amount of $44,986,730.

Albuquerque-Bernalillo County Water Utility Authority Loans.

In the 2003 Regular Session, the New Mexico Legislature adopted legislation (Laws 2003, Chapter 437, codified as NMSA 1978, Section 72-1-10) creating the Albuquerque-Bernalillo County Water Utility Authority (the "ABCWUA") as a joint agency of the City of Albuquerque, New Mexico (the "City") and Bernalillo County. The ABCWUA is comprised of a board of three City Councilors, three County Commissioners and the Mayor of the City and has jurisdiction over certain water facilities and properties (the "Water System") and certain sanitary sewer facilities and properties (the "Sewer System").

Pursuant to various loan agreements (the "ABCWUA Loan Agreements") between the ABCWUA and the Finance Authority totaling $171,815,000, the ABCWUA pledged to the Finance Authority, on a parity basis with other obligations of ABCWUA, water and sewer systems revenues for the purpose of: acquiring, constructing, extending, enlarging, bettering, repairing, replacing, equipping or otherwise improving the water and wastewater system, including expenses related to: regular system improvements, expansion, maintenance and upgrades to operate a water and wastewater utility pursuant to the basic capital program and diversion of surface water from the Rio Grande River under the San Juan Chama Project, delivering it for use by current and future users of the system. The Finance Authority has issued various series of Bonds and used proceeds from those Bonds to provide the funding for the ABCWUA Loan Agreements. The latest scheduled maturity date of the ABCWUA Loan Agreements is June 1, 2036. As of July 1, 2015, the outstanding principal amount of the ABCWUA Loan Agreements will be $42,800,000.

City of Santa Fe

The Finance Authority has previously entered into various obligations with the City of Santa Fe (the "Santa Fe Gross Receipts Tax Obligations"). The Santa Fe Gross Receipts Tax Obligations have been and are being used to finance or refinance certain infrastructure projects in the City of Santa Fe. As of July 1, 2015, the Santa Fe Gross Receipts Tax Obligations will be outstanding in the principal amount of $33,349,259 and are payable from and secured by certain gross receipt taxes. The last of the Santa Fe Gross Receipts Tax Obligations is scheduled to mature on June 1, 2037.

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NEW MEXICO FINANCE AUTHORITY • SENIOR LIEN PUBLIC PROJECT REVOLVING FUND REVENUE BONDS, SERIES 2015B

New Mexico FINANCE AUTHORITY

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NEW ISSUE – BOOK-ENTRY ONLY **Ratings: S & P "AAA"**
Moody's "Aa1"
(See "RATINGS" herein.)

In the opinion of Sherman & Howard L.L.C., Bond Counsel to the Finance Authority, assuming continuous compliance with certain covenants described herein, interest on the Series 2015C Bonds is excluded from gross income under federal income tax laws pursuant to Section 103 of the Internal Revenue Code of 1986, as amended to the date of delivery of the Series 2015C Bonds (the "Tax Code"), and interest on the Series 2015C Bonds is excluded from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code except that such interest is required to be included in calculating the "adjusted current earnings" adjustment applicable to corporations for purposes of computing the alternative minimum taxable income of corporations. Interest on the Series 2015C Bonds is exempt from taxation by the State of New Mexico, except for estate or gift taxes and taxes on transfers. See "TAX MATTERS."

New Mexico FINANCE AUTHORITY

$45,475,000
SENIOR LIEN PUBLIC PROJECT
REVOLVING FUND REVENUE BONDS, SERIES 2015C

Dated: Date of Initial Delivery **Due: June 1, as shown on inside front cover**

The New Mexico Finance Authority Senior Lien Public Project Revolving Fund Revenue Bonds, Series 2015C (the "Series 2015C Bonds") are being issued as fully-registered bonds in denominations of $5,000 or any integral multiple of $5,000. The Depository Trust Company will act as securities depository of the Series 2015C Bonds through its nominee, Cede & Co. One fully registered bond in a denomination equal to the principal amount of each maturity of the Series 2015C Bonds will be registered in the name of Cede & Co. Individual purchases of Series 2015C Bonds will be made in book-entry form only, and beneficial owners of the Series 2015C Bonds will not receive physical delivery of bond certificates, except as described in this Official Statement. Upon receipt of payments of principal and interest, DTC will remit such payments to DTC participants for subsequent disbursement to the beneficial owners of the Series 2015C Bonds.

The Series 2015C Bonds will be issued under and secured by the General Indenture. Interest on the Series 2015C Bonds accrues from the date of initial delivery of the Series 2015C Bonds and is payable on June 1 and December 1 of each year, commencing December 1, 2015. Principal of the Series 2015C Bonds is payable on the dates, and interest is payable at the rates, shown on the Maturity Schedule on the inside front cover.

SEE MATURITY SCHEDULE ON INSIDE FRONT COVER

The Series 2015C Bonds are subject to optional redemption prior to maturity.

Proceeds of the Series 2015C Bonds will be used by the Finance Authority for the purposes of (i) originating Loans to or purchasing Securities from or reimbursing the Finance Authority for moneys used to originate Loans to or purchase Securities from certain governmental entities that will be or were used to finance or refinance certain Projects for such governmental entities, and (ii) paying costs incurred in connection with the issuance of the Series 2015C Bonds. The principal of and premium, if any, and interest on the Series 2015C Bonds and additional bonds issued or to be issued are payable solely from and secured solely by the Trust Estate. The Finance Authority has issued or incurred and expects to issue or incur parity bonds and other obligations pursuant to the Indenture.

The Series 2015C Bonds are special limited obligations of the Finance Authority, payable, together with additional bonds issued or to be issued, solely from and secured solely by the Trust Estate. The Series 2015C Bonds will not constitute or create a general obligation or other indebtedness of the State of New Mexico, the Finance Authority or any Governmental Unit within the meaning of any constitutional or statutory debt limitation. No provision of the Series 2015C Bonds will be construed or interpreted as a donation by or lending of the credit of the Finance Authority, the State or any Governmental Unit within the meaning of the Constitution of the State. THE FINANCE AUTHORITY HAS NO TAXING POWERS. The Series 2015C Bonds do not constitute or give rise to personal liability on the part of the members, directors or officers of the Finance Authority. No breach of any pledge, obligation or agreement of the Finance Authority will impose a pecuniary liability or a charge upon the general credit of the State, the Finance Authority or any political subdivision of the State, or upon the taxing power of the State or any political subdivision of the State.

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

Certain legal matters concerning the legality of the Series 2015C Bonds will be passed on by Sherman & Howard L.L.C., Denver, Colorado, Bond Counsel to the Finance Authority. Certain legal matters will be passed upon by the General Counsel of the Finance Authority. Certain matters relating to disclosure will be passed upon by Ballard Spahr LLP, Salt Lake City, Utah, Disclosure Counsel to the Finance Authority. Certain legal matters will be passed upon for the Underwriters by Hogan Lovells US LLP, Denver, Colorado. Western Financial Group, LLC has acted as municipal advisor to the Finance Authority in connection with the issuance of Series 2015C Bonds. It is expected that a single certificate for each maturity of the Series 2015C Bonds will be delivered to DTC or its agent on or about August 12, 2015.

This Official Statement is dated July 30, 2015, and the information contained herein speaks only as of that date.

Morgan Stanley **RBC Capital Markets** **Wells Fargo Securities**

NEW MEXICO FINANCE AUTHORITY

$45,475,000 SENIOR LIEN PUBLIC PROJECT REVOLVING FUND REVENUE BONDS, SERIES 2015C

MATURITY SCHEDULE

Year (June 1)	Principal Amount	Interest Rate	Yield	CUSIP Number†
2016	$175,000	1.00%	0.40%	64711N YR0
2017	355,000	3.00	0.70	64711N YS8
2018	245,000	3.00	1.00	64711N YT6
2019	465,000	3.00	1.20	64711N YU3
2020	475,000	3.00	1.43	64711N YV1
2021	470,000	3.00	1.70	64711N YW9
2022	480,000	4.00	2.01	64711N YX7
2023	495,000	5.00	2.17	64711N YY5
2024	530,000	5.00	2.30	64711N YZ2
2025	840,000	5.00	2.42	64711N ZA6
2026	1,000,000	5.00	2.56 (c)	64711N ZB4
2027	1,455,000	5.00	2.65 (c)	64711N ZC2
2028	4,345,000	5.00	2.75 (c)	64711N ZD0
2029	4,275,000	5.00	2.83 (c)	64711N ZE8
2030	4,425,000	5.00	2.90 (c)	64711N ZF5
2031	4,265,000	5.00	2.96 (c)	64711N ZG3
2032	4,475,000	5.00	3.01 (c)	64711N ZH1
2033	4,705,000	5.00	3.05 (c)	64711N ZJ7
2034	4,260,000	5.00	3.09 (c)	64711N ZK4
2035	7,740,000	5.00	3.13 (c)	64711N ZL2

(c) Yield to par call on June 1, 2025.

† The above referenced CUSIP numbers have been assigned by an independent company not affiliated with the parties to this bond transaction and are included solely for the convenience of the holders of the Series 2015C Bonds. None of the Finance Authority, the Trustee, or the Municipal Advisor, is responsible for the selection or uses of such CUSIP numbers, and no representation is made as to their correctness on the Series 2015C Bonds or as indicated above. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Series 2015C Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities.

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

No dealer, broker, salesman or any other person has been authorized by the Finance Authority or the Underwriters to give any information or to make any representations, other than those contained in this Official Statement, in connection with the offering contained herein, and, if given or made, such information or representations must not be relied upon. This Official Statement does not constitute an offer to sell or solicitation of an offer to buy nor shall there be any sale of the Series 2015C Bonds by any person in any jurisdiction in which it is unlawful for such offer, solicitation or sale.

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

The yields or prices at which the Series 2015C Bonds are offered to the public may vary from the initial reoffering yields or prices shown on the inside front cover page of this Official Statement. In connection with this offering, the Underwriters of the Series 2015C Bonds may engage in transactions that stabilize, maintain or otherwise affect market yields or prices of the Series 2015C Bonds. Such transactions, if commenced, may be discontinued at any time.

The Finance Authority maintains a website; however, the information presented there is not a part of this Official Statement and should not be relied upon in making an investment decision with respect to the Series 2015C Bonds.

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

THE SERIES 2015C BONDS WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR ANY STATE SECURITIES LAW AND WILL NOT BE LISTED ON ANY STOCK OR OTHER SECURITIES EXCHANGE. THE SERIES 2015C BONDS HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION, NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

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NEW MEXICO FINANCE AUTHORITY

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William F. Fulginiti, Vice Chair
David Martin, Secretary
Katherine Ulibarri, Treasurer
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Chief Executive Officer
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Salt Lake City, Utah

Trustee, Registrar and Paying Agent
BOKF, NA
Albuquerque, New Mexico

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OFFICIAL STATEMENT

RELATING TO

NEW MEXICO FINANCE AUTHORITY

$45,475,000
SENIOR LIEN PUBLIC PROJECT
REVOLVING FUND REVENUE BONDS, SERIES 2015C

INTRODUCTION

This Official Statement, which includes the cover page, the inside front cover page, and appendices, provides information in connection with the offer and sale of the $45,475,000 Senior Lien Public Project Revolving Fund Revenue Bonds, Series 2015C (the "Series 2015C Bonds") being issued by the New Mexico Finance Authority (the "Finance Authority" or the "NMFA"). The Series 2015C Bonds, together with additional bonds the Finance Authority has issued or may issue in parity with them, are collectively referred to in this Official Statement as the "Bonds." Capitalized terms used and not defined in the main body of this Official Statement have the meanings specified in the General Indenture of Trust and Pledge, dated as of June 1, 1995, as previously amended and supplemented (the "General Indenture"), and as further amended and supplemented by the Eighty-Eighth Supplemental Indenture of Trust, dated as of August 1, 2015 (the "Eighty-Eighth Supplemental Indenture" and together with the General Indenture, the "Indenture"), all between the Finance Authority and BOKF, NA, Albuquerque, New Mexico, as trustee (the "Trustee"), and are presented under the caption "Certain Definitions" in "APPENDIX B—EXTRACTS OF CERTAIN PROVISIONS OF THE INDENTURE."

New Mexico Finance Authority

The Finance Authority, established by the legislature of the State of New Mexico (the "State") in 1992, is a governmental instrumentality separate and apart from the State created to coordinate the planning and financing of State and local public projects. For additional information concerning the Finance Authority, see "NEW MEXICO FINANCE AUTHORITY" and the Finance Authority's financial statements for the fiscal year ended June 30, 2014 included as APPENDIX A hereto. See "FINANCIAL STATEMENTS" herein.

Authority and Purpose

The Series 2015C Bonds are being issued under the authority of and pursuant to the laws of the State, including particularly the New Mexico Finance Authority Act, Section 6-21-1 et seq., NMSA 1978, as amended (the "Act"), and the Indenture. For a description of the Public Project Revolving Fund Program, see "NEW MEXICO FINANCE AUTHORITY—The Public Project Revolving Fund Program."

Proceeds from the sale of the Series 2015C Bonds will be used by the Finance Authority for the purposes of (i) originating Loans to or purchasing Securities from or reimbursing the Finance Authority for moneys used to originate Loans to or purchase Securities from certain governmental units that will be or were used to finance or refinance certain Projects for such governmental units, and (ii) paying costs incurred in connection with the issuance of the Series 2015C Bonds. See "THE PLAN OF FINANCING" for more information with respect to the sources and uses of proceeds of the Series 2015C Bonds and APPENDIX F for a list of the Governmental Units and the amount of the Loans to be financed with the proceeds of the Series 2015C Bonds. Such Governmental Units whose Loans are being financed with proceeds of the Series 2015C Bonds are sometimes referred to herein as the "2015C Governmental Units."

Parity Obligations

Bonds with a lien on the Trust Estate on a parity with the lien of the Series 2015C Bonds have been issued and may be issued to provide loans to Governmental Units, to reimburse the Public Project Revolving Fund for loans made to Governmental Units, and to purchase Securities from Governmental Units. For a description of the parity Bonds currently outstanding (the "Outstanding Parity Bonds"), see "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Outstanding Parity Bonds."

Subordinate Obligations

Obligations with a subordinate lien on the revenues from the NMFA Portion of the Governmental Gross Receipts Tax (as defined below) and Revenues from Additional Pledged Loans released from the lien of the Indenture have been issued and may be issued to provide loans to Governmental Units, to reimburse the Public Project Revolving Fund for loans made to Governmental Units, to purchase securities from Governmental Units and to retire borrowings incurred in anticipation of the issuance of such subordinate obligations. At or about the same time that the Finance Authority issues the Series 2015C Bonds, the Finance Authority expects to issue a series of Subordinate Lien Bonds in the principal amount of $29,355,000. The issuance of the Series 2015C Bonds is not contingent upon the issuance of these Subordinate Lien Bonds. For a description of the subordinate obligations currently outstanding, see "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Outstanding Subordinate Lien Bonds."

The Series 2015C Bonds

The Series 2015C Bonds will be dated the date of their initial delivery. Interest on the Series 2015C Bonds is payable on June 1 and December 1 of each year, commencing December 1, 2015. The Series 2015C Bonds will mature on the dates and in the amounts and will bear interest at the rates shown on the inside front cover of this Official Statement. The Series 2015C Bonds are issuable in denominations of $5,000 or integral multiples of $5,000.

Individual purchases will be made in book-entry only form, and purchasers of the Series 2015C Bonds will not receive physical delivery of bond certificates except as more fully described in "APPENDIX E—BOOK-ENTRY ONLY SYSTEM." Payments of principal of and interest on the Series 2015C Bonds will be made directly to The Depository Trust Company ("DTC") or its nominee, Cede & Co., by the Paying Agent, so long as DTC or Cede & Co. is the sole registered owner. Upon receipt of such payments, DTC is to remit such payments to the DTC Participants (as defined below) for subsequent disbursement to the beneficial owners of the Series 2015C Bonds, all as more fully described in APPENDIX E. In reading this Official Statement, it should be understood that while the Series 2015C Bonds are in book-entry only form, references in other sections of this Official Statement to Owners should be read to include the person for whom the Participants and Indirect Participants acquire an interest in the Series 2015C Bonds, but (1) all rights of ownership must be exercised through DTC and the book-entry only system as described in APPENDIX E, and (2) except as otherwise provided in the Indenture, notices that are to be given to Owners by the Finance Authority, the Trustee, the Registrar or the Paying Agent will be given only to DTC.

Redemption

The Series 2015C Bonds are subject to optional redemption prior to maturity. See "THE SERIES 2015C BONDS—Redemption."

Security and Sources of Payment for the Bonds

Trust Estate. The Bonds, including the Series 2015C Bonds, are special limited obligations of the Finance Authority secured by and payable solely from the Trust Estate, which includes the Revenues described below and certain funds and accounts created and maintained pursuant to the Indenture. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Trust Estate" herein.

The Bonds do not constitute or create a general obligation or other indebtedness of the State, the Finance Authority or any Governmental Unit within the meaning of any constitutional or statutory debt limitation. THE FINANCE AUTHORITY HAS NO TAXING POWERS. No provision of the Series 2015C Bonds will be construed or interpreted as a donation or lending of the credit of the Finance Authority, the State, or any Governmental Unit within the meaning of the Constitution of the State. The principal of and interest and premium, if any, on the Series 2015C Bonds do not constitute or give rise to a personal liability

on the part of the members, directors and officers of the Finance Authority. No breach of any pledge, obligation or agreement of the Finance Authority will impose a pecuniary liability or a charge upon the general credit of the State, the Finance Authority or any political subdivision of the State, or upon the taxing power of the State or any political subdivision of the State.

Common Debt Service Reserve Fund. The Finance Authority has established a Common Debt Service Reserve Fund under the Indenture to secure payment of debt service on any Bonds issued under the Indenture. The Common Debt Service Reserve Fund was initially funded on January 14, 2011, and as of June 1, 2015, the Common Debt Service Reserve Fund was funded in the amount of approximately $30,259,922. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Flow of Funds—Common Debt Service Reserve Fund."

Additional Bonds. The Finance Authority maintains an ongoing program to provide Loans and to purchase Securities from Governmental Units and expects to finance certain of those activities with the issuance of Additional Bonds in parity with the Series 2015C Bonds. The Finance Authority must satisfy certain requirements set forth in the Indenture to issue such Additional Bonds. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Additional Bonds." The timing, amount and such other details of such Additional Bonds are not known as of the date of this Official Statement.

Continuing Disclosure Undertaking

The Finance Authority has undertaken for the benefit of the Series 2015C Bond Owners that, so long as the Series 2015C Bonds remain outstanding, the Finance Authority will provide certain annual financial information, operating data and audited financial statements with respect to the Finance Authority and each Governmental Unit expected by the Finance Authority to have loan repayment obligations in the then-current fiscal year constituting more than twenty percent (20%) of the estimated Revenues in the then-current fiscal year to the Municipal Securities Rulemaking Board (the "MSRB") in an electronic format prescribed by the MSRB and notice of certain material events to the MSRB in an electronic format prescribed by the MSRB in accordance with Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended (the "Rule"). The provisions of the Continuing Disclosure Undertaking may be amended under certain circumstances. See "CONTINUING DISCLOSURE UNDERTAKING" herein.

Tax Considerations

In the opinion of Sherman & Howard L.L.C., Bond Counsel to the Finance Authority, assuming continuous compliance with certain covenants described herein, interest on the Series 2015C Bonds is excluded from gross income under federal income tax laws pursuant to Section 103 of the Internal Revenue Code of 1986, as amended to the date of delivery of the Series 2015C Bonds (the "Tax Code"), and interest on the Series 2015C Bonds is excluded from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code except that such interest is required to be included in calculating the "adjusted current earnings" adjustment applicable to corporations for purposes of computing the alternative minimum taxable income of corporations. Interest on the Series 2015C Bonds is exempt from taxation by the State of New Mexico, except for estate or gift taxes and taxes on transfers. See "TAX MATTERS."

Professionals Involved in the Offering

At the time of the issuance and sale of the Series 2015C Bonds, Sherman & Howard L.L.C., Denver, Colorado, as Bond Counsel to the Finance Authority, will deliver its opinion in the form included in APPENDIX D. Certain legal matters will be passed upon for the Finance Authority by its General Counsel. Certain matters relating to disclosure will be passed upon by Ballard Spahr LLP, Salt Lake City, Utah, Disclosure Counsel to the Finance Authority. Certain legal matters will be passed upon for the Underwriters by Hogan Lovells US LLP, Denver, Colorado. Western Financial Group, LLC, Portland, Oregon has acted as municipal advisor to the Finance Authority (the "Municipal Advisor") in connection with its issuance of the Series 2015C Bonds. See "MUNICIPAL ADVISOR."

The Finance Authority's audited financial statements for the fiscal year ended June 30, 2014, included in APPENDIX A, have been audited by REDW, LLC, Certified Public Accountants, Albuquerque, New Mexico. See also "FINANCIAL STATEMENTS."

Offering and Delivery of the Series 2015C Bonds

The Series 2015C Bonds are offered when, as and if issued, subject to approval as to their legality by Bond Counsel and the satisfaction of certain other conditions. It is anticipated that a single certificate for each maturity of the Series 2015C Bonds will be delivered to DTC or its agent on or about August 12, 2015. The Series 2015C Bonds will be distributed in the initial offering by Morgan Stanley & Co. LLC, RBC Capital Markets, LLC and Wells Fargo Bank, N.A. (collectively, the "Underwriters") for which Morgan Stanley & Co. LLC is acting as senior managing underwriter and representative of the Underwriters.

Other Information

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

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the Finance Authority and any purchaser or holder of Series 2015C Bonds.

THE SERIES 2015C BONDS

General

The Series 2015C Bonds will be dated the date of their initial delivery and interest will accrue on the Series 2015C Bonds from such date at the rates presented on the inside front cover page of this Official Statement (calculated on the basis of a 360-day year consisting of twelve 30-day months), and is payable on June 1 and December 1 of each year, commencing December 1, 2015. The Series 2015C Bonds will be issued in the aggregate principal amounts and will mature on the dates and in the amounts shown on the inside front cover. The Series 2015C Bonds are issuable in denominations of $5,000 or integral multiples of $5,000 (the "Authorized Denominations").

Book-Entry Only System

DTC will act as securities depository for all of the Series 2015C Bonds through its nominee, Cede & Co. One fully-registered bond in a denomination equal to the principal amount and maturity of the Series 2015C Bonds will be registered in the name of Cede & Co. Individual purchases of Series 2015C Bonds will be made in book-entry only form, and beneficial owners of the Series 2015C Bonds will not receive physical delivery of bond certificates, except as described in APPENDIX E. Upon receipt of payments of principal and interest, DTC will remit such payment to DTC participants for subsequent disbursement to the beneficial owners of the Series 2015C Bonds. For a more complete description of the book-entry only system, see "APPENDIX E—BOOK-ENTRY ONLY SYSTEM" herein.

Redemption

Optional Redemption. The Series 2015C Bonds maturing on and after June 1, 2026, are subject to optional redemption at any time on and after June 1, 2025, in whole or in part, in such order of maturity as may be selected by the Finance Authority and by lot within each maturity (if in part, in integral multiples of $5,000), at the option of the Finance Authority, upon notice as provided in the General Indenture and at the redemption price of 100% of the principal amount of the Series 2015C Bonds to be redeemed, but without premium, plus interest accrued to the redemption date.

Notice of Redemption. In the event any of the Series 2015C Bonds are to be redeemed, notice of such redemption is to be mailed by first class mail, postage prepaid, to all Registered Owners of Series 2015C Bonds to be redeemed at their addresses as they appear on the registration books of the Registrar at least 30 days, but not more than 60 days, prior to the redemption date.

In addition, further notice of any redemption of Series 2015C Bonds is to be given by the Trustee at least two Business Days in advance of the mailed notice to Registered Owners, by registered or certified mail or overnight delivery service, to all registered securities depositories then in the business of holding substantial amounts (as reasonably determined by the Trustee) of obligations of types comprising the Series 2015C Bonds and to at least two national information services that disseminate notices of redemption of obligations such as the Series 2015C Bonds. Failure to give all or any portion of such further notice will not in any manner defeat the effectiveness of a call for redemption.

If at the time of mailing of any notice of redemption there are not on deposit with the Trustee moneys sufficient to redeem all the Series 2015C Bonds called for redemption, such notice is to state that such redemption is subject to the deposit of the redemption moneys with the Trustee not later than the redemption date and that such notice will be of no effect unless such moneys are so deposited.

A second notice of redemption is to be given, not later than 90 days subsequent to the redemption date, to Registered Owners of Series 2015C Bonds or portions thereof redeemed but who failed to deliver Series 2015C Bonds for redemption prior to the 60th day following such redemption date. Any notice mailed will be conclusively presumed to have been duly given, whether or not the owner of such Series 2015C Bonds receives the notice. Receipt of such notice is not a condition precedent to such redemption and failure so to receive any such notice by any of such Registered Owners will not affect the validity of the proceedings for the redemption of the Series 2015C Bonds.

Partially Redeemed Bonds. In case any Series 2015C Bond is redeemed in part, upon the presentation of such Series 2015C Bond for such partial redemption, the Finance Authority will execute and the Trustee will authenticate and deliver or cause to be delivered to or upon the written order of the Registered Owner thereof, at the expense of the Finance Authority, a Series 2015C Bond or Series 2015C Bonds of the same interest rate and maturity and in an aggregate principal amount equal to the unredeemed portion of such Series 2015C Bond. A portion of any Series 2015C Bond of a denomination of more than $5,000 to be redeemed will be in the principal amount of $5,000 or an integral multiple of $5,000 and, in selecting portions of such Series 2015C Bonds for redemption, the Trustee will treat each such Series 2015C Bond as representing that number of Series 2015C Bonds of $5,000 denomination which is obtained by dividing the principal amount of such Series 2015C Bonds by $5,000.

Defeasance

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

SECURITY AND SOURCES OF PAYMENT FOR THE BONDS

Special Limited Obligations

The Bonds, including the Series 2015C Bonds, are special limited obligations of the Finance Authority payable solely from the Trust Estate. The Series 2015C Bonds do not constitute nor create a general obligation or other indebtedness of the State, the Finance Authority or any Governmental Unit within the meaning of any constitutional or statutory debt limitation. THE FINANCE AUTHORITY HAS NO TAXING POWERS. No provision of the Series 2015C Bonds will be construed or interpreted as a donation by or lending of the credit of the Finance Authority, the State or any Governmental Unit within the meaning of the Constitution of the State. The principal of and interest and premium, if any, on the Series 2015C Bonds do not constitute or give rise to a personal liability on the part of the members, directors and officers of the Finance Authority. No breach of any pledge, obligation or agreement of the Finance Authority will impose a pecuniary liability or a charge upon the general credit of the State, the Finance Authority or any political subdivision of the State, or upon the taxing power of the State or any political subdivision of the State.

Trust Estate

In the Indenture, the Finance Authority pledges and assigns the Trust Estate for the equal and ratable payment of the Bonds. The Trust Estate includes (i) Agreement Revenues (as defined below) and amounts in the Agreement Reserve Accounts subject to the uses provided for in the Indenture and described herein, (ii) Additional Pledged Loans, (iii) revenues received by the Finance Authority from the allocation of the NMFA Portion of the Governmental Gross Receipts Tax, and (iv) other amounts in certain funds and accounts created and maintained pursuant to the Indenture, all as more fully described below.

Agreement Revenues. The Agreements consist of Loan Agreements and Securities executed and delivered by Governmental Units in consideration for the financing of all or a portion of their respective projects by the Finance Authority. Under each Loan Agreement or issue of Securities, the respective Governmental Unit pledges to the Finance Authority for payment of all amounts due under their respective Agreements (i) revenues of specific enterprise systems or revenues attributable to certain taxes (the "Agreement Revenues" or, as defined in the Indenture, the "Agreement Pledged Revenues") and (ii) moneys in certain funds and accounts held by the Trustee. Each Governmental Unit executing a Loan Agreement or issuing Securities agrees to pay principal of and interest on its Loan promptly from its Agreement Revenues and to continue such payments until its Loan is paid in full. Each Governmental Unit that has entered into a Loan Agreement or has issued Securities has pledged specific Agreement Revenues to the repayment of its Loan. It should be noted that each Governmental Unit that has entered into an Agreement with the Finance Authority has the ability to incur additional obligations that may be secured on a parity basis with the Agreement Revenues as long as certain conditions are satisfied. See APPENDIX F for a list of the 2015C Governmental Units and the allocable portions of the Loans financed with the proceeds of Series 2015C Bonds. Also, please see APPENDIX F for information relating to the largest repayment obligations. A Governmental Unit is not required to make up any Loan Payment not paid in full by another Governmental Unit or to make up any insufficiency in any other source of revenues. The Finance Authority reports that no Governmental Unit has failed to timely pay its obligations owing under its respective Agreement.

The following table lists the various types of revenues from which Agreement Revenues are derived based upon scheduled payments in fiscal year 2015-2016. The table also lists the amounts of those revenues and the percentage of the total Agreement Revenues of those revenues.

Type of Revenue	FY 2015-2016 Amounts	% of Total Agreement Revenues
Gross Receipts Tax	$30,954,567	30.22%
Enterprise System Revenues	25,301,719	24.70
General Obligation (ad valorem taxes)	16,222,708	15.84
Local Special Tax	13,244,449	12.93
State Gross Receipts Tax	6,768,057	6.61
Fire Protection Funds	4,399,000	4.30
Special Assessments	2,718,554	2.65
Governmental Gross Receipts Tax State	2,503,153	2.44
Mill Levy	164,713	0.16
Law Enforcement Protection Funds	139,275	0.14
Total	$102,416,195	100.00%

Note: Totals may not add due to rounding. Assumes that the Loans funded with proceeds of the Series 2015C Bonds are executed and delivered.

(Source: The Finance Authority.)

The following table lists the ten Governmental Units that have Agreements with the same revenue pledge from the respective Governmental Unit that, based on scheduled payments in fiscal year 2015-2016 and assuming no further prepayments of any Agreements, are expected to generate the largest amount of Agreement Revenues in fiscal year 2015-2016. The Agreement Revenues generated from such Agreements account for 40.74% of projected Agreement Revenues for fiscal year 2015-2016.

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

Borrower	FY 2015-2016 Debt Service	% of Total Pledged Agreement Revenues[(1)(2)]
City of Albuquerque (Enterprise System Revenues)	$7,034,162	6.87%
General Services Department (State Gross Receipts Tax)	6,413,090	6.26
New Mexico Spaceport (Gross Receipts Tax)	5,646,444	5.51
Albuquerque Bernalillo County Water Utility Authority (Enterprise System Revenues)	5,477,231	5.35
Farmington Schools (Ad Valorem Taxes)	3,886,865	3.80
City of Albuquerque (Gross Receipts Tax)	3,287,873	3.21
City of Santa Fe (Gross Receipts Tax)	2,974,394	2.90
Jicarilla Apache Nation (Local Special Tax)	2,373,192	2.32
State Parks Division (Gross Receipts Tax)	2,336,168	2.28
New Mexico Highlands University (Enterprise System Revenues)[(3)]	2,299,638	2.25
Total	$41,729,056	40.74%

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

(2) Assumes that the Loans funded with proceeds of the Series 2015C Bonds are executed and delivered.

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

(Source: The Finance Authority.)

Although Agreement Revenues are received at various times throughout the year, they are held under the Indenture until June 1 of each year to be applied to pay debt service on the Bonds. For more information with respect to the Governmental Units with the largest repayment obligations, see "APPENDIX F—2015C GOVERNMENTAL UNITS, LARGEST REPAYMENT OBLIGATIONS."

The Finance Authority may require and has previously required the establishment and funding of an Agreement Reserve Fund in connection with certain Agreements. Amounts in a Governmental Unit's account of the Agreement Reserve Fund will be withdrawn by the Trustee and deposited into that Governmental Unit's account of the Debt Service Fund to the extent of any shortfall in payments by such Governmental Unit under its Agreement.

Additional Pledged Loans. The Finance Authority may make loans from or purchase securities with available funds in the Public Project Revolving Fund. At its option, the Finance Authority may designate such loans or securities as Additional Pledged Loans, and upon such designation, the principal and interest payments on such loans or securities become pledged by the Finance Authority to the payment of the Bonds. See "Flow of Funds" below under this caption.

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

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

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

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

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

Presented below is information from the New Mexico Taxation and Revenue Department concerning collections of the governmental gross receipts tax for the fiscal years 2010-2011 through 2014-2015.

GOVERNMENTAL GROSS RECEIPTS TAX COLLECTIONS
FISCAL YEARS 2010-2011 THROUGH 2014-2015

	Fiscal Year 2010-2011	Fiscal Year 2011-2012	Fiscal Year 2012-2013	Fiscal Year 2013-2014	Fiscal Year 2014-2015
Total Net Receipts	$32,872,185	$34,939,052	$36,766,258	$36,396,929	$35,287,521
NMFA Portion of the Governmental Gross Receipts Tax	$24,518,214	$26,204,289	$27,451,328	$27,297,697	$26,465,641

(Source: State of New Mexico Taxation and Revenue Department.)

Based upon data provided by the State of New Mexico Taxation and Revenue Department, the payers of the governmental gross receipt tax whose payments accounted for at least 5% of the total net receipts from the governmental gross receipts tax were the Albuquerque Bernalillo County Water Utility Authority, the City of Albuquerque, the City of Santa Fe and the City of Las Cruces. Although the Finance Authority has not verified and does not guarantee the accuracy of such information, the Finance Authority does not have any reason to believe that the list of entities providing at least 5% of the governmental gross receipts tax is incorrect.

Funds and Accounts

The Indenture creates a Revenue Fund, a Program Fund (with separate accounts for each Agreement or Project), a Bond Fund, a Debt Service Fund (with separate accounts for each Agreement), an Agreement Reserve Fund (with a separate account for each Agreement that has a reserve requirement), a Common Debt Service Reserve Fund, and an Expense Fund, all of which are part of the Trust Estate. Amounts on deposit in accounts in the Debt Service Fund and in each Agreement Reserve Account shall only secure repayment of the Loan made under the related Agreement. Amounts in the accounts of the Program Fund are held by the Finance Authority and, upon request and submission of proper documentation by the respective Governmental Unit, the Finance Authority will disburse funds directly to the provider of goods or services relating to the Project for which an account has been established in the Program Fund.

Flow of Funds

Loan Payments. All Loan Payments and other amounts paid by Governmental Units pursuant to the Loan Agreements and Securities are to be paid directly to the Finance Authority on or before Loan Payment Dates for remittance to the Trustee prior to each Interest Payment Date, and the Trustee is directed to deposit all such payments immediately upon receiving them, in the following accounts and in the following priority:

First: to the Debt Service Fund in an amount required to cause the aggregate amount on deposit in that Fund to equal the amount then required to make the principal and interest payments due or to next become due with respect to the Loan;

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

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

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

On each Interest Payment Date for the Bonds, the Trustee is directed to transfer moneys in the respective Accounts of the Debt Service Fund to the Bond Fund to pay the interest on the related Bonds becoming due on such Interest Payment Date and to pay the principal of each related Bond due at maturity or by prior redemption, to the extent amounts are on deposit for such purpose. At least once each year, and more frequently if required pursuant to the provisions of a Supplemental Indenture, the Trustee must determine the amount necessary (i) to be transferred to the Bond Fund from each Debt Service Account on Interest Payment Dates for the Bonds from payments relating to a Governmental Unit's Agreement, (ii) to replenish the Governmental Unit's Account in the Agreement Reserve Fund and (iii) in certain cases, to pay the Governmental Unit's share of Program Costs for the year. The Trustee is directed to return any excess that the Trustee does not expect to be required for such payments to the related Governmental Unit or to credit such excess to the Loan Payments next coming due under the Governmental Unit's Agreement. In certain cases, any excess attributable to the difference in interest rates on the Governmental Unit's Loans and the related Bonds (including the Series 2015C Bonds) will be deposited into the Revenue Fund.

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

On the third day preceding a Loan Payment Date (or, if such third day is not a Business Day, on the next Business Day preceding such third day), if the amount on deposit in any Governmental Unit's account of the Debt Service Fund is insufficient, after applying any applicable Agreement Reserve Account or other source for the payment of Debt Service, the Trustee shall transfer the amount of such deficiency from the Common Debt Service Reserve Fund. See "Common Debt Service Reserve Fund" below under this caption.

Revenue Fund. During each Bond Fund Year, all Revenues constituting (i) receipts from the NMFA Portion of the Governmental Gross Receipts Tax, (ii) principal and interest payments from Additional Pledged Loans, and (iii) any Federally provided interest subsidies actually delivered to or for the account of the Finance Authority in relation to Bonds, including, but not limited to direct payments of the refundable interest credit (i.e., an interest subsidy) paid pursuant to Section 6431(b) of the Code in relation to "Build America Bonds" (as such term is defined in such section of the Code) are all required to be paid by the Finance Authority to the Trustee prior to each Interest Payment Date and shall be accounted for and maintained by the Trustee in the Revenue Fund. On each Interest Payment Date, the Trustee (except as otherwise provided in a Supplemental Indenture) is directed to transfer from the Revenue Fund (including any amounts in the separate account described in the next paragraph) to the Bond Fund (i) an amount equal to the principal and interest due on such Interest Payment Date on the portion of any Bonds, the proceeds of which were used to make Grants and (ii) if the amounts on deposit in the Bond Fund are insufficient for payments coming due with respect to the Bonds on such Interest Payment Date, an amount sufficient, together with amounts transferred from the Debt Service Account, to pay the principal and interest due on the Bonds on such Interest Payment Date.

At the conclusion of each Bond Fund Year, the Trustee is directed to retain in the Revenue Fund, in a separate account to be created therein (to the extent of amounts remaining in the Revenue Fund), the following:

- an amount equal to any deficiency in any account in the Agreement Reserve Fund;
- with respect to Agreements for which no Agreement Reserve Account was created in the Agreement Reserve Fund and a default in the payment of principal or interest under such Agreement has occurred and is continuing, an amount equal to the least of (i) ten percent (10%) of the proceeds of such Agreement, (ii) maximum annual debt service on such Agreement and (iii) 1.25 times average annual debt service on such Agreement; and
- with respect to Bonds issued to finance Grants and for which no other debt service reserve fund has been created, an amount equal to the least of (i) five percent (5%) of the proceeds of the Bonds issued to finance such Grant, (ii) one-half of maximum annual debt service on the Bonds issued to

finance such Grants and (iii) 0.625 times average annual debt service on the Bonds issued to finance such Grant.

Pursuant to the Indenture, the Finance Authority is not required to contribute any amounts to fund the retention described in the preceding paragraph other than from amounts on deposit in the Revenue Fund at the end of each Bond Fund Year, and no default under the Indenture occurs solely by reason of any insufficiency of funds remaining in the Revenue Fund to fund such retention.

After making the foregoing deposits, at the conclusion of each Bond Fund Year, and after making the payments required by the Indenture during such Bond Fund Year, the Trustee is directed to transfer the balance on deposit in the Revenue Fund to the Finance Authority for deposit into the Subordinate Lien Revenue Fund. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Outstanding Subordinate Lien Bonds." After the moneys have been used for the purposes specified in the Subordinated Indenture (as defined below) and to make any deposits to the Common Debt Service Reserve Fund (as described below), the Finance Authority may use any remaining moneys for Public Project Revolving Fund purposes; redemption of Bonds prior to maturity by depositing the same into the Bond Fund; refinancing, refunding, purchasing or advance refunding of any Bonds; or any other lawful purpose.

The balance so transferred to the Subordinate Lien Revenue Fund is no longer pledged to the payment of debt service on the Bonds.

The Finance Authority will contribute $10.5 million of fiscal year 2015 flow-through funds towards New Mexico's Local Economic Development Act fund and $2.5 million of fiscal year 2015 flow-through funds for various projects under the State's capital budget. Such contribution is a one-time transfer and has no effect on debt service coverage for the Bonds, as the contribution will be made after debt service requirements.

<u>Common Debt Service Reserve Fund</u>. The Finance Authority has established the Common Debt Service Reserve Fund under the Indenture to secure payment of debt service on any Bonds issued under the Indenture. The Common Debt Service Reserve Fund was initially funded on January 14, 2011, and, as of June 1, 2015, the Common Debt Service Reserve Fund was funded in the amount of approximately $30,259,922.

The Finance Authority shall determine, as of the end of each Bond Fund Year, the Required Common Debt Service Reserve Funding Level. The Finance Authority shall deposit the Annual Common Debt Service Reserve Deposit Amount with the Trustee in the Common Debt Service Reserve Fund within three (3) business days of receipt by the Finance Authority of the disbursement of the NMFA Portion of the Governmental Gross Receipts Tax distributed to the Finance Authority by the trustee under the Subordinated Indenture on June 16.

If amounts on deposit in the Common Debt Service Reserve Fund are greater than the Required Common Debt Service Reserve Funding Level for a given Bond Fund Year, then no additional deposit shall be made to the Common Debt Service Reserve Fund for such Bond Fund Year. Any such excess amount may be used during the subsequent Bond Fund Year, at the discretion of the Finance Authority, for the redemption of Bonds prior to maturity by depositing the amount into the Bond Fund or the defeasance of any Bonds. If the Finance Authority has deposited the entirety of the available Annual Common Debt Service Reserve Deposit Amount as of a Bond Fund Year end, but the amount in Common Debt Service Reserve Fund is less than the Required Common Debt Service Reserve Funding Level, then the Finance Authority shall not be required to fund from any other source any such difference in excess of the Annual Common Debt Service Reserve Deposit Amount; provided, however, if a funding difference remains (based on the annual recalculation of the Required Common Debt Service Reserve Funding Level), then the next year's available Annual Common Debt Service Reserve Deposit Amount shall be applied to that difference.

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

Component due under such Loan Agreement or Securities on such Loan Payment Date. Amounts on deposit in the Common Debt Service Reserve Fund may not be applied toward payment of the Bonds, except to the extent that amounts are due and owing under the Bonds and amounts are not otherwise available for such payments in the Debt Service Fund.

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

Application of Loan Prepayments

Covenants Applicable to the Series 2015C Bonds. The Finance Authority covenants pursuant to the Eighty-Seventh Supplemental Indenture, for the purpose of matching, to the extent practicable, (i) the revenues received from Loan Payments received pursuant to the Loans reimbursed or originated with proceeds of the Series 2015C Bonds with debt service payable on the Series 2015C Bonds, and (ii) the overall debt service requirements on the Outstanding Bonds and the Series 2015C Bonds with revenues received from Loan Payments on all outstanding Loans, to take any one or more of the following actions separately or in combination, within 365 days following the receipt of a Prepayment of a Loan financed with proceeds of the Series 2015C Bonds:

For Prepayments funded with proceeds of bonds or another financing transaction, the interest on which is intended by the Governmental Unit to be exempt from inclusion in gross income under the Internal Revenue Code (a "Tax-Exempt Financing"), the Finance Authority must either, to the extent practicable, (i) originate or reimburse one or more new Loans in an aggregate principal amount equal to or greater than the amount of the portion of the Prepayment to be applied, and with a final maturity date and debt service requirements approximating, to the extent practicable, the final maturity date and debt service requirements for the portion of the Loan pursuant to which the Prepayment was made (or a pro rata portion thereof if a portion of the Prepayment is to be used to originate a new Loan or Loans), or (ii) call for optional redemption the Series 2015C Bonds from which the Loan relating to the Prepayment was initially funded and which Series 2015C Bonds are subject to redemption in an aggregate principal amount equal to or greater than the amount of the Prepayment (or a pro rata portion thereof if a portion of the Prepayment is to be applied), and with a final maturity date and debt service requirements approximating the final maturity date and debt service requirements of the Loan pursuant to which the Prepayment was made (or a pro rata portion thereof if a portion of the Prepayment is to be applied). See "THE SERIES 2015C BONDS—Redemption."

The Finance Authority will recalculate the respective Loan Payments due under any Loan Agreement in the case of a partial Prepayment of Loan Payments under such Loan Agreement in a manner consistent with the actions taken.

Historical Prepayments. During the fiscal years indicated below, the Finance Authority has received prepayments (including Prepayments under the Indenture as well as prepayments of obligations under the Subordinated Indenture) in the numbers and aggregate principal amounts presented in the following table. Because prepayment of some Loans by Governmental Units is optional for certain Governmental Units and because the Loan Payments that Governmental Units may prepay vary greatly in amount, the occurrence and aggregate principal amount of Prepayments in past fiscal years are not an indication of Prepayments to be received by the Finance Authority in future fiscal years.

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Fiscal Year	Number of Prepayments	Aggregate Principal Amount
2005-2006	8	$2,681,000
2006-2007	9	9,145,000
2007-2008	21	2,973,716
2008-2009	32	10,223,706
2009-2010	23	6,945,375
2010-2011	58	124,271,480
2011-2012	55	118,727,583
2012-2013	33	54,407,892
2013-2014	23	71,812,973
2014-2015[1]	18	87,924,017

(1) Reflects prepayments received for the period of July 1, 2014 through June 1, 2015, including Prepayments under the Indenture as well as prepayments under the Subordinated Indenture. The large amount of prepayments is attributable to a favorable interest rate climate that permitted governmental units to refinance their respective loans. As discussed above under "Covenants Applicable to the Series 2015C Bonds," the NMFA may originate additional Loans, redeem outstanding Bonds that related to the prepaid Loans, if such Bonds are subject to redemption, or defease outstanding Bonds that relate to the prepaid Loans. As of the date of this Official Statement, the NMFA has applied $193,314 of the proceeds of such prepayments to originate additional loans which, pursuant to a Pledge Notification, have been pledged to the Indenture if the prepaid loan related to Bonds issued under the Indenture or the Subordinated Indenture if the prepaid loan related to bonds issued under the Subordinated Indenture. The NMFA has also applied $83,715,000 of such prepayments to redeem obligations under the Indenture or the Subordinated Indenture. There remains $4,015,703 of prepayments for which the NMFA is working to identify new loans.

(Source: The Finance Authority.)

Additional Bonds

Additional Bonds or other indebtedness, bonds or notes of the Finance Authority payable on a parity with the Bonds out of the Trust Estate may be issued or incurred, only if certain requirements have been met, including the following:

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

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

(c) The proceeds of the Additional Bonds or other indebtedness, bonds or notes must be used (i) to refund Bonds issued under the Indenture or other obligations of the Finance Authority (including the funding of necessary reserves and the payment of costs of issuance) or (ii) to make additional Loans or to purchase Securities (including the funding of necessary reserves and the payment of costs of issuance).

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

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

The Finance Authority maintains an ongoing program to provide loans and to purchase securities from Governmental Units and expects to finance certain of those activities with the issuance of Additional Bonds in parity with the Series 2015C Bonds. The Finance Authority may issue Additional Bonds within the next two to three years. The issuance of such Additional Bonds depends on a variety of factors, including market conditions. No assurance can be given when, or if, such Additional Bonds will be issued. The timing, amount and other details of such other Additional Bonds are not known as of the date of this Official Statement.

No Obligations Senior to the Series 2015C Bonds

No additional indebtedness, bonds or notes of the Finance Authority payable on a priority senior to the pledge of the Revenues for payment of the Bonds will be created or incurred without the prior written consent of the Owners of one hundred percent (100%) of the Outstanding Bonds.

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Outstanding Parity Bonds

The following table presents the Series of Outstanding Parity Bonds that are outstanding under the Indenture as of July 1, 2015:

Series[(1)(2)]	Original Principal Amount Issued	Aggregate Principal Amount Outstanding as of 7/1/2015[(3)]
2005A	$19,015,000	$5,795,000
2005B	13,500,000	3,490,000
2006B	38,260,000	24,440,000
2006D	56,400,000	44,975,000
2007E	61,945,000	37,085,000
2008A	158,965,000	124,400,000
2008B	36,545,000	24,195,000
2008C	29,130,000	19,385,000
2009A	18,435,000	13,265,000
2009C	55,810,000	43,630,000
2009D-1	13,570,000	8,385,000
2009D-2	38,845,000	35,605,000
2009E	35,155,000	16,480,000
2010A-1	15,170,000	6,110,000
2010A-2	13,795,000	13,795,000
2010B-1	38,610,000	26,035,000
2010B-2	17,600,000	17,120,000
2011A	15,375,000	3,270,000
2011B-1	42,735,000	28,850,000
2011B-2	14,545,000	11,435,000
2011C	53,400,000	42,800,000
2012A	24,340,000	21,265,000
2013A	44,285,000	37,910,000
2013B	16,360,000	14,175,000
2014B	58,235,000	54,970,000
2015B	45,325,000	45,325,000
Total	$975,350,000	$724,190,000

(1) The official statements for the various Series of Senior Bonds are available at the Internet site of the Finance Authority, http://www.nmfa.net, under "Investors, Public Project Revolving Fund."
(2) Does not include the Series 2015C Bonds.
(3) All series of bonds have maturities on June 1.
(Source: The Finance Authority.)

See "ANNUAL DEBT SERVICE REQUIREMENTS" for Debt Service Requirements on the outstanding Bonds and aggregate payments under Agreements relating to the Bonds. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Trust Estate" for a listing of the Governmental Units that have Agreements with the same revenue pledge, based on scheduled payments in fiscal year 2015-2016 and assuming no further prepayment, expected to generate the highest percentages of estimated annual Revenues in fiscal year 2015-2016.

Outstanding Subordinate Lien Bonds

Pursuant to a Subordinated General Indenture of Trust and Pledge dated as of December 1, 2005 (the "Subordinated Indenture"), the Finance Authority may incur obligations (the "Subordinate Lien Bonds") that have a lien on the revenues from the NMFA Portion of the Governmental Gross Receipts Tax and the revenues from Additional Pledged Loans (collectively, the "Subordinate Lien Revenues") that is subordinate to the lien of the Indenture on those revenues. The Subordinate Lien Bonds are additionally secured by their own pool of loans and securities executed and delivered to the Finance Authority by governmental units of the State in consideration for the financing of all or a portion of projects for such governmental units. The revenues derived from such loans and securities are pledged as security solely for the Subordinate Lien Bonds and are not pledged as security for the Bonds.

Pursuant to the Subordinated Indenture, the Finance Authority has issued various series of Subordinate Lien Bonds. The following table sets forth the various series of Subordinate Lien Bonds, the original aggregate principal amount and the aggregate principal amount of Subordinate Lien Bonds that are outstanding as of July 1, 2015:

Series[(1)]	Original Principal Amount Issued	Aggregate Principal Amount Outstanding as of 7/1/2015[(2)]
2005E	$23,630,000	$23,320,000
2006A	49,545,000	2,040,000
2006C	39,860,000	26,135,000
2007A	34,010,000	15,680,000
2007B	38,475,000	22,340,000
2007C	131,860,000	89,445,000
2013C	14,295,000	11,570,000
2014A	31,940,000	29,900,000
2015A	63,390,000	62,355,000
Total[(3)]	$427,005,000	$282,785,000

(1) The official statements for the various series of Outstanding Parity Bonds are available at the Internet site of the Finance Authority, http://www.nmfa.net, under "Investors, Public Project Revolving Fund."
(2) All series of bonds have maturities on June 15.
(3) At or about the same time that the Finance Authority issues the Series 2015C Bonds, the Finance Authority expects to issue a series of Subordinate Lien Bonds in the principal amount of $29,355,000. The issuance of the Series 2015C Bonds is not contingent upon the issuance of these Subordinate Lien Bonds.

(Source: The Finance Authority.)

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

The Series 2015C Bonds have a lien on the Subordinate Lien Revenues senior to the lien securing the outstanding Subordinate Lien Bonds.

Supplemental Indentures and Amendments to Agreements; Rating Agency Discretion

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

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

THE PLAN OF FINANCING

General

The proceeds of the Series 2015C Bonds will be used by the Finance Authority for the purpose of (i) originating Loans to or purchasing Securities from or reimbursing the Finance Authority for moneys used to originate Loans to or purchase Securities from the 2015C Governmental Units that will be or were used to finance or refinance certain Projects for such 2015C Governmental Units and (ii) paying costs incurred in connection with the issuance of the Series 2015C Bonds. See APPENDIX F for a list of the 2015C Governmental Units and the amount of the Loans expected to be financed with proceeds of the Series 2015C Bonds.

Estimated Sources and Uses of Funds

The following tables set forth the estimated sources and uses of funds in connection with the issuance of the Series 2015C Bonds.

Sources of Funds

Principal Amount	$45,475,000.00
Original Issue Premium	7,660,643.10
Total Sources	$53,135,643.10

Uses of Funds

Deposit to Program Fund Accounts(1)	$38,700,082.23
Deposit to the Public Project Revolving Fund(2)	13,620,644.22
Costs of Issuance(3)	814,916.65
Total Uses	$53,135,643.10

(1) Amounts in the Program Fund Account will be used to fund a Loan to one of the 2015C Governmental Units, which will be used to fund a Project for such 2015C Governmental Unit, fund an agreement reserve fund and provide for capitalized interest. See "APPENDIX F—2015C GOVERNMENTAL UNITS; LARGEST REPAYMENT OBLIGATIONS."

(2) Amounts in the Public Project Revolving Fund will be used to reimburse the Finance Authority for Loans previously made to certain of the 2015C Governmental Units for certain Projects for such Governmental Units.

(3) Costs of issuance include Underwriters' discount, legal fees (including legal fees of counsel to 2015C Governmental Units), rating agency fees, Trustee fees, financial advisory fees (including financial advisory fees of 2015C Governmental Units), and other miscellaneous costs.

ANNUAL DEBT SERVICE REQUIREMENTS

The following schedule shows the total debt service payable for the Series 2015C Bonds and all currently Outstanding Parity Bonds for each fiscal year through their respective final maturity dates.

ANNUAL DEBT SERVICE FOR THE BONDS [(1)]

Fiscal Year	Series 2015C Bonds Principal	Series 2015C Bonds Interest	Outstanding Parity Bonds[(2)]	Total Annual Debt Service
2016	$175,000	$1,783,572	$86,363,285	$88,321,857
2017	355,000	2,220,000	80,441,778	83,016,778
2018	245,000	2,209,350	79,869,750	82,324,100
2019	465,000	2,202,000	76,526,924	79,193,924
2020	475,000	2,188,050	69,669,050	72,332,100
2021	470,000	2,173,800	67,944,976	70,588,776
2022	480,000	2,159,700	64,193,552	66,833,252
2023	495,000	2,140,500	62,283,196	64,918,696
2024	530,000	2,115,750	56,389,087	59,034,837
2025	840,000	2,089,250	53,382,351	56,311,601
2026	1,000,000	2,047,250	49,486,230	52,533,480
2027	1,455,000	1,997,250	45,232,975	48,685,225
2028	4,345,000	1,924,500	41,408,661	47,678,161
2029	4,275,000	1,707,250	34,674,714	40,656,964
2030	4,425,000	1,493,500	27,684,259	33,602,759
2031	4,265,000	1,272,250	25,446,633	30,983,883
2032	4,475,000	1,059,000	24,339,985	29,873,985
2033	4,705,000	835,250	22,524,299	28,064,549
2034	4,260,000	600,000	19,830,921	24,690,921
2035	7,740,000	387,000	17,165,991	25,292,991
2036	–	–	14,350,260	14,350,260
2037	–	–	3,721,071	3,721,071
2038	–	–	3,710,842	3,710,842
2039	–	–	885,936	885,936
2040	–	–	823,600	823,600
2041	–	–	827,400	827,400
2042	–	–	830,000	830,000
2043	–	–	826,400	826,400
2044	–	–	826,800	826,800
2045	–	–	676,000	676,000
Total	$45,475,000	$34,605,222	$1,032,336,925	$1,112,417,146

(1) Assumes the Series 2015C Bonds are issued and Outstanding. Totals may not add due to rounding.
(2) Includes principal and interest.
(Source: Western Financial Group, LLC.)

The following table shows estimated available Revenues pledged to the payment of the Bonds, total debt service requirements for the Series 2015C Bonds and all other outstanding Bonds and the resulting estimated annual coverage ratios. Revenues estimated for current and future fiscal years are based on fiscal year 2014-2015 collections of the NMFA Portion of the Governmental Gross Receipts Tax and scheduled payments under the Agreements and Additional Pledged Loans, and do not reflect any future Prepayments or delinquencies. The estimated annual coverage ratios are based in part on assumptions that may not be realized. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Trust Estate—The Governmental Gross Receipts Tax," "—Agreement Revenues" and "—Additional Pledged Loans" for descriptions of the Revenues presented in the table under the headings "Governmental Gross Receipts Tax Collections" and "Aggregate Pledged Borrower Payments." See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Trust Estate" and "INVESTMENT CONSIDERATIONS" for a list of some factors which may affect Revenues.

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ESTIMATED REVENUES, ANNUAL DEBT SERVICE REQUIREMENTS
AND PROJECTED COVERAGE RATIOS (1)

June 30 Fiscal Year	NMFA Portion of Governmental Gross Receipts Tax(2)	Aggregate Pledged Borrower Payments(3)(4)	Estimated Total Revenues(4)	Total Annual Debt Service Requirement(3)	Estimated Annual Coverage Ratios(5)
2016	$26,465,641	$102,416,195	$128,881,836	$88,321,857	1.46 x
2017	26,465,641	91,363,666	117,829,307	83,016,778	1.42 x
2018	26,465,641	88,755,865	115,221,506	82,324,100	1.40 x
2019	26,465,641	83,728,431	110,194,072	79,193,924	1.39 x
2020	26,465,641	79,714,210	106,179,851	72,332,100	1.47 x
2021	26,465,641	73,066,122	99,531,763	70,588,776	1.41 x
2022	26,465,641	69,535,228	96,000,869	66,833,252	1.44 x
2023	26,465,641	69,671,133	96,136,774	64,918,696	1.48 x
2024	26,465,641	62,432,267	88,897,908	59,034,837	1.51 x
2025	26,465,641	59,755,765	86,221,406	56,311,601	1.53 x
2026	26,465,641	54,477,163	80,942,804	52,533,480	1.54 x
2027	26,465,641	49,543,272	76,008,913	48,685,225	1.56 x
2028	26,465,641	49,489,248	75,954,889	47,678,161	1.59 x
2029	26,465,641	51,304,772	77,770,413	40,656,964	1.91 x
2030	26,465,641	34,234,287	60,699,928	33,602,759	1.81 x
2031	26,465,641	30,893,112	57,358,753	30,983,883	1.85 x
2032	26,465,641	29,080,995	55,546,636	29,873,985	1.86 x
2033	26,465,641	28,699,620	55,165,261	28,064,549	1.97 x
2034	26,465,641	26,328,863	52,794,504	24,690,921	2.14 x
2035	26,465,641	26,588,015	53,053,656	25,292,991	2.10 x
2036	26,465,641	15,623,695	42,089,336	14,350,260	2.93 x
2037	26,465,641	5,981,936	32,447,577	3,721,071	8.72 x
2038	26,465,641	5,502,858	31,968,499	3,710,842	8.61 x
2039	26,465,641	1,445,663	27,911,304	885,936	31.50 x
2040	26,465,641	1,016,137	27,481,778	823,600	33.37 x
2041	26,465,641	1,015,740	27,481,381	827,400	33.21 x
2042	26,465,641	1,019,417	27,485,058	830,000	33.11 x
2043	26,465,641	829,633	27,295,274	826,400	33.03 x
2044	26,465,641	831,238	27,296,879	826,800	33.02 x
2045	26,465,641	680,742	27,146,383	676,000	40.16 x

(1) Assumes the Series 2015C Bonds are issued and Outstanding. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Outstanding Parity Bonds."
(2) Based upon distributions for the 2014-15 fiscal year. Assumes receipts will remain the same over the life of the Bonds.
(3) Assumes Pledged Borrower Payments for Loans outstanding as of June 1, 2015, including the Loans financed with proceeds of the Series 2015C Bonds not yet closed as of the date hereof.
(4) Amounts are rounded to the nearest dollar.
(5) Calculated using the NMFA Portion of the Governmental Gross Receipts Tax estimated for the fiscal year 2014-15 and assuming that no Additional Bonds will be issued under the Indenture; subject to change.

(Sources: The Finance Authority and Western Financial Group LLC.)

NEW MEXICO FINANCE AUTHORITY

General Information

The Finance Authority is a public body politic and corporate, separate and apart from the State, constituting a governmental instrumentality of the State. The Finance Authority was created in 1992 pursuant to the Act to coordinate the planning and financing of State and local public projects, to provide for long-term planning and assessment of State and local capital needs and to improve cooperation among the executive and legislative branches of State government and local governments in financing public projects. Pursuant to the Act, the Finance Authority and its corporate existence will continue until terminated by law, provided that no such law will take effect so long as the Finance Authority has bonds or other obligations outstanding, unless provision has been made for the payment of all such obligations. The Finance Authority is comprised of 11 members who also constitute the Finance Authority's board of directors and currently employs 36 persons, including a Chief Executive Officer. The Chief Executive Officer directs the business and affairs of the Finance Authority, subject to the policies, control and direction of the Finance Authority.

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

Powers

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

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

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

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

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

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

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

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

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

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

Organization and Governance

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

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

The Executive Committee provides oversight and direction relating to the operations of the Finance Authority. Other committees include the Finance and Loan Committee, the Audit Committee, the Economic Development Committee, the Investment Committee, the Disclosure Committee, and the Contracts Committee. The committees typically meet monthly.

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

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Governing Body and Key Staff Members

Current members of the Finance Authority, and their respective occupations and term expiration dates, are presented below:

Name	Occupation	Term Expires
John E. McDermott (Chair)[1]	President, McDermott Advisory Services, LLC	01/01/2017
William F. Fulginiti (Vice Chair)[2]	Executive Director, New Mexico Municipal League	not applicable
David Martin (Secretary)[1][2]	Cabinet Secretary, Energy, Minerals and Natural Resources Department, State of New Mexico	not applicable
Katherine Ulibarri (Treasurer)[1]	Vice President for Finance and Operations, Central New Mexico Community College	12/31/2018
Jon Barela[1][2]	Cabinet Secretary, Economic Development Department, State of New Mexico	not applicable
Tom Clifford[1][2]	Cabinet Secretary, Department of Finance and Administration	not applicable
Blake Curtis[1]	Chief Executive Officer, Senior Vice President, Curtis & Curtis, Inc., Clovis, New Mexico	01/01/16
Ryan Flynn[1][2]	Cabinet Secretary, Environment Department, State of New Mexico	not applicable
Jerry Jones[1]	Chief Executive Officer, Stolar Research Corporation, Raton, New Mexico	01/01/17
Steve Kopelman[2]	Executive Director, New Mexico Association of Counties	not applicable
Terry White[1]	Chief Executive Officer of Sunwest Trust, Inc., Albuquerque, New Mexico	01/01/16

(1) Appointed by the Governor of the State and serves at the pleasure of the Governor.

(2) Ex officio member with voting privileges. An ex officio member may designate an alternate member. Alternate members may attend meetings and vote on all matters considered by the Finance Authority. Ex officio members that are cabinet secretaries are appointed to their cabinet positions by the Governor of the State and serve in those capacities at the pleasure of the Governor.

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Presented below is certain information concerning key staff members of the Finance Authority involved in the issuance of the Series 2015C Bonds and the administration of the Finance Authority's financing programs.

Robert P. Coalter, Chief Executive Officer. Mr. Coalter began serving as the Chief Executive Officer of the Finance Authority in January 2014. Previously, Mr. Coalter served as Executive Director of the Texas Public Finance Authority (TPFA), one of the largest bond issuers in the State of Texas with over $5 billion in outstanding debt. Prior to his work at TPFA, Mr. Coalter served as Assistant Director of Treasury Operations for the Comptroller of Public Accounts for 16 years. He has been employed in various positions within state government for over 20 years, working with senior officials and staff in the both the legislative and executive branches. Mr. Coalter holds a Masters of Business Administration in Finance and has been accountable for the issuance, payment, and compliance of over $90 billion dollars in various municipal instruments during his career.

Robert Brannon, Chief Financial Officer. Mr. Brannon joined the Finance Authority as an accountant in 2008, was promoted to Controller in 2012, and was appointed Interim Chief Financial Officer in 2014. Mr. Brannon has over 12 years of accounting experience, the majority of such time spent with nonprofit community and mission based organizations. Mr. Brannon has a Bachelor of Arts degree in Finance from Temple University, a Bachelor of Arts degree in Psychology from the University of New Mexico, and a Master of Business Administration degree from George Washington University.

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

Zach Dillenback, Chief Lending Officer. Mr. Dillenback joined the Finance Authority in February 2006, and was promoted to Chief Lending Officer in 2012. Mr. Dillenback has over 10 years of experience in the finance industry, the majority of such time being devoted to public finance. He holds a Bachelor of Arts degree in Finance from Florida State University and is in the process of obtaining an Executive Master of Business Administration degree from the University of New Mexico.

Marquita Russel, Chief of Programs. Ms. Russel joined the Finance Authority in September, 2000. Ms. Russel has approximately 20 years of experience in the financial services industry, in both marketing and financial analysis. Prior to joining the Finance Authority, Ms. Russel spent 10 years at the Illinois Development Finance Authority, where she held the positions of Marketing Director and Senior Program Administrator. During that time, Ms. Russel closed more than $1 billion of transactions, ranging from $5,000 microloans to $175 million tax-exempt hospital bonds. Ms. Russel earned her Bachelor of Science degree from Marquette University, Milwaukee, Wisconsin.

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

Legislative Oversight

The Act also provides for the creation of a legislative oversight committee, whose membership is determined by the State Legislative Council. The oversight committee is required to monitor and oversee the operation of the Finance Authority, and in that connection it, among other things: (i) meets on a regular basis to receive and review reports from the Finance Authority and to review and approve regulations proposed for adoption pursuant to the Act; (ii) monitors and provides assistance and advice on the public project financing program of the

Finance Authority; (iii) oversees and monitors State and local government capital planning and financing; (iv) provides advice and assistance to the Finance Authority on planning, setting priorities for and financing of State and local capital projects; (v) undertakes an ongoing examination of the statutes, constitutional provisions, regulations and court decisions governing State and local government capital financing in the State; and (vi) reports its findings and recommendations, including recommended legislation or necessary changes, to the Governor and to each session of the State legislature (the "Legislature"), and makes available the report and proposed legislation.

The Public Project Revolving Fund Program

General. The Act created the Public Project Revolving Fund (the "PPRF") program of the Finance Authority in 1992 to pay the reasonably necessary costs of originating and servicing loans, grants or securities funded by the PPRF and to make loans or grants and to purchase or sell securities to assist qualified entities in financing the acquisition, construction, improvement, alteration or reconstruction of assets of a long-term capital nature, including land; buildings; water rights; water, sewerage and waste disposal systems; streets; airports; municipal utilities; public recreation facilities; public transportation systems; parking facilities; and machinery, furniture and equipment. Public projects financed through the PPRF in amounts in excess of $1 million per project require specific authorization by the Legislature. As of June 1, 2015, the Finance Authority had made 1,225 PPRF loans totaling approximately $2.52 billion. To implement the PPRF Program, the Finance Authority has been granted the following specific powers:

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

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

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

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

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

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

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

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

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

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

Contingent Liquidity Account. In an effort to pursue its policy of maintaining a sufficient cash balance to meet the borrowing needs of eligible entities and improving the fund and cash balances of the PPRF program, the Finance Authority established a contingency account (the "Contingent Liquidity Account"). Although it will not be pledged to the Series 2015C Bonds, or any other Finance Authority bonds, the Contingent Liquidity Account is intended to enhance the Finance Authority's ability to meet the cash-flow needs of the PPRF program. Funds from the Contingent Liquidity Account may be used to pay debt service on Finance Authority bonds; however, such use is within the sole discretion of the Finance Authority and such funds may also be used for other purposes, including but not limited to payments of unforeseen expenses of the Finance Authority, urgent economic development projects, loan originations, or addressing other purposes as determined by the Finance Authority. As of June 1, 2015, the Contingent Liquidity Account was funded to an amount of approximately $33,513,272. Upon approval of the Finance Authority, the Contingent Liquidity Account may receive increases. The Finance Authority annually evaluates the level of the Contingent Liquidity Account to determine the amount, if any, of subsequent deposits.

Temporary Borrowing. The Finance Authority has entered into an arrangement (the "Wells Fargo Short-Term Borrowing") with Wells Fargo Bank, National Association ("Wells Fargo") for Wells Fargo to provide to the Finance Authority an amount up to $100,000,000 to reimburse the Finance Authority for loans made to eligible entities that are incurred prior to the issuance of a series of bonds or to make loans to eligible entities by using funds drawn from the Wells Fargo Short-Term Borrowing. Once the amounts are advanced, the Finance Authority has up to 180 days to repay the advancement. The Wells Fargo Short-Term Borrowing is currently scheduled to expire on December 10, 2015, although the Finance Authority anticipates renewing or replacing the Wells Fargo Short-Term Borrowing prior to such expiration date. The Wells Fargo Short-Term Borrowing is secured by proceeds of bonds that are anticipated to be issued subsequent to the advances. The Finance Authority has entered into Wells Fargo Short-Term Borrowing to assist it with its cash flows. The Wells Fargo Short-Term Borrowing is not secured by the Trust Estate. The Finance Authority does not have any current plans to draw upon the Wells Fargo Short-Term Borrowing by the end of the year. However, the Finance Authority reserves the right to draw upon the Wells Fargo Short-Term Borrowing if it is expedient to do so.

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Other Bond Programs and Projects

The Finance Authority also participates in or administers other bond programs designed to provide financing to local governmental entities and state agencies for public projects. Such programs are not secured by the Trust Estate but are secured by other sources of revenues. The following table sets forth the different types of bond programs and the amount of bonds expected to be outstanding under such programs as of July 1, 2015.

Program	Project	Original Principal Amount	Outstanding as of July 1, 2015	Scheduled Final Maturity
Cigarette Tax	University of New Mexico Health Sciences Building	$39,035,000	$6,895,000	4/1/2019
Cigarette Tax	Behavioral Health Facilities	2,500,000	1,375,000	5/1/2026
Transportation	Highways 2006A	150,000,000	11,305,000	12/15/2018
Transportation	Highways 2006B Subordinate	40,085,000	2,935,000	12/15/2016
Transportation	Highways 2008A Subordinate	115,200,000	35,200,000	6/15/2024
Transportation	Highways 2008B Subordinate	220,000,000	100,000,000	12/15/2026
Transportation	Highways 2009A	112,345,000	10,260,000	6/15/2017
Transportation	Highways 2010A	95,525,000	31,965,000	12/15/2024
Transportation	Highways 2010A Subordinate	79,100,000	63,255,000	12/15/2021
Transportation	Highways 2010B	461,057,000	444,800,000	6/15/2024
Transportation	Highways 2011A-1 Subordinate	80,000,000	80,000,000	12/15/2026
Transportation	Highways 2011A-2 Subordinate	120,000,000	120,000,000	12/15/2026
Transportation	Highways 2011A-3 Subordinate	84,800,000	84,800,000	12/15/2026
Transportation	Highways 2012	220,400,000	216,555,000	6/15/2026
Transportation	Highways 2014 Subordinate	70,110,000	70,110,000	6/15/2032
Transportation	Highways 2014B-1	61,380,000	61,380,000	6/15/2027
Transportation	Highways 2014B-2 Subordinate	18,025,000	18,025,000	6/15/2027

(Source: The Finance Authority.)

LITIGATION

To the knowledge of the Finance Authority, there is no controversy or litigation known to be pending or threatened to restrain or enjoin the issuance, sale, execution or delivery of the Series 2015C Bonds, the execution, adoption or effectiveness of the Indenture or the levying or collecting of any Revenues the loss of which would materially adversely affect the ability of the Finance Authority to pay debt service on the Series 2015C Bonds, or in any way contesting or affecting the validity or enforceability of the Series 2015C Bonds, the Indenture, or any proceeding and authority of the Finance Authority taken with respect to the foregoing. The Finance Authority will deliver a non-litigation certification as to the foregoing prior to the issuance of the Series 2015C Bonds.

UNDERWRITING

Pursuant to a Bond Purchase Agreement dated July 30, 2015 (the "Bond Purchase Agreement") between Morgan Stanley & Co. LLC, as representative, on behalf of itself and RBC Capital Markets, LLC and Wells Fargo Bank, National Association (collectively, the "Underwriters") and the Finance Authority, the Underwriters have agreed to purchase the Series 2015C Bonds from the Finance Authority at a purchase price equal to $52,993,721.47 (being the aggregate principal amount of the Series 2015C Bonds plus original issue premium of $7,660,643.10 and less an underwriting discount of $141,921.63). The Bond Purchase Agreement provides that the Underwriters will purchase all of the Series 2015C Bonds if any are purchased, the obligation to make such purchase being subject to certain terms and conditions set forth in the Bond Purchase Agreement, including the approval of certain legal matters by counsel and certain other conditions.

The prices at which the Series 2015C Bonds are offered to the public (and the yields resulting therefrom) may vary from the initial public offering prices appearing on the inside front cover of this Official Statement. In addition, the Underwriters may allow commissions or discounts from such initial offering prices to dealers and others.

Morgan Stanley, parent company of Morgan Stanley & Co. LLC., an underwriter of the Series 2015C Bonds, has entered into a retail distribution arrangement with its affiliate Morgan Stanley Smith Barney LLC. As part of the distribution arrangement, Morgan Stanley & Co. LLC may distribute municipal securities to retail investors through the financial advisor network of Morgan Stanley Smith Barney LLC. As part of this arrangement, Morgan Stanley & Co. LLC may compensate Morgan Stanley Smith Barney LLC for its selling efforts with respect to the Series 2015C Bonds.

Wells Fargo Securities is the trade name for certain securities-related capital markets and investment banking services of Wells Fargo & Company and its subsidiaries, including Wells Fargo Bank, National Association ("WFBNA"). WFBNA, one of the underwriters of the Series 2015C Bonds, has entered into an agreement (the "Distribution Agreement") with its affiliate, Wells Fargo Advisors, LLC ("WFA"), for the distribution of certain municipal securities offerings, including the Series 2015C Bonds. Pursuant to the Distribution Agreement, WFBNA will share a portion of its underwriting or remarketing agent compensation, as applicable, with respect to the Series 2015C Bonds with WFA. WFBNA also utilizes the distribution capabilities of its affiliate Wells Fargo Securities, LLC ("WFSLLC"), for the distribution of municipal securities offerings, including the Series 2015C Bonds. In connection with utilizing the distribution capabilities of WFSLLC, WFBNA pays a portion of WFSLLC's expenses based on its municipal securities transactions. WFBNA, WFSLLC, and WFA are each wholly-owned subsidiaries of Wells Fargo & Company.

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

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

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

TAX MATTERS

The following sections are not intended to be an exhaustive discussion of collateral tax consequences arising from receipt of interest on the Series 2015C Bonds. Prospective purchasers or owners should consult their tax advisors with respect to collateral tax consequences, including without limitation the calculations of alternative minimum tax, environmental tax or foreign branch profits tax liability, inclusion of Social Security or other retirement payments in taxable income and the state and local tax rules in New Mexico and other states.

A copy of the proposed form of opinion of Bond Counsel is attached hereto as "APPENDIX D—FORM OF OPINION OF BOND COUNSEL."

In the opinion of Sherman & Howard L.L.C., Bond Counsel, assuming continuous compliance with certain covenants described below, interest on the Series 2015C Bonds is excluded from gross income under federal income tax laws pursuant to Section 103 of the Internal Revenue Code of 1986, as amended to the date of delivery of the Series 2015C Bonds (the "Tax Code"), and interest on the Series 2015C Bonds is excluded from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code except that such interest is required to be included in calculating the "adjusted current earnings" adjustment applicable to corporations for purposes of computing the alternative minimum taxable income of corporations as described below. Interest on the Series 2015C Bonds is exempt from taxation by the state of New Mexico, except for estate or gift taxes and taxes on transfers.

The Tax Code and New Mexico law impose several requirements which must be met with respect to the Series 2015C Bonds in order for the interest thereon to be excluded from gross income and alternative minimum taxable income (except to the extent of the aforementioned adjustment applicable to corporations). Certain of these requirements must be met on a continuous basis throughout the term of the Series 2015C Bonds. These requirements include: (a) limitations as to the use of proceeds of the Series 2015C Bonds; (b) limitations on the extent to which proceeds of the Series 2015C Bonds may be invested in higher yielding investments; and (c) a provision, subject to certain limited exceptions, that requires all investment earnings on the proceeds of the Series 2015C Bonds above the yield on the Series 2015C Bonds to be paid to the United States Treasury. The Finance Authority will covenant and represent in the Indenture that it will take all steps to comply with the requirements of the Tax Code (in effect on the date of delivery of the Series 2015C Bonds) to the extent necessary to maintain the exclusion of interest on the Series 2015C Bonds from gross income and alternative minimum taxable income (except to the extent of the aforementioned adjustment applicable to corporations) under such federal income tax laws. Bond Counsel's opinion as to the exclusion of interest on the Series 2015C Bonds from gross income and alternative minimum taxable income (to the extent described above) is rendered in reliance on these covenants, and assumes continuous compliance therewith. The failure or inability of the Finance Authority to comply with these requirements could cause the interest on the Series 2015C Bonds to be included in gross income or alternative minimum taxable income, or a combination thereof, from the date of issuance. Bond Counsel's opinion also is rendered in reliance upon certifications of the Finance Authority and other certifications furnished to Bond Counsel. Bond Counsel has not undertaken to verify such certifications by independent investigation.

Section 55 of the Tax Code contains a 20% alternative minimum tax on the alternative minimum taxable income of corporations. Under the Tax Code, 75% of the excess of a corporation's "adjusted current earnings" over the corporation's alternative minimum taxable income (determined without regard to this adjustment and the alternative minimum tax net operating loss deduction) is included in the corporation's alternative minimum taxable income for purposes of the alternative minimum tax applicable to the corporation. "Adjusted current earnings" includes interest on the Series 2015C Bonds.

The Tax Code contains numerous provisions which may affect an investor's decision to purchase the Series 2015C Bonds. Owners of the Series 2015C Bonds should be aware that the ownership of tax-exempt obligations by particular persons and entities, including, without limitation, financial institutions, insurance companies, recipients of Social Security or Railroad Retirement benefits, taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, foreign corporations doing business in the United States and certain "subchapter S" corporations may result in adverse federal and New Mexico tax consequences. Under Section 3406 of the Tax Code, backup withholding may be imposed on payments on the Series 2015C Bonds made to any owner who fails to provide certain required information, including an accurate taxpayer identification number, to certain persons required to collect such information pursuant to the Tax Code. Backup withholding may also be applied if the owner underreports "reportable payments" (including interest and dividends) as defined in Section 3406, or fails to provide a certificate that the owner is not subject to backup withholding in circumstances where such a certificate is required by the Tax Code.

The Series 2015C Bonds were sold at a premium, representing a difference between the original offering price of those Series 2015C Bonds and the principal amount thereof payable at maturity. Under certain circumstances, an initial owner of such bonds (if any) may realize a taxable gain upon their disposition, even though such bonds are sold or redeemed for an amount equal to the owner's acquisition cost. Bond Counsel's opinion relates only to the exclusion of interest on the Series 2015C Bonds from gross income, alternative minimum taxable income and State of New Mexico income taxes as described above and will state that no opinion is expressed regarding other federal or New Mexico tax consequences arising from the receipt or accrual of interest on or ownership of the Series 2015C Bonds. Owners of the Series 2015C Bonds should consult their own tax advisors as to the applicability of these consequences.

The opinions expressed by Bond Counsel are based on existing law as of the delivery date of the Series 2015C Bonds. No opinion is expressed as of any subsequent date nor is any opinion expressed with respect to pending or proposed legislation. Amendments to the federal or state tax laws may be pending now or could be proposed in the future that, if enacted into law, could adversely affect the value of the Series 2015C Bonds, the exclusion of interest on the Series 2015C Bonds from gross income or alternative minimum taxable income or both from the date of issuance of the Series 2015C Bonds or any other date, the tax value of that exclusion for different classes of taxpayers from time to time, or that could result in other adverse tax consequences. In addition, future court actions or regulatory decisions could affect the tax treatment or market value of the Series 2015C Bonds. Owners of the Series 2015C Bonds are advised to consult with their own tax advisors with respect to such matters.

The Internal Revenue Service (the "Service") has an ongoing program of auditing tax-exempt obligations to determine whether, in the view of the Service, interest on such tax-exempt obligations is includable in the gross income of the owners thereof for federal income tax purposes. No assurances can be given as to whether or not the Service will commence an audit of the Series 2015C Bonds. If an audit is commenced, the market value of the Series 2015C Bonds may be adversely affected. Under current audit procedures, the Service will treat the Finance Authority as the taxpayer and the Owners may have no right to participate in such procedures. The Finance Authority has covenanted in the Indenture not to take any action that would cause the interest on the Series 2015C Bonds to lose its exclusion from gross income for federal income tax purposes or lose its exclusion from alternative minimum taxable income except to the extent described above for the owners thereof for federal income tax purposes. None of the Finance Authority, Underwriters, Trustee, Municipal Advisor, Bond Counsel, Disclosure Counsel, or Underwriters' Counsel is responsible for paying or reimbursing any Bond holder with respect to any audit or litigation costs relating to the Series 2015C Bonds.

LEGAL MATTERS

In connection with the issuance and sale of the Series 2015C Bonds, Sherman & Howard L.L.C., Denver, Colorado, as Bond Counsel to the Finance Authority, will deliver its opinion in substantially the form included in APPENDIX D. Certain legal matters will be passed upon for the Finance Authority by its General Counsel. Certain matters relating to disclosure will be passed upon for the Finance Authority by Ballard Spahr LLP, Salt Lake City, Utah, Disclosure Counsel to the Finance Authority. The counsels involved in this transaction have not participated in any independent verification of the information concerning the financial condition or capabilities of the Finance Authority contained in this Official Statement.

MUNICIPAL ADVISOR

The Finance Authority has retained Western Financial Group, LLC, as municipal advisor in connection with the preparation of this Official Statement and with respect to the issuance of the Series 2015C Bonds. Western Financial Group, LLC is an independent advisory firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities.

FINANCIAL STATEMENTS

The financial statements of the Finance Authority for the year ended June 30, 2014, included in APPENDIX A of this Official Statement, have been audited by REDW, LLC, certified public accountants, Albuquerque, New Mexico, as set forth in its report thereon dated December 4, 2014. REDW, LLC has not been asked to consent to the use of its name and audited financial reports of the Finance Authority in this Official Statement nor has REDW, LLC participated in the preparation of this Official Statement.

In July 2012, the Finance Authority disclosed that what it believed was the audit of its financial statements for the fiscal year ended June 30, 2011 was not completed properly (the "Incomplete Audit"). Upon such discovery, the Finance Authority withdrew the Incomplete Audit. The Finance Authority then initiated an investigation and determined that its former controller had misrepresented the status of the Incomplete Audit and provided financial statements for use with third parties that he falsely represented as "audited." For additional information, see www.nmfa.net/investors/disclosures/.

CONTINUING DISCLOSURE UNDERTAKING

The Finance Authority will execute and deliver a Continuing Disclosure Undertaking in connection with the issuance of the Series 2015C Bonds pursuant to which it will agree to provide the following information:

- to the Municipal Securities Rulemaking Board ("MSRB") in an electronic format prescribed by the MSRB by March 31 of each fiscal year, or the next succeeding business day if March 31 is not a business day (and to the Trustee and to each holder of the Series 2015C Bonds who requests such information):

    1. annual financial information and operating data concerning the Revenues, such information to be of the type set forth under the tables captioned "Trust Estate—Agreement Revenues," and "Governmental Gross Receipts Tax Collections – Fiscal Years 2010-2011 Through 2014-2015" under the caption "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Trust Estate—The Governmental Gross Receipts Tax—Collection and Distribution Information" in the Official Statement;

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

    3. audited financial statements for the Finance Authority, any Governmental Unit meeting the 20% Test and each additional Governmental Unit designated by the Finance Authority, or, if audited financial statements are not available by March 31 of each fiscal year, or the next succeeding business day if March 31 is not a business day, unaudited financial statements and audited financial statements as soon as such audited financial statements become available;

- in a timely manner to the MSRB in an electronic format prescribed by the MSRB, notice of a failure to provide the required annual financial information on or before the date specified in its written continuing disclosure undertaking;

- in a timely manner, but not more than ten business days after the occurrence of the event, to the MSRB in an electronic format prescribed by the MSRB, notice of the occurrence of any of the following events (if applicable) with respect to the Series 2015C Bonds:

    1. principal and interest payment delinquencies;

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

    3. unscheduled draws on credit enhancements reflecting financial difficulties;

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

    5. adverse tax opinions or the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other

material notices or determinations with respect to the tax status of the Series 2015C Bonds;

6. defeasances;

7. tender offers;

8. bankruptcy, insolvency, receivership or similar proceedings; and

9. rating changes.

- in a timely manner, but not more than ten business days after the occurrence of the event, to the MSRB in an electronic format prescribed by the MSRB, notice of the occurrence of any of the following events (if applicable) with respect to the Series 2015C Bonds, if material:

1. mergers, consolidations, acquisitions, the sale of all or substantially all of the assets of the obligated persons or their termination;

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

3. non-payment related defaults;

4. modification of rights of owners of the Series 2015C Bonds;

5. bond calls; and

6. release, substitution, or sale of property securing repayment of the Series 2015C Bonds.

The Finance Authority may from time to time choose to provide notice of the occurrence of certain other events, in addition to those listed above, if, in the judgment of the Finance Authority, such other event is material with respect to the Series 2015C Bonds. However, the Finance Authority does not undertake to commit to provide any such notice of the occurrence of any material event except those events listed above.

The Finance Authority reserves the right to modify from time to time the Continuing Disclosure Undertaking, including the specific types of information provided or the format of the presentation of such information, to the extent necessary or appropriate in the judgment of the Finance Authority; provided that, the Finance Authority has agreed that any such modification will be done in a manner consistent with the Rule. The Finance Authority acknowledges that its undertaking pursuant to the Rule described under this heading is intended to be for the benefit of the Owners of the Series 2015C Bonds and will be enforceable by the Owners; provided that the right to enforce the provisions of this undertaking are limited to a right to obtain specific performance of the Finance Authority's obligations, and any failure by the Finance Authority to comply with the provisions of the undertaking will not be an event of default with respect to the Series 2015C Bonds.

None of the Governmental Units have represented annual Loan repayment obligations exceeding 20% of estimated Revenues in the first full year immediately following issuance of the Series 2015C Bonds. See APPENDIX F for a discussion of Loans to Governmental Units with the largest outstanding principal loan balances.

Previous continuing disclosure undertakings of the Finance Authority required the Finance Authority to provide information with respect to Governmental Units whose Loan repayment obligations exceeded 5% of Revenues. Some of those disclosure undertakings varied from other disclosure undertakings. In an effort to promote consistency amongst its continuing disclosure undertakings, in August 2005, the Finance Authority amended many of its disclosure undertakings to change the 5% provision to 20% as set forth above. However, the Finance Authority subsequently discovered that an undertaking executed in 1999 relating to bonds that were retired in 2009 was not amended. As a result, information with respect to certain underlying borrowers was not filed within the previous five years from the date of this Official Statement. That previous undertaking expired in 2009 when the bonds relating to that undertaking were retired.

In July 2012, the Finance Authority disclosed that what it believed was the audit of its financial statements for the fiscal year ended June 30, 2011 was not properly completed (the "Incomplete Audit"). Due to the Incomplete Audit, the Finance Authority was unable to file its audit for the fiscal year ended June 30, 2011 in a manner that was in material compliance with its previous undertakings. Eventually, the audit for fiscal year ended June 30, 2011 was completed and made available, and the Finance Authority filed such audit with the MSRB as specified in its disclosure undertakings. In addition, the Finance Authority reports that it did not provide notice to the MSRB of an upgrade on its Subordinate Lien Bonds by Moody's from Aa3 to Aa2. The Finance Authority has since filed notice of such upgrade with the MSRB.

RATINGS

S&P and Moody's have assigned ratings of "AAA" and "Aa1," respectively, to the Series 2015C Bonds. An explanation of the significance of such ratings may be obtained from S&P and Moody's, respectively.

Such ratings reflect only the views of such organizations. The ratings are not a recommendation to buy, sell or hold the Series 2015C Bonds and there is no assurance that such ratings will continue for any given period of time or that such ratings will not be revised downward or withdrawn entirely by the rating agencies if, in their judgment, circumstances so warrant. Any downward revision or withdrawal of the ratings given to the Series 2015C Bonds may have an adverse effect on the market price of the Series 2015C Bonds. The Municipal Advisor has not undertaken any responsibility to bring to the attention of the owners of the Series 2015C Bonds any proposed revision or withdrawal of the ratings on the Series 2015C Bonds, or to oppose any such proposed revision or withdrawal. The Finance Authority undertakes no responsibility to oppose any such revision or withdrawal. Any such downward revision or withdrawal of the ratings or other actions by a rating agency may have an adverse effect on the market price of the Series 2015C Bonds.

INVESTMENT CONSIDERATIONS

Availability of Revenues

The amount of Revenues actually received by the Finance Authority may be affected by several factors. Among other things, the amount of governmental gross receipts taxes that will be collected and distributed to the Finance Authority is subject to fluctuation based on the activities that generate those taxes, including general economic conditions. There can be no guarantee that the NMFA's Portion of the Governmental Gross Receipts Taxes collected in the future will be consistent with historical collection trends. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Trust Estate—The Governmental Gross Receipts Tax."

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

As previously stated, the Series 2015C Bonds are also payable from Agreement Revenues. Agreement Revenues are derived from a variety of different sources including enterprise system revenues, property taxes and specific taxes. Those sources of Agreement Revenues may be adversely affected by a variety of factors including, but not limited to, general economic conditions, the demand and cost of certain services and governmental actions. There can be no guarantee that future Agreement Revenues will be consistent with historical receipts.

The mandate from the Budget Control Act of 2011 that became effective in March 2013 requires a reduction of federal spending (“Sequestration”). The Finance Authority receives an insignificant amount of federal revenues. In addition, various entities throughout the State of New Mexico have been receiving federal revenues. While some of those entities may experience a reduction in the receipt of federal revenues due to Sequestration, the Finance Authority does not believe that any such reductions will impact the ability of the Finance Authority to pay debt service on its Bonds.

ADDITIONAL INFORMATION

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

Any statements in this Official Statement involving matters of opinion, whether or not expressly stated as such, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the Finance Authority and the purchasers or holders of any of the Series 2015C Bonds.

NEW MEXICO FINANCE AUTHORITY

By /s/ John E. McDermott
John E. McDermott,
Chair

By /s/ Robert P. Coalter
Robert P. Coalter,
Chief Executive Officer

APPENDIX A

AUDITED FINANCIAL STATEMENTS OF THE FINANCE AUTHORITY FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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New Mexico Finance Authority
(A Component Unit of the State of New Mexico)

Financial Statements
and
Independent Auditor's Report

June 30, 2014

REDW LLC
CPAs | Business & Financial Advisors

New Mexico Finance Authority
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New Mexico Finance Authority

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New Mexico Finance Authority

Official Roster

Year Ended June 30, 2014

Governing Board
John E. McDermott, Chair
William Fulginiti, Vice Chair
David Martin, Secretary
Katherine Ulibarri, Treasurer
Steve Kopelman, Member
Ryan Flynn, Member
Tom Clifford, Member
Jon Barela, Member
Jerry L. Jones, Member
Blake Curtis, Member
Terry White, Member

Chief Executive Officer
Robert P. Coalter

Acting Chief Financial Officer
Robert Brannon

Independent Auditor's Report

Governing Board
New Mexico Finance Authority
and
Mr. Hector H. Balderas
New Mexico Office of the State Auditor
Santa Fe, NM

Report on the Financial Statements

We have audited the accompanying financial statements of New Mexico Finance Authority (the "Authority"), a component unit of the State of New Mexico, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control

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P 602.730.3600
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Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of June 30, 2014, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

As discussed in Note 17 to the financial statements, in 2014 the Authority changed its method of accounting for bond issuance cost with the adoption of Governmental Accounting Standards Board Statement No. 65. This Statement specifies the items that were previously reported as assets and liabilities that should now be reported as deferred outflows of resources, deferred inflows of resources, outflows of resources, or inflows of resources. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The accompanying supplementary schedules, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 4, 2014, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

REDW LLC

Albuquerque, New Mexico
December 4, 2014

New Mexico Finance Authority
Management's Discussion and Analysis
June 30, 2014

Introduction

This section of the New Mexico Finance Authority's (the "Authority") annual financial statements presents management's discussion and analysis of the Authority's financial position at June 30, 2014 and its financial performance during the fiscal year then ended. This section should be read together with the Authority's financial statements and accompanying notes.

The New Mexico Finance Authority

The Authority was created by the New Mexico State Legislature in 1992 to finance infrastructure projects for the state's counties, cities, school districts and certain departments of the state government. The objective was to provide low-cost financing for borrowers who might not otherwise be able to access the tax-exempt bond market on a cost-effective basis. The 1992 statute created the Public Project Revolving Fund (PPRF) as the vehicle to accomplish this financing objective. As authorized by the statute, the Authority issues tax-exempt PPRF bonds to obtain the funds in which it loans to New Mexico governmental entities. The statute created the Governmental Gross Receipts Tax as a source of funding for Authority operations and to serve as a credit enhancement for the Authority's bonds. Although the legislature has created additional program responsibilities for the Authority, the PPRF remains the core of its activities.

Overview of the Financial Statements

The financial statements have been prepared using the economic resources measurement focus and accrual basis of accounting in accordance with generally accepted accounting principles. The Authority's basic financial statements are comprised of the following:

- The *Statement of Net Position* presents information on the assets and liabilities of the Authority, with the difference between the assets and the liabilities reported as net position. Over time, increases or decreases in net position serve as a useful indicator of whether financial position is improving or deteriorating.
- The *Statement of Revenues, Expenses and Changes in Net Position* present information reflecting how the net position of the Authority changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the cash flows. Thus, revenues and expenses are reported in the statement for some items that will only result in cash flows in future fiscal periods.
- The *Statement of Cash Flows* reports the cash flows from operating activities, noncapital financing activities, capital and related financing activities and investing activities, and the resulting change in cash and cash equivalents during the fiscal year.

The accompanying notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes can be found immediately following the financial statements.

Financial Highlights

- The Authority's overall financial improved slightly in the past year. The key indicator is total net position which increased by $33.2 million or 7.8%.
- During the fiscal year, unrestricted cash decreased 55.3% or $64.2 million. Restricted cash decreased by 27.0% or $29.7 million. Restricted investments increased by 39.6% or $52.1 million.
- Loans receivable decreased by $52.1 million or 4.2% during the fiscal year, primarily as a result of a large amount of prepayments on loans.
- Bonds payable decreased by $132.3 million or 11.2% in 2014, the result of issuing of $62.6 million of new bonds, principal payments on outstanding bonds of $197.3 million, and amortization of bond premium of $2.6 million.
- Undisbursed loan proceeds decreased by $16.7 million or 36.8% during 2014 consistent with reduced loan activity against loan proceeds from borrowers.
- Appropriation revenue increased by $9.1 million in fiscal year 2014, representing a 26.6% increase from fiscal year 2013. The addition reflects a subsequent tranche from the initial 2012 appropriation received to continue lending within the State Small Business Credit Initiative program, as well as increased pledged revenues received for payment on intergovernmental receivables.
- The Authority experienced a $0.2 million or 5% decrease in administrative fees revenue from $3.4 million in 2013 to $3.2 million in 2014. This drop in revenue was in direct relation to the large amount of prepayments on loans experienced during the year, as discussed above.
- Expenses decreased 8.4% or from $124.0 million in 2013 to $113.6 million in 2014 representing an expected decrease of $10.4 million.
- Grant revenue and corresponding activity increased 13.4% or $6.5 million as the Authority experienced increased grant activity within the Water Trust Board, Colonias and Drinking Water programs during the year.
- No reversions were due to the State General Fund for fiscal year 2014.

Statement of Net Position

The following presents condensed, combined statements of net position as of June 30, 2014 and 2013, with the dollar and percentage change:

	2014	Restated 2013	Net Increase/ (Decrease)	Percentage Increase/ (Decrease)
Assets				
Cash and equivalents				
Unrestricted	$ 51,834,915	$ 116,073,324	$ (64,238,409)	-55.3%
Restricted	80,305,540	109,965,262	(29,659,722)	-27.0%
Investments – restricted	183,692,467	131,565,455	52,127,012	39.6%
Loans receivable, net of allowance	1,179,166,365	1,231,232,043	(52,065,678)	-4.2%
Intergovernmental receivables	118,148,921	125,274,549	(7,125,628)	-5.7%
Other receivables	9,405,694	10,960,455	(1,554,761)	-14.2%
Capital assets	104,378	220,772	(116,394)	-52.7%
Other assets	118,610	118,630	(20)	0.0%
Total assets	**$ 1,622,776,890**	**$ 1,725,410,490**	**$ (102,633,600)**	-5.9%
Deferred Outflows of Resources				
Deferred charge on refunding	$ 1,191,181	$ -	$ 1,191,181	100%
Total deferred outflows of resources	**$ 1,191,181**	**$ -**	$ 1,191,181	100%
Liabilities				
Bonds payable, net	$ 1,048,141,351	$ 1,180,405,517	$ (132,264,166)	-11.2%
Undisbursed loan proceeds	28,744,630	45,485,533	(16,740,903)	-36.8%
Advanced loan payments	72,189,707	68,380,111	3,809,596	5.6%
Accounts payable, accrued payroll and compensated absences	627,178	831,236	(204,058)	-24.5%
Line of credit	12,006,298	-	12,006,298	100.0%
Other liabilities	3,706,408	4,998,215	(1,291,807)	-25.8%
Total liabilities	**1,165,415,572**	**1,300,100,612**	**(134,685,040)**	-10.4%
Net Position				
Invested in capital assets	104,378	220,772	(116,394)	-52.7%
Restricted for debt service	71,462,270	68,069,252	3,393,018	5.0%
Restricted for program commitments	114,074,025	143,292,282	(29,218,257)	-20.4%
Unrestricted	272,911,826	213,727,572	59,184,254	27.7%
Total net position	**458,552,499**	**425,309,878**	**33,242,621**	7.8%
Total liabilities and net position	**$ 1,623,968,071**	**$ 1,725,410,490**	**$ (101,442,419)**	**-5.9%**

The Authority's overall financial position increased slightly in the past year. The key indicator is total net position which increased by $33.2 million or 7.8%.

Assets

Loans receivable decreased by $52.1 million or 4.2% in 2014. New loans made during the year totaled $120.7 million while loan payments received were $172.7 million.

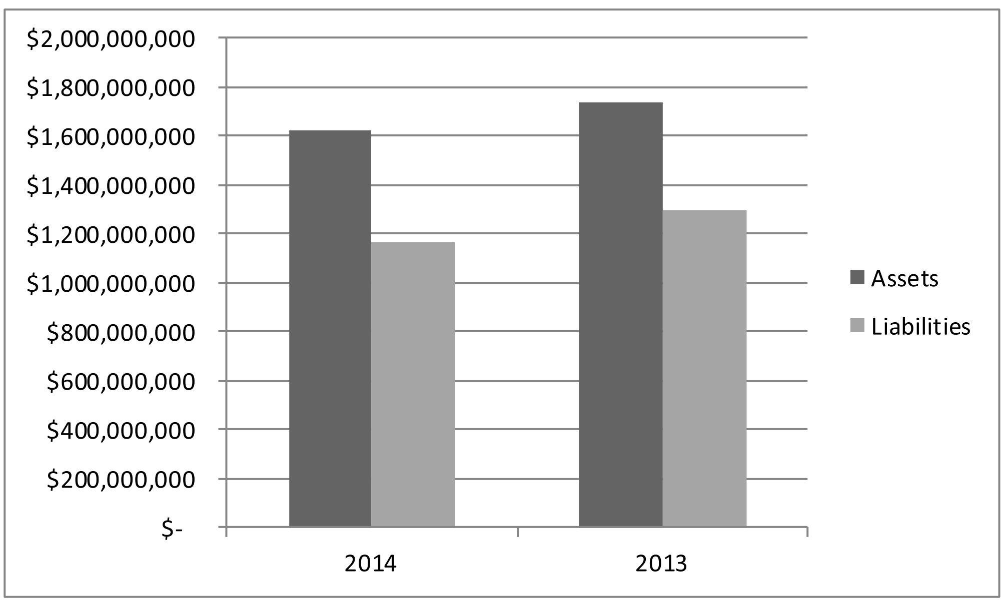
The allowance for uncollectible loans increased $0.1 million due to changes in estimated losses based on the risk evaluations performed by a third party. The number and amount of early loan payoffs increased significantly from 2013 as interest rates began to fall.

Total cash and investments decreased 19.5% from $357.6 million in 2013 to $315.8 million in 2014 due a large amount of bonds being retired or defeased during the year using prepayments on loans.

Liabilities

Bonds payable decreased by $132.3 million in 2014 resulting from the issuance of $62.6 million of new bonds, principal payments and defeasances on outstanding bonds of $197.3 million, and amortization of bond premium of $2.5 million. Undisbursed loan proceeds decreased by $16.7 million during 2014 indicating a significant amount of draw requests against loan proceeds from borrowers. Advanced loan payments experienced a $3.8 million or 5.6% increase from 2013.

The following chart indicates the ratio of assets to liabilities:



Statement of Revenue, Expenses and Changes in Net Position

The following table presents the condensed combined statement of revenue, expenses and changes in net position for 2014 and 2013 fiscal years:

	2014	Restated 2013	Net Increase/ (Decrease)	Percentage Increase/ (Decrease)
Operating Revenues				
Administrative and processing fees	$ 3,209,306	$ 3,395,491	$ (186,185)	-5.5%
Interest on loans	48,723,703	52,942,880	(4,219,177)	-8.0%
Interest on investments	488,080	139,403	348,677	250.1%
Total operating revenues	52,421,089	56,477,774	(4,056,685)	-7.2%
Expenses				
Grants to local governments	50,824,441	48,828,884	1,995,557	4.1%
Bond issuance costs	674,398	10,918,272	(10,243,874)	-93.8%
Professional services	2,189,377	2,651,079	(461,702)	-17.4%
Salaries and benefits	4,284,392	3,926,740	357,652	9.1%
Debt service – interest expense	54,319,247	53,026,726	1,292,521	2.4%
Other expense	1,266,776	4,636,406	(3,369,630)	-72.7%
Total operating expenses	113,558,631	123,988,107	(10,429,476)	-8.4%
Net operating loss	(61,137,542)	(67,510,333)	6,372,791	-9.4%
Nonoperating Revenues (Expenses)				
Appropriation revenue	43,086,860	34,033,130	9,053,730	26.6%
Grant revenue	55,224,996	48,692,048	6,532,948	13.4%
Reversions and transfers	(3,931,693)	(2,953,157)	(978,536)	33.1%
	94,380,163	79,772,021	14,608,142	18.3%
Increase in net position	33,242,621	12,261,688	20,980,933	171.1%
Net position, beginning of year, as restated	425,309,878	413,048,190	-	
Net position, end of year	**$ 458,552,499**	**$ 425,309,878**	**$ 20,980,933**	**4.9%**

Operating revenue decreased 7.2% to $52.4 million in 2014. Interest on investments began to increase, experiencing 250% incline compared to 2013 due to a larger portion of cash being invested in long-term investments. Appropriation revenue increased 26.6% while grant revenue increased 13.4%. The loan interest decline directly relates to lower outstanding loans receivable.

Overall operating costs decreased 8.4% due to increased grant expenses of $2.0 million and a decrease of loan loss provision of $3.1 million. The decrease in loan loss provision was made based on third party review of the risk of the outstanding direct equity loans in which loan ratings improved from 2013. Grant expense increased in 2014 after a grant activity recovery effort in fiscal years 2012 and 2013.

Long-Term Debt

The Authority's long-term debt consists of outstanding bond issues related to the various programs administered by the Authority. At the end of fiscal year 2014, the total amount outstanding was $1.0 billion (excluding the $1.4 billion in GRIP bonds which are administered by, but are not a direct liability of the Authority). More detailed information about the Authority's long-term debt is presented in Note 7 to the financial statements.

During the fiscal year, the Authority issued $62.6 million in PPRF bonds, primarily to directly fund loans and to reimburse the PPRF loan fund for loans already made.

Programs

The Authority accounts for each of its programs separately, each with its own assets, liabilities, net position, income and expense. The Public Project Revolving Fund is highlighted in the following discussion due to the significance of the program.

Public Project Revolving Fund

The Authority began its existence in 1992 to administer the PPRF. The mission of the PPRF is to make affordable tax-exempt financing for infrastructure projects available to borrowers who could not, on their own, access the bond market on a cost-effective basis. New Mexico's counties, cities and certain departments of state government qualify as entities who can borrow from the PPRF. Departments of state governments and certain not-for-profit entities, including state universities, are also eligible borrowers. Since 1993, the PPRF has made 1,183 loans totaling $2.5 billion.

The PPRF makes loans of less than $5 million from its own funds on hand. It then replenishes its cash balance at a later date by "packaging" the loans as collateral and selling tax-exempt bonds. Loans for amounts larger than $5 million are funded by closing the loans at the same time a reimbursement bond issue closes, thus ensuring a precise matching of loan and bond interest rates.

The PPRF operates, in many respects, in the same manner as a bank or other lending institution. Infrastructure finance agencies similar to the PPRF are often called "bond banks." Financial statements for the PPRF are presented in the following pages in a format similar to that employed by commercial banking organizations.

Public Project Revolving Fund
Statements of Net Position
June 30

	2014	Restated 2013	Net Increase/ (Decrease)	Percentage Increase/ (Decrease)
Assets				
Cash and equivalents				
Unrestricted	$ 37,838,342	$ 79,007,637	$ (41,169,295)	-52%
Restricted	67,359,957	79,173,378	(11,813,421)	-15%
Restricted investments	122,591,262	130,787,736	(8,196,474)	-6%
Accounts receivable and other	8,794,009	10,367,285	(1,573,276)	-15%
Loans receivable, net of allowance	1,081,631,189	1,138,450,511	(56,819,322)	-5%
Due from the State of New Mexico	104,525,000	108,025,000	(3,500,000)	-3%
Capital assets	70,302	186,696	(116,394)	-62%
Other assets	9,353,716	13,073,586	(3,719,870)	-28%
Total assets	**$ 1,432,163,777**	**$ 1,559,071,829**	**$ (126,908,052)**	-8%
Deferred Outflows of Resources				
Deferred charge on refunding	$ 1,191,181	$ -	$ 1,191,181	100%
Total deferred outflows of resources	**$ 1,191,181**	**$ -**	$ 1,191,181	100%
Liabilities				
Accounts payable and accrued payroll liabilities	$ 2,751,301	$ 6,202,814	$ (3,451,513)	-55.6%
Undisbursed loan proceeds	28,682,538	45,423,441	(16,740,903)	-36.9%
Borrowers' debt service and reserve deposits	86,969,969	72,016,499	14,953,470	20.8%
Bonds payable, net	1,036,144,409	1,165,236,955	(129,092,546)	-11.1%
Total liabilities	**1,154,548,217**	**1,288,879,709**	**(134,331,492)**	-10.4%
Net Position				
Invested in capital assets	70,302	186,696	(116,394)	-62.3%
Restricted for program funds	100,144,808	103,752,754	(3,607,946)	-3.5%
Unrestricted	178,591,631	166,252,670	12,338,961	7.4%
Total net position	**278,806,741**	**270,192,120**	**8,614,621**	3.2%
Total liabilities and net position	**$ 1,433,354,958**	**$ 1,559,071,829**	**$ (125,716,871)**	**-8.1%**

Loan Volume

	2014	**2013**	**Since Inception**
Amount of loans made	$104.0 million	$61.2 million	$2.48 billion
Number of loans made	64	67	1,183
Average loan size	$1.63 million	$0.9 million	$2.1 million

Public Project Revolving Fund
Statements of Revenue, Expenses and Changes in Net Position
For the Years Ended June 30

	2014	Restated 2013	Net Increase/ (Decrease)	Percentage Increase/ (Decrease)
Interest Income				
Loans	$ 46,548,780	$ 50,708,332	$ (4,159,552)	-8.2%
Investments	245,422	127,387	118,035	92.7%
Total interest income	46,794,202	50,835,719	(4,041,517)	-8.0%
Interest Expense				
Bonds	53,772,342	52,317,500	1,454,842	2.8%
Short-term borrowing	144,082	94,931	49,151	51.8%
Total interest expense	53,916,424	52,412,431	1,503,993	2.9%
Net Interest Income (Loss)				
Interest income (loss) less interest expense	(7,122,222)	(1,576,712)	(5,545,510)	351.7%
Provision for loan losses	1,900,656	(699,842)	2,600,498	-371.6%
Net interest loss after provision for loan losses	(5,221,566)	(2,276,554)	(2,945,012)	129.4%
Noninterest Income				
Loan administration fees	1,451,116	1,659,473	(208,357)	-12.6%
Appropriation revenues	29,091,277	26,585,797	2,505,480	9.4%
Total noninterest income	30,542,393	28,245,270	2,297,123	8.1%
Noninterest Expense				
Salaries and benefits	2,179,170	2,507,794	(328,624)	-13.1%
Professional services	970,669	874,564	96,105	11.0%
Bond issuance costs	674,398	674,703	(305)	0.0%
Other	1,561,926	10,808,047	(9,246,121)	-85.5%
Total noninterest expense	5,386,163	14,865,108	(9,478,945)	-63.8%
Excess of revenues over expenditures	19,934,664	11,103,608	8,831,056	79.5%
Transfers to other funds or agencies	(11,320,043)	(7,490,781)	(3,829,262)	51.1%
Increase (decrease) in net position	**8,614,621**	**3,612,827**	**5,001,794**	138.4%
Net position, beginning of year, as restated	**270,192,120**	**266,579,293**	**3,612,827**	1.4%
Net position, end of year	**$ 278,806,741**	**$ 270,192,120**	**$ 8,614,621**	**3.2%**

Net Interest Income

As a not-for profit lender, the Authority attempts to pass on to its borrowers the same rates it pays on the bonds it issues to provide the funds it loans. Therefore, in its planning and management processes, the Authority attempts to achieve approximately zero net interest income in the PPRF. In 2014, the PPRF had a net interest loss of $7.1 million, compared to $1.3 million in 2013. This is a result of market conditions in which $115.5 million in PPRF loans exercised their early call provisions in 2013 and 2014 and the Authority relent those loan repayments at moderately lower interest rates. See Note 14 Contingencies – Loan Prepayment and Bond Call Provisions.

Governmental Gross Receipts Tax

The Governmental Gross Receipts Tax (GGRT) is a tax imposed on the gross receipts of municipalities for services rendered to customers such as water, sewer, and solid waste collection. 75% of GGRT collections are appropriated to the PPRF. The Authority's share of GGRT collections was $27.4 million in 2014, a $0.4 million decrease from the $27.8 million received in 2013. The GGRT funds are used as follows:

- As a credit enhancement for the PPRF bonds. In the event of defaults on loans, GGRT funds can be used to make up for any shortfall in funds available for bond payments.
- To fund loans to borrowers, especially smaller loans which the Authority may choose to not reimburse in a bond issue.
- To pay operating expenses of the PPRF.

Other Programs

The PPRF accounts for a large portion of total Authority activity. At June 30, 2014, and for the year then ended, the relationships were as follows:

	PPRF	Total Authority	% PPRF
Total assets	$1.4 billion	$1.6 billion	88%
Net assets	$278.8 million	$458.6 million	61%
Revenues	$77.4 million	$150.7 million	51%

There are 23 other programs administered by the Authority, some of which are loan programs and some of which are grant programs.

A rise occurred in grant volume for the Drinking Water Revolving Loan Fund program because of increased grant subsidies being awarded for qualifying drinking water facilities projects in New Mexico. The cause was due to various larger projects being approved during the fiscal year.

Similar to the Drinking Water Revolving Loan Fund program, an increase in the Colonias Infrastructure program grant activity reflects the fact that the program saw an increased number of projects being approved during 2014. This is the result of the Colonias Infrastructure Act taking effect July 1, 2011 and the number of approved projects increasing as more funding is available.

A for profit limited liability company operated by the Authority has been awarded a total of $156 million allocation of New Markets Tax Credits by the U.S. Treasury Department. Under this program, the Authority can provide federal income tax credits to incentivize businesses to create jobs and otherwise contribute to the economic development of the state. Prior to 2014, the Authority made ten awards totaling $133.3 million. During 2014, the Authority has made two additional awards totaling $18.0 million. The tax credits have no impact on the financial statements of the Authority beyond the expenses incurred to administer the program and the fees charged to applicants and recipients of the credits, which are minimal.

Contacting the Authority's Financial Management

This financial report is designed to provide citizens, taxpayers, customers, legislators, investors, and creditors with a general overview of the Authority's finances and to demonstrate the Authority's accountability for the money it receives. Substantial additional information is available on the Authority's website at www.nmfa.net. If you have any questions about this report or need additional financial information, contact:

New Mexico Finance Authority (NMFA)
207 Shelby Street
Santa Fe, New Mexico 87501

Financial Statements

NEW MEXICO FINANCE AUTHORITY
Statement of Net Position
June 30, 2014

Assets	
Current assets	
Cash and equivalents	
Unrestricted	$ 51,834,915
Restricted	80,305,540
Interest receivable	7,431,412
Grants and other receivable	1,788,239
Prepaid rent	19,500
Administrative fees receivable	186,043
Investment in Finance New Mexico	99,110
Loans receivable, net of allowance	93,384,387
Intergovernmental receivables	7,341,438
Total current assets	242,390,584
Noncurrent assets	
Restricted investments	183,692,467
Loans receivable, net of allowance	1,085,781,978
Intergovernmental receivables	110,807,483
Capital assets, net of accumulated depreciation	104,378
Total assets	$ 1,622,776,890
Deferred Outflows of Resources	
Deferred charge on refunding	$ 1,191,181
Total deferred outflows of resources	$ 1,191,181
Liabilities	
Current liabilities	
Accounts payable	$ 262,198
Accrued payroll	91,540
Compensated absences	273,440
Bond interest payable	3,625,714
Undisbursed loan proceeds	28,744,630
Advanced loan payments	72,189,707
Line of credit	12,006,298
Bonds payable, net	70,430,000
Other liabilities	80,694
Total current liabilities	187,704,221
Noncurrent liabilities	
Bonds payable	977,711,351
Total liabilities	1,165,415,572
Net Position	
Invested in capital assets	104,378
Restricted for debt service	71,462,270
Restricted for program commitments	114,074,025
Unrestricted	272,911,826
Total net position	458,552,499
Total liabilities and net position	$ 1,623,968,071

The accompanying notes are an integral part of these financial statements.

NEW MEXICO FINANCE AUTHORITY

Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2014

Operating Revenues	
Administrative fees revenue	$ 2,819,302
Processing fee	390,004
Interest on loans	48,723,703
Interest on investments	488,080
Total operating revenues	52,421,089
Operating Expenses	
Grants to others	50,824,441
Bond issuance costs	674,398
Administrative fees	189,383
Professional services	2,189,377
Salaries and benefits	4,284,392
Other operating costs	1,484,748
Depreciation expense	116,394
Bond interest expense	54,319,247
Provision for loan losses	(822,108)
Interest expense	298,359
Total operating expenses	113,558,631
Net operating loss	(61,137,542)
Nonoperating Revenues (Expenses)	
Appropriation revenue	43,086,860
Grant revenue	55,224,996
Transfers to the State of New Mexico	(3,931,693)
Increase in net position	33,242,621
Net position, beginning of year, as restated (note 17)	425,309,878
Net position, end of year	$ 458,552,499

The accompanying notes are an integral part of these financial statements.

Statement of Cash Flows
For the Year Ended June 30, 2014

Cash flows from operating activities	
Cash paid for employee services	$ (4,277,609)
Cash paid to vendors for services	(5,030,758)
Intergovernmental payments received	7,125,630
Loans payments received	156,697,761
Loans funded	(116,741,280)
Grants to local governments	(50,824,441)
Cash received from federal government for revolving loan funds	12,448,854
Interest on loans	49,600,877
Proceeds from line of credit	17,536,712
Payments of line of credit	(5,530,414)
Administrative fees received	3,887,651
Net cash provided by operating activities	64,892,983
Cash flows from noncapital financing activities	
Appropriations received from the State of New Mexico	43,086,860
Cash transfers from the State of New Mexico	42,775,670
Cash transfers to the State of New Mexico	(3,931,221)
Proceeds from the sale of bonds	62,595,000
Payment of bonds	(197,526,239)
Bond issuance costs	(674,398)
Bond interest expense paid	(53,477,874)
Net cash use in noncapital financing activities	(107,152,202)
Cash flows from investing activities	
Purchase of investments	(60,323,486)
Sale of investments	8,196,494
Interest received on investments	488,080
Net cash used in investing activities	(51,638,912)
Net increase (decrease) in cash and cash equivalents	(93,898,131)
Cash and cash equivalents, beginning of year	226,038,586
Cash and cash equivalents, end of year	$ 132,140,455

The accompanying notes are an integral part of these financial statements.

Reconciliation of net operating income (loss) to net cash provided by (used in) operating activities	
Net operating income (loss)	$ (61,137,542)
Adjustments to change in net position	
Depreciation	116,394
Amortization on bond premiums	(2,298,264)
Provision for loan losses	(1,238,151)
Interest on investments	(488,080)
Bond interest paid	56,766,702
Bond issuance costs	674,398
Cash received from federal grants	12,448,854
Interest expense	149,168
Changes in assets and liabilities	
Interest receivable	876,416
Grants and other receivable	652,045
Administrative fees receivable	26,300
Loans receivable, net of allowance	53,303,831
Intergovernmental receivables	7,125,628
Accounts payable	(210,841)
Accrued payroll	7,420
Compensated absences	(637)
Funds held for others	(80,263)
Undisbursed loan proceeds	(16,740,903)
Advanced loan payments	3,809,596
Line of credit	12,006,298
Other liabilities	(875,386)
	$ 64,892,983

Agency Funds - Statement of Assets and Liabilities
For the Year Ended June 30, 2014

Assets		
Cash held by Trustee		
Program funds	$	97,782,134
Expense funds		171,363
Revenue funds		7,135,444
Rebate fund		3,126,037
Bond reserve funds		824,863
Total assets	$	109,039,841
Liabilities		
Accounts payable	$	1,712,100
Debt service payable		9,545,607
Program funds held for the NM Department of Transportation		97,782,134
Total liabilities	$	109,039,841

1) Nature of Organization

The New Mexico Finance Authority (the "Authority"), a component unit of the State of New Mexico (the "State"), is a public instrumentality of the State, organized and existing pursuant to the New Mexico Finance Authority Act (the "Act") created by the Laws of 1992 Chapter 61, as amended. The Authority has broad powers to provide financing for an array of infrastructure and economic development projects. The Authority also provides for long-term planning and assessment of state and local capital needs and improves cooperation among the executive and legislative branches of state government and local governments in financing public projects.

The Authority's governing board is composed of eleven members including the Secretary of the Department of Finance and Administration; the Secretary of Economic Development; the Secretary of Energy, Minerals and Natural Resources; and the Secretary of the Environment Department, the Executive Director of the New Mexico Municipal League and the Executive Director of the New Mexico Association of Counties are ex-officio members of the Authority with voting privileges. The Governor, with the advice and consent of the Senate, appoints to the Authority Board, whose membership must include the chief financial officer of an institution of higher education and four other members who are residents of the State. The appointed members serve at the pleasure of the Governor.

The Authority issues loans to entities pursuant to the rules and regulations governing the Public Projects Revolving Loan Fund Program (PPRF). The PPRF provides low cost financing to local government entities for a variety of infrastructure projects throughout the State. The PPRF Program receives 75 percent of the Governmental Gross Receipts Tax of the State of New Mexico pursuant to section 7-1-6.1 NMSA, 1978, and may issue bonds in amounts deemed necessary to provide sufficient money for the purposes set forth by the New Mexico Finance Authority Act. Bonds are issued under a Master Indenture as well as individual Series Indentures, proceeds and covenants of which are administered through a trust relationship established by contract with a trust company or bank bearing trust powers (Trustee) and the Authority. The Authority may also serve as conduit issuer of revenue bonds for other governmental agencies.

The Authority manages the Drinking Water State Revolving Loan Program (DWRLF) and the Water Trust Board Program (WTB).

The DWSRF provides low cost financing for the construction of and improvements to drinking water facilities throughout New Mexico in order to protect drinking water quality and public health. This program is primarily funded through a federal capitalization grant which the State is required to match by 20%.

The WTB program provides grant and interest free loans to support water projects which support water use efficiency, resource conservation and protection and fair distribution and allocation of water.

Other significant programs administered by the Authority include:

- The Local Transportation Infrastructure Projects Program provides for grants and low-cost financial assistance for local governments transportation projects which are not eligible for federal funding and funding for which have not been set by the existing Local Government Road Fund.
- The Economic Development Program provides comprehensive financing tools to stimulate economic development projects statewide.
- The New Markets Tax Credit Program acts as managing partner in Finance New Mexico LLC, a subsidiary for-profit company which received an allocation of federal tax credits under the New Markets Tax Credit Program.
- The Primary Care Capital Program is a revolving loan program which provides financial assistance to rural primary care health clinics for infrastructure, construction and capital equipment purchases. These loans provide 20 percent annual loan forgiveness if the borrower agrees to a contract-for-services to provide medical care free or at reduced prices to sick and indigent clients.
- The Water and Wastewater Project Grant Program provides grant funding for water and wastewater system projects authorized by legislation.
- The Local Government Planning Grant Program provides grants to qualified entities on a per project basis for water and wastewater related studies, long-term water management plans and economic development plans.
- The State Capital Improvement Financing Program accounts for the issuance of revenue bonds the proceeds of which were used to finance capital improvements to a state facility located adjacent to the State Capitol.
- The UNM Health Sciences Program administers the financing of several capital projects for UNM Health Sciences Center. The Authority issued bonds, secured by authorized distributions of cigarette excise taxes, for the purpose of designing, constructing, equipping and furnishing additions and improvements to the University of New Mexico Hospital and the Cancer Research and Treatment Center.
- The Worker`s Compensation Financing Program accounts for the issuance of revenue bonds used to finance the planning, designing, constructing, equipping and furnishing of a state office building for the Workers’ Compensation Administration.
- The Colonias Infrastructure Act appropriates to the Authority 5% of the senior lien severance tax bond proceeds for loans and grants to certain communities in southern New Mexico that lack basic infrastructure for water and wastewater, solid waste disposal, flood and drainage control, roads and housing.

- Through a Memorandum of Understanding entered into with the New Mexico Economic Development Department, the Authority received $13.2 million of federal State Small Business Credit Initiative funds in 2011 to help increase the flow of capital to small businesses by mitigating bank risk. The Authority uses the funds to buy loan participations from banks for economic development projects under a program marketed as the Collateral Support Participation.

The Authority is not subject to the supervision or control of any other board, bureau, department or agency of the State, except as specifically provided in the Act. Bonds and other obligations issued by the Authority under the provisions of the Act are not a debt or liability of the State or any subdivision thereof. The New Mexico Finance Authority Finance Committee was created by the Act and was appointed by the Legislative Council Service to provide legislative oversight.

The Authority does not have any component units.

2) Summary of Significant Accounting Policies

Accounting Principles
The financial statements of the Authority have been prepared in accordance with accounting principles generally accepted in the United States of America as applied to governmental units and funds. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting.

Basis of Presentation
The financial statements of the Authority have been prepared using the economic resources measurement focus and the accrual basis of accounting. All of the Authority's activities, except those in which the Authority acts as an agent, are reported as an enterprise fund. Enterprise funds are used for activities for which a fee is charged to external users for goods and services.

The Authority distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing financial services in connection with on-going operations. Primary operating revenues includes financing income and fees charged to program borrowers. Operating expenses include interest expense, program support, as well as funds granted to others in the form of loan forgiveness and other subsidies to governmental entities.

Nonoperating items consist primarily of governmental gross receipts and other tax distributions reported as appropriations, grant revenue, and transfers-out for excess distributions and reversions of prior year appropriated revenue.

Revenues from grants that are restricted for specific uses are recognized as revenues and as receivables when the related costs are incurred. When restricted resources meet the criteria to be available for use and unrestricted resources are also available, it is the Authority's policy to use restricted resources first. Expenses are recorded when they are incurred. Expenses charged to federal programs are recorded utilizing the cost principles prescribed or permitted by the various funding sources.

Agency Funds
Agency Funds are used to report resources held by the Authority in a purely custodial capacity. These funds result from transactions associated with the Authority acting as fiscal agent for the New Mexico Department of Transportation (the "Department") on several of the Department's bond transactions. The amounts reported as agency funds do not belong to the Authority and are held in separate accounts on the Authority's books in the name of the Department. Accordingly, all assets held and reported in the Agency Funds are offset by a corresponding liability.

Cash, Cash Equivalents and Investments
The Authority considers all highly liquid financial instruments with a maturity of three months or less when purchased to be cash equivalents. Cash and cash equivalents consist of cash on deposit with Wells Fargo Bank and the Bank of Albuquerque which also acts as bond trustee. Certain proceeds of the Authority's bonds, as well as certain resources set aside for their repayment are invested in certain allowable securities. All investments are stated at fair value except for Investment in Finance New Mexico which is accounted for utilizing the cost method.

Accounts Receivable
Accounts receivable consists of payments due from governmental entities, administrative fees due from projects, and other receivables arising from the normal course of operations.

Loans Receivable
Loans are carried at amounts advanced, net of collections and reserves for loan losses, if any. Loans that become past due as to principal and interest are evaluated for collectability. Generally, loans are not placed on nonaccrual status because they are insured, guaranteed, or collateralized.

The allowance for loan losses is maintained to cover possible losses inherent in the loan portfolio based on management's evaluation of the loan portfolio, giving consideration to various factors, including collateral value, past loan loss experience, current facts and economic conditions. The allowance is based on management's estimates, and ultimate losses may vary from the current estimates. These estimates are reviewed periodically and any necessary adjustments are reported in income in the period they become known.

Intergovernmental Receivables

Intergovernmental receivables consist of amounts due from the State based on legislated appropriation of specified taxes for repayment of certain bonds issued by the Authority on behalf of State entities. The related statute directs the Authority to issue bonds and make proceeds available to specified State entities to fund various projects. The statute appropriates a portion of existing taxes or fees to fund the payment of the related bonds. No allowance has been established, as all such receivables are considered collectable.

Capital Assets

Capital assets are recorded at historical cost and depreciated over their estimated useful lives. Donated capital assets are recorded at their estimated fair value at the date of donation. Additions, improvements and other capital outlays individually exceeding $5,000 that significantly extend the useful life of an asset are capitalized.

Estimated useful life is management's estimate of how long the asset is expected to meet service demands. Straight-line depreciation is used, based on estimated useful lives ranging from three to seven years.

Deferred Outflows/Inflows of Resources

The statement of net position, where applicable, includes separate sections for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources represent consumption of net position that applies to future periods that will be recognized as an expense in future periods. Deferred inflows of resources represent an acquisition of net position that applies to future periods and will be recognized as revenues in future periods.

Bond Discounts and Premiums

Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount.

Compensated Absences

Full-time employees with ten years or less employment with the Authority are entitled to fifteen days' vacation leave. Employees with more than ten years' service receive twenty days. When employees terminate, they are compensated at their current hourly rate for accumulated unpaid vacation leave.

Full-time employees are entitled to twelve days of sick leave each fiscal year. When employees terminate, they are compensated at twenty-five (25%) of their current hourly rate of accumulated unpaid sick leave up to 300 hours. Part-time employees accrue vacation leave and sick leave on a prorated basis based on the number of hours they work. Accrued compensated absences are recorded and liquidated in the PPRF operating fund.

Undisbursed Loan Proceeds

Undisbursed loan proceeds represent loan amounts awaiting disbursement to loan recipients. Funds are not automatically disbursed in their entirety when a loan closes. Proceeds are disbursed as the related project costs are incurred. The accounts, in the majority, represent loans of the PPRF program.

Net Position

The difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources, is referred to as net position. Net position is categorized as investment in capital assets (net of related debt), restricted and unrestricted, based on the following:

Investment in capital assets (*net of related debt*) is intended to reflect the portion of net position which is associated with capital assets less outstanding capital asset related debt. The net of related debt is the debt less the outstanding liquid assets and any associated unamortized cost. The Authority has no capital asset related debt.

Restricted net position has third-party (statutory, bond covenant or granting agency) limitations on their use. When there is an option, the Authority spends restricted resources first.

Unrestricted net position represents net position not otherwise classified as invested in capital assets or restricted net position.

Income Taxes

The Authority is a tax-exempt, quasi-governmental organization under Section 115 of the Internal Revenue Code. Accordingly, no provision for income taxes has been included in the accompanying financial statements. The Authority is subject to other Internal Revenue Code sections relating to the tax-exempt status of the bonds issued by the Authority.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

Budget

The Authority's budget represents a financial plan, not a legal constraint, therefore, budgetary comparison information is not presented in the financial statements or as required supplementary information.

<u>Recently Issued Accounting Standards</u>
In March 2012, GASB issued Statement No. 65*, Items Previously Reported as Assets and Liabilities* (GASB 65). The objective of this Statement is to either (a) properly classify certain items that were previously reported as assets and liabilities as deferred outflows of resources or deferred inflows of resources or (b) recognize certain items that were previously reported as assets and liabilities as outflows of resources (expenses or expenditures) or inflows of resources (revenues). The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2012. Adopting GASB 65 for fiscal year 2014 resulted in a charge to net position of approximately $10.2m of previously capitalized debt issuance costs. The implementation of GASBS No. 65 also resulted in the reclassification of the unamortized portion of bond refunding losses. These amounts are now reported as Deferred Outflows of Resources instead of as a reduction of Bonds Payable.

In March 2012, GASB issued Statement No. 66, *Technical Corrections–2012* (GASB 66). The objective of this Statement is to improve accounting and financial reporting by state and local governmental entities by resolving conflicting guidance that resulted from the issuance of two pronouncements–Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No.62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre – November 30, 1989 FASB and AICPA Pronouncements*. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2012. Adopting GASB 66 did not impact the Authority's financial statements.

In June 2012, GASB issued Statement No. 67, *Financial Reporting for Pension Plans* (GASB 67). The objective of this Statement is to improve the usefulness of pension information included in the general purpose external financial reports (financial reports) of state and local governmental pension plans for making decisions and assessing accountability. The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2013. Adopting GASB 67 did not impact the Authority's financial statements.

In June 2012, GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions* (GASB 68). The objective of this Statement is to improve the information provided in government financial reports about pension related financial support provided by certain nonemployer entities that make contributions to pension plans that are used to provide benefits to the employees of other entities. The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2014. The Authority has not completed the process of evaluating the impact of GASB 68 on its financial statements.

In January 2013, GASB issued Statement No. 69, *Government Combinations and Disposals of Government Operations* (GASB 69). This Statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2013. The Authority has not completed the process of evaluating the impact of GASB 69 on its financial statements.

In April 2013, GASB issued Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees* (GASB 70). The requirements of this Statement will enhance comparability of financial statements among governments by requiring consistent reporting by those governments that extend nonexchange financial guarantees and by those governments that receive nonexchange financial guarantees. The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2013. Adopting GASB 70 did not impact the Authority's financial statements.

In November 2013, GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68* (GASB 71). The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, Accounting and Financial Reporting for Pensions. The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2014. The Authority has not completed the process of evaluating the impact of GASB 71 on its financial statements.

3) Cash and Cash Equivalents and Investments

The Authority follows GASB No. 40, *Deposit and Investment Risk Disclosures*. This statement requires the disclosure of applicable interest rate, credit, custodial credit, concentration of credit and foreign currency risks.

Investments conform to the provisions of the Statements of Investment Policies, Objectives and Guidelines adopted by the Board on March 26, 2008, as revised. The investment policy applies to all of the Authority's funds; including funds the Authority may manage for others, except for those funds where trust indentures, bond resolutions, or other documents or agreements control the investment of funds. This policy is the Authority master investment policy and may be amended or supplemented as applied to specific categories of funds by adoption of addenda by the Board applicable to specific categories of the Authority funds.

Except where prohibited by statute, trust indenture, or other controlling authority, the Authority consolidates cash and reserve balances from all funds to maximize investment earnings and to increase efficiencies with regard to investment pricing, safekeeping, and administration. Investment income is allocated to the various funds based on their respective participation. The primary objectives, in order of priority, of investment activity shall be safety, liquidity and yield.

Investments shall be undertaken in a manner that seeks to ensure the preservation and principal in the overall portfolio while mitigating credit risk and interest rate risk.

The Authority has Primary Care Capital Program funds invested in the New Mexico State Treasurer's Office investment pool. State law (Section 8-6-3 NMSA 1978) requires investments of these funds be managed by the New Mexico State Treasurer's Office.

Credit Risk
The Authority minimizes credit risk (the risk of loss due to the failure of securities issuer or backer) by limiting investments, prequalifying financial institutions, broker/dealers, intermediaries and advisors with which the Authority will do business and diversifying the investment portfolio so that the impact of potential losses from any one type of security or from any one individual issuer will be minimized.

The New Mexico State Treasurer pools are not rated.

Interest Rate Risk
The Authority minimizes interest rate risk (the risk that the market value of securities in the portfolio will decline due to changes in market interest rates) by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market prior to maturity and by investing operating funds primarily in short-term securities limiting the average maturity of the portfolio.

For the Primary Care Capital program funds invested in the New Mexico State Treasurer's Office investment pool, the New Mexico State Treasurer's Office has an investment policy that limits investment maturities to five years or less on allowable investments. This policy is a means of managing exposure to fair value losses arising from increasing interest rates. This policy is reviewed and approved annually by the New Mexico State Board of Finance.

For additional GASB 40 disclosure information regarding cash held by the New Mexico State Treasurer, the reader should refer to the separate audit report for the New Mexico State Treasurer's Office for the fiscal year ended June 30, 2014.

Permitted Investments

As provided in Sections 6-21-6 and 6-21-2 of the Act, money pledged for or securing payment of bonds issued by the Authority shall be deposited and invested as provided in the bond resolution, trust indenture or other instrument under which the bonds were issued. The following table identifies the investment types permitted by the investment policy:

	Description	Maximum Percentage of Authority Funds [1]
A	Direct and general U.S. Government Obligations (Treasury Bills, Treasury Notes, Treasury Bonds)	100%
B	U.S. Government Agencies (any federal agency or instrumentality notes, bonds, debentures, with implicit guarantee of the United States of America)	75%
C	SEC-registered money market funds with total assets at time of deposit in excess of $100,000,000[2]	100%
E	Certificates of deposits and bank deposits[3]	20%
F	Commercial paper issued by corporations organized and operating on the United States and rated A1 P1 or equivalent by two or more rating services.	10%
G	Bonds or notes issued by any municipality, county or school district of the State	10%
H	Overnight repurchase agreements[4]	25%
I	Investment contracts (guaranteed investment contracts (GIC's) and flexible repurchase agreements)[1]	N/A
J	State Treasurer's Short-term Investment Fund	50%

Investment of Bond Proceeds

All or any portion of the proceeds of bonds or other obligations of the Authority may be invested in a GIC or flexible repurchase agreement without regard to the investment allocation ranges set forth in the investment policy, if the GIC or repurchase agreement provides for disbursement upon request of the Authority in amounts necessary to meet expense requirements for the bonds or other obligations.

[1] Limits do not apply to cash invested by trustee per bond indenture.

[2] Money markets must be rated AAA by Standards & Poor or Aaa by Moody and in compliance with the diversification, quality and maturity requirements 2a-7 of the U.S. Securities and Exchange Commission applicable to money markets with no sales load or deferred sales charge.

[3] Interest bearing certificates of deposit or bank deposits must be in banks having a branch location in New Mexico, and all principal and interest must be fully insured by the Federal Deposit Insurance Corporation or secured by obligations described in A) and B) above, registered in the name of the Authority and held by a third party safe-keeping agent, or collateralized as required by 6.10.16 NMSA at 102% of the value of the deposit that is not FDIC insured.

[4] Investment contracts and repurchase agreements investments must be fully secured by obligations described in A) and B) above with all collateral held by an independent third party safekeeping agent.

Cash and equivalents at June 30, 2014 were as follows:

Description	Balance at June 30, 2014	Rated	Percentage of Authority Funds [1]
Bank deposits, collateralized, at the Bank of Albuquerque in the name of the State Treasurer	$ 1,023	N/A	<1%
Wells Fargo deposit account	213,482	N/A	<1%
Wells Fargo Repurchase agreement -fully secured[2]	248,028	N/A	<1%
Government Money Market Funds	131,677,922	AAA	41.7%
Total cash and equivalents	$ 132,140,455		
Cash held in agency fund	$ 109,039,841[3]		

Maturity Restrictions

It is the policy of the Authority to diversify investment maturities based on cash flow requirements. Unless matched to a specific cash flow, the Authority will invest in securities maturing five years or less from date of purchase.

Investments consist of bond proceeds which are restricted to uses specified in the related bond indentures. Such restricted investments at June 30, 2014, are comprised of the following:

Description	Fair Value at June 30, 2014	Average Years to Maturity	Percentage of Authority Funds
U.S. Treasury notes	$ 120,084,268	.98	38.0%
Primary Care Capital Program funds held with the State Treasurer Fund Investment Pool	1,407,522	1 day to 5 years	<1%
Federal Home Loan Mortgage Corporation bonds	62,200,677	1.33	19.69%
Total restricted investments	$ 183,692,467		

1 Limits described in the "permitted investments" section above do not apply to cash invested by trustee per bond indenture.

2 Wells Fargo accounts FDIC insured for $250,000. Remaining $211,510 is secured by a pledge of Agency securities in the name of the State of New Mexico monitored by the New Mexico State Treasurer's Office.

3 All cash held as agent by the Authority is fully collateralized by securities held in the name of the Authority.

4) Loans Receivable

Loans receivable activity for the fiscal year was as follows:

Program Description	Term (Years)	Rates	2013	Increases	Decreases	2014
Public Projects Revolving Loan Fund	1 to 30	0% to 6%	$ 1,140,530,507	$ 104,821,188	$ 162,646,076	$ 1,082,705,619
Drinking Water State Revolving Loans	1 to 30	0% to 4%	63,341,227	5,662,622	4,070,491	64,933,358
Drinking Water State Revolving Loans-ARRA	1 to 20	1%	2,616,809	-	311,131	2,305,678
Primary Care Capital Fund Loans	10 to 20	3%	4,216,376	-	632,069	3,584,307
Water Projects Fund Loan Grants	10 to 20	0%	18,336,546	7,301,228	4,414,778	21,222,996
Smart Money Participation Loans	3 to 20	2% to 5%.	4,161,711	576,000	55,947	4,681,764
Behavioral Health Care Loan	15	3%	198,512	-	23,907	174,605
Cigarette Tax - Behavioral Health Care Capital Loans	15	3%	441,272	587,230	34,804	993,698
Pooled Equipment Certificates of Participation Loans	5 to 20	4% to 6.4%	108,000	-	55,000	53,000
Colinias Infrastructure Fund Loans	10 to 20	3%	202,731	546,253	87,634	661,350
SSBCI Loans	10 to 20	3%	2,461,746	2,127,931	1,277,150	3,312,527
Child Care Revolving Loans	8	3%	25,970	-	6,160	19,810
			1,236,641,407	121,622,452	173,615,147	1,184,648,712
Less allowance for loan losses			(5,409,364)	(895,092)	822,109	(5,482,347)
Totals			$ 1,231,232,043	$ 120,727,360	$ 174,437,256	$ 1,179,166,365

The following is a summary of scheduled payments to be collected on loans receivable as of June 30, 2014:

	Principal	Interest	Total
Fiscal year ending June 30			
2015	$ 93,384,387	$ 41,501,928	$ 134,886,315
2016	91,342,260	39,154,650	130,496,910
2017	84,516,759	36,685,197	121,201,956
2018	83,005,755	34,223,254	117,229,009
2019	81,042,883	31,598,294	112,641,177
2020 – 2024	344,420,879	120,448,670	464,869,549
2025 – 2029	238,154,305	63,817,660	301,971,965
2030 – 2034	125,488,846	25,319,255	150,808,101
2035 – 2039	42,919,269	3,785,107	46,704,376
2040 – 2044	373,369	11,387	384,756
Subtotals	1,184,648,712	$ 396,545,402	$ 1,581,194,114
Less allowance for loan losses	(5,482,347)		
Loans receivable net	$ 1,179,166,365		

5) Intergovernmental Receivables

The Authority has agreements with various state entities relating to the issuance of bonds. Pursuant to the underlying legislation and resolutions, the bond proceeds financed various state projects. Pursuant to the legislation, the debt service on these bonds is payable solely from revenues from the State and state entities. Intergovernmental receivables represent amounts due to the Authority under these agreements.

Intergovernmental receivables activity during the year ended June 30, 2014, was as follows:

State Entity	Revenue Pledge	Rates	Maturity	2013	Payments	2014	Due in One Year
Administrative Office of the Courts	Court Facilities fees	3.05% to 5.00%	6/15/2025	$ 40,085,000	$ 2,525,000	$ 37,560,000	$ 2,650,000
University of New Mexico Health Sciences Center	Cigarette excise tax	3.88% to 5.00%	6/15/2025	23,565,000	120,000	23,445,000	125,000
General Services Department - State of New Mexico	State Gross Receipts tax	4.25% to 5.00%	6/1/2036	44,375,000	855,000	43,520,000	900,000
University of New Mexico Health Sciences Center	Cigarette excise tax	2.25% to 5.00%	4/1/2019	10,825,000	1,975,000	8,850,000	1,955,000
University of New Mexico Health Sciences Center	Cigarette excise tax	2.13% to 3.94%	4/1/2019	4,599,549	770,628	3,828,921	766,438
General Services Department - State of New Mexico	Income from Land Grant Permanent Fund	7.00%	3/15/2015	1,825,000	880,000	945,000	945,000
			Totals	$ 125,274,549	$ 7,125,628	$ 118,148,921	$ 7,341,438

The following is a summary of scheduled payments to be collected on the receivables from state entities as of June 30, 2014:

	Principal	Interest	Total
Fiscal year ending June 30			
2015	$ 7,341,438	$ 5,773,494	$ 13,114,932
2016	6,884,184	5,424,462	12,308,646
2017	7,103,814	5,097,956	12,201,770
2018	7,315,443	4,760,840	12,076,283
2019	7,594,042	4,411,819	12,005,861
2020 – 2024	42,425,000	16,227,813	58,652,813
2025 – 2029	18,780,000	7,193,463	25,973,463
2030 – 2034	14,030,000	3,844,000	17,874,000
2035 – 2039	6,675,000	504,750	7,179,750
Intergovernmental receivables	$ 118,148,921	$ 53,238,597	$ 171,387,518

6) Capital Assets

A summary of changes in capital assets during the fiscal year was as follows:

	Balance at June 30, 2013	Increases	Decreases	Balance at June 30, 2014
Depreciable assets				
Furniture and fixtures	$ 28,665	$ -	$ -	$ 28,665
Computer hardware and software	731,618	-	-	731,618
Leasehold improvement	8,241	-	-	8,241
	768,524	-	-	768,524
Accumulated depreciation				
Furniture and fixtures	(28,665)	-	-	(28,665)
Computer hardware and software	(510,846)	(116,394)	-	(627,240)
Leasehold improvement	(8,241)	-	-	(8,241)
	(547,752)	(116,394)	-	(664,146)
Net total	$ 220,772	$ (116,394)	$ -	$ 104,378

Depreciation expense for the fiscal year was $116,394.

7) Bonds Payable

Bonds have been issued to provide financing for various Authority programs and are collateralized as follows:

- Loan Agreements and securities executed and delivered by governmental units in consideration for the financing of all or a portion of their respective projects by the Authority.
- Amounts held in the Agreement Reserve Accounts.
- Additional pledged loans.
- Revenues received by the Authority from the allocation of the Authority's portion of the Governmental Gross Receipts tax.
- Revenues pledged through legislation as security for the payment of principal and interest on bonds. These revenues include Court Facilities Fees, Cigarette Excise Tax, State Gross Receipts Tax, Workers' Compensation Fees and Income from Land Grant Permanent Fund.

New Mexico Finance Authority
Notes to Financial Statements
June 30, 2014

Bonds payable consist of the following at June 30, 2014:

Bond Series	Rate	Maturities	Original Amount	Outstanding Amount
Public Project Revolving Fund Revenue Bonds - Senior Lien Debt				
2005 A	3.750% to 5.000%	June 1, 2013 to June 1, 2025	$ 19,015,000	$ 6,980,000
2005 B	3.500% to 4.500%	June 1, 2013 to June 1, 2020	13,500,000	4,365,000
2006 B	4.250% to 5.000%	June 1, 2013 to June 1, 2036	38,260,000	26,265,000
2006 D	4.250% to 5.000%	June 1, 2013 to June 1, 2036	56,400,000	46,015,000
2007 E	4.250% to 5.000%	June 1, 2013 to June 1, 2032	61,945,000	40,030,000
2008 A	3.000% to 5.000%	June 1, 2013 to June 1, 2038	158,965,000	129,605,000
2008 B	4.000% to 5.250%	June 1, 2013 to June 1, 2035	36,545,000	25,780,000
2008 C	4.250% to 6.000%	June 1, 2013 to June 1, 2033	29,130,000	21,150,000
2009 A	2.250% to 5.000%	June 1, 2013 to June 1, 2038	18,435,000	14,230,000
2009 C	2.500% to 5.250%	June 1, 2013 to June 1, 2029	55,810,000	45,795,000
2009 D-1	3.000% to 4.500%	June 1, 2013 to June 1, 2030	13,570,000	9,370,000
2009 D-2	2.320% to 6.070%	June 1, 2013 to June 1, 2036	38,845,000	36,290,000
2009 E	3.000% to 4.500%	June 1, 2013 to June 1, 2019	35,155,000	19,945,000
2010 A-1	3.000% to 4.500%	June 1, 2013 to June 1, 2034	13,795,000	7,555,000
2010 A-2	3.777% to 6.406%	June 1, 2016 to June 1, 2039	15,170,000	13,795,000
2010 B-1	2.000% to 5.000%	June 1, 2013 to June 1, 2035	38,610,000	28,450,000
2010 B-2	2.236% to 6.230%	June 1, 2013 to June 1, 2035	17,600,000	17,285,000
2011 A	2.000% to 4.000%	June 1, 2013 to June 1, 2016	15,375,000	6,425,000
2011 B-1	2.000% to 4.000%	June 1, 2013 to June 1, 2036	42,735,000	32,500,000
2011 B-2	2.000% to 4.950%	June 1, 2013 to June 1, 2031	14,545,000	12,225,000
2011 C	3.000% to 5.000%	June 1, 2013 to June 1, 2036	53,400,000	46,025,000
2012 A	1.500% to 5.500%	June 1, 2013 to June 1, 2038	24,340,000	22,445,000
2013 A	2.000% to 5.000%	June 1, 2013 to June 1, 2038	44,285,000	41,245,000
2013 B	2.000% to 5.000%	June 1, 2014 to June 1, 2036	16,360,000	15,455,000
			871,790,000	669,225,000
Public Project Revolving Fund Revenue Bonds - Subordinate Lien Debt				
2005 C	3.625% to 5.000%	June 15, 2013 to June 15, 2025	50,395,000	36,410,000
2005 E	3.875% to 5.000%	June 15, 2013 to June 15, 2025	23,445,000	23,445,000
2005 F	4.000% to 5.000%	June 15, 2013 to June 15, 2025	21,950,000	16,245,000
2006 A	4.000% to 5.000%	June 15, 2013 to June 15, 2035	49,545,000	42,525,000
2006 C	4.000% to 5.000%	June 15, 2013 to June 15, 2026	39,860,000	27,845,000
2007 A	4.000% to 5.000%	June 15, 2013 to June 15, 2027	34,010,000	18,260,000
2007 B	4.250% to 5.000%	June 15, 2013 to June 15, 2034	38,475,000	24,050,000
2007 C	4.250% to 5.250%	June 15, 2013 to June 15, 2027	131,860,000	96,700,000
2013 C-1	2.000% to 4.000%	June 15, 2014 to June 15, 2028	3,745,000	3,325,000
2013 C-2	.950% to 5.000%	June 15, 2014 to June 15, 2029	10,550,000	9,350,000
2014 A-1	2.000% to 5.000%	June 15, 2014 to June 15, 2033	15,135,000	15,135,000
2014 A-2	.250% to 4.491%	June 15, 2014 to June 15, 2034	16,805,000	16,805,000
			435,775,000	330,095,000
		Subtotal - PPRF Bonds	1,307,565,000	999,320,000

Bond Series	Rate	Maturities	Original Amount	Outstanding Amount
Pooled Equipment Certificates of Participants				
1995 A	6.30%	October 1, 2015	4,288,000	36,000
1996 A	5.80%	April 1, 2016	1,458,000	17,000
			5,746,000	53,000
State Capitol Building Improvement Revenue Bonds				
1996	7.0%	Sept. 15, 2012 to Mar. 15, 2015	9,315,000	945,000
Cigarette Tax Revenue Bonds - UNM Health Sciences Center Project				
2004A	4.0% to 5.0%	April 1, 2012 to April 1, 2019	39,035,000	8,850,000
Cigarette Tax Revenue Bonds - Behavioral Health Projects				
2006	5.51%	May 1, 2012 to May 1, 2026	2,500,000	1,500,000
Total bonds outstanding			$ 1,364,161,000	1,010,668,000
Add net unamortized premium				37,473,351
Total bonds payable, net				1,048,141,351
Less current portion of bonds payable				(70,430,000)
Noncurrent portion of bonds payable				$ 977,711,351

Maturities of bonds payable and interest are as follows:

	Principal	Interest	Total
Fiscal year ending June 30,			
2015	$ 70,430,000	$ 47,179,421	$ 117,609,421
2016	69,968,000	44,280,544	114,248,544
2017	70,100,000	41,386,204	111,486,204
2018	71,275,000	38,300,822	109,575,822
2019 – 2023	332,065,000	144,408,165	476,473,165
2024 – 2028	230,385,000	71,951,554	302,336,554
2029 – 2033	113,610,000	29,714,771	143,324,771
2034 – 2038	52,780,000	5,688,316	58,468,316
2039 – 2040	55,000	3,523	58,523
	1,010,668,000	$ 422,913,320	$ 1,433,581,320
Add unamortized premium	37,473,351		
Bonds payable, net	$ 1,048,141,351		

The bonds payable activity for the fiscal year was as follows:

	Balance at June 30, 2013, as restated	Increases	Decreases	Balance at June 30, 2014	Due within One Year
Bonds payable	$ 1,145,326,000	$ 62,595,000	$ (197,253,000)	$ 1,010,668,000	$ 70,430,000
Add unamortized premium	36,378,109	3,666,745	(2,571,503)	37,473,351	-
Total	$ 1,181,704,109	$ 66,261,745	$ (199,824,503)	$ 1,048,141,351	$ 70,430,000

8) Advanced Loan Payments

Advanced loan payments represent the amounts received from loan recipients which have not been applied as a payment against their loan as well as debt service reserve accounts funded from the loan proceeds. The Authority applies loan payments semi-annually, therefore, any payments received prior to being applied to the loan are held in an account which earns interest and the interest is credited to the borrower. These funds are held by the trustee and in accounts at the State Treasurer's office. The balance of advanced loan payments was $72,189,707 at June 30, 2014.

9) Line of Credit

The Authority maintains a credit facility with Wells Fargo for the PPRF which provides for a borrowing limit of up to $100,000,000 for the purpose of obtaining necessary funding, on an interim basis, to make loans to qualified entities prior to the issuance, sale and delivery of certain Public Project Revolving Fund Revenue Bonds and to reimburse the Authority for such loans that have been made. The terms of the credit facility require payment in full of any outstanding balance from the proceeds of the next PPRF bond issuance. Interest is due monthly on the outstanding balance, and accrues at 70% of U.S. dollar monthly LIBOR plus 75 basis points. The LIBOR rate at June 30, 2014, was .154. The Authority pays a 15 basis point fee on the unused portion of the facility. A summary of changes in the line of credit follows:

	Balance, June 30, 2013	Increases	Decreases	Balance, June 30, 2014	Due within One Year
PPRF line of credit	$ -	$ 17,536,712	$ (5,530,414)	$ 12,006,298	$ 12,006,298
Total	$ -	$ 17,536,712	$ (5,530,414)	$ 12,006,298	$ 12,006,298

10) Operating Lease Commitment

The Authority is committed under various lease agreements for office space, a vehicle, and office equipment. These leases are classified as operating leases. Lease expenditures for the year ended June 30, 2014, were $362,044. Future minimum lease payments are $242,797 in 2015.

11) Retirement Plans

The Authority's retirement plan was organized under Section 408(k) of the Internal Revenue Code. The retirement plan is not subject to the general claims of the creditors of the Authority. Each eligible employee participating in the plan must contribute 3% of their compensation. The Authority makes a contribution of 15% of their compensation. Employees can make an additional, voluntary contribution of up to 4% of their compensation. The Authority also makes a 50% matching contribution on voluntary contributions. Employee contributions are 100% vested, and the Authority contributions will vest 100% to the employee over five years. The contributions are invested in various mutual funds selected by the employee. The Authority's contributions for this retirement plan were $479,948 for the year ended June 30, 2014. Substantially all full-time employees participate in this plan.

The Authority maintains a retirement plan in accordance with an "eligible deferred compensation plan" pursuant to Section 457 of the Internal Revenue Code for its Executive Director and its Chief Operating Officer. The contributions are made regardless of the number of hours worked or the employment status on the last day of the plan year. Employer contributions are limited by IRS Code Section 457(e)(15)(A). The employee is fully vested at all times. The executive plan was not in effect for the year ended June 30, 2014.

12) Compensated Absences

The following changes occurred during the fiscal year in the compensated absences liabilities:

Balance at June 30, 2013	$	274,077
Additions		193,745
Deletions		(194,382)
Balance at June 30, 2014	$	273,440
Due within one year	$	273,440

13) Agency Transactions

The Authority was authorized in 2003 to issue bonds as agent for the New Mexico Department of Transportation (NMDOT). Approximately $1.4 billion of such bonds are outstanding at June 30, 2014.

Debt service for the bonds is payable solely from certain revenues of the Department of Transportation. In the opinion of legal counsel, there is no claim that could be asserted against the Authority's assets for payment of debt service on the bonds; therefore, these bonds are not reflected in the Authority's financial statements. The Authority receives a biannual fee from the Department of Transportation equal to its overhead costs for management of the bond issues. The fee is recognized on a cost reimbursement basis.

14) Contingencies

Litigation
In the normal course of operations, the Authority is involved in certain litigation and arbitration proceedings involving former employee complaints and subcontractor claims. Management and legal counsel believe the outcomes will not have a materially adverse impact on the financial position of the Authority.

Loan Prepayment and Bond Call Provisions
Certain loans included in loans receivable contain provisions that allow for prepayment of the loan after one year whereas the related bonds used to fund the loans cannot be called for up to 10 years. In the event of a loan prepayment prior to the tenth year, the Authority's bond indentures require the substitution of a loan with similar cash flow characteristics or the defeasance of the related bond.

If interest rates at the time of prepayment are lower than the rates on the related bonds, as is currently the case, both loan substitution and defeasance will result in the Authority earning less on the substituted loan or the defeasance escrow than it will pay on the related bond, resulting in a negative cash flow. The Authority has other funding sources available to pay the shortfall, including the proceeds of the loan payoff, reserve funds, and operating cash. Management does not believe this condition will have a material adverse impact on the financial statements. The variance in prepayment and call periods was eliminated through a Board resolution in 2008 so that this condition is eliminated by 2018. The loans containing the shortened call provision total approximately $577 million and the related bonds total approximately $539 million at June 30, 2014. During FY 2013, loans totaling $51.6 million exercised this call provision and $63.8 million exercised the option during fiscal year 2014.

The Authority is exposed to various risks of loss related to torts; theft of, damages to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority participates in the State of New Mexico self-insurance program (Risk Management Program). Under this program, the Authority pays an annual premium to the State for the following types of insurance coverage:

- Workers' compensation insurance
- General liability insurance
- Civil rights
- Blanket property insurance
- Boiler and machinery insurance
- Auto physical damage insurance
- Crime insurance

The Authority also carries commercial insurance to cover losses to which it may be exposed related to their leased office space.

During the year, there were no significant reductions in commercial insurance coverage. For the past five years, no insurance settlements exceeded commercial insurance coverage.

15) Related Party Transactions

The Authority has issued bonds or purchased securities for several other state entities to finance the construction of certain capital projects. Representatives of two of these entities (the Secretary of the New Mexico Department of Finance and Administration and the Secretary of the New Mexico Department of Energy, Minerals and Natural Resources) are members of the Authority's board of directors. Additionally, a representative serving on the Board holds a position as Cabinet Secretary of the NM Environmental Department in which the Authority assists the Department in the administration of the State's Drinking Water federal program.

16) Finance New Mexico, LLC

The Authority has invested in and is the managing member of, Finance New Mexico, LLC (FNMLLC) which was formed on June 19, 2006, under the laws of the State of New Mexico. FNMLLC is an approved Community Development Entity (CDE) that holds New Market Tax Credits (NMTC) allocation authority to be used for investment in Qualified Active Low-Income Community Businesses (QALICB) pursuant to Section 45D of the Internal Revenue Code (IRC).

The principal business objective of FNMLLC principal is to provide nontraditional investment capital to underserved markets and enhance the return on such investments by providing its members with Federal tax credits. In general, under Section 45D of the Internal Revenue Code, a qualified investor in a CDE can receive the tax credits to be used to reduce Federal taxes.

In accordance with the operating agreement of NMFLLC, profits, losses and cash flows are allocated 99% to the New Mexico Finance Authority, the managing member and 1% to New Mexico Community Capital, the nonmanaging member.

The Authority's interest in NMFLLC is accounted for using the cost method of accounting. The Authority's interest in NMFLLC is reported at its initial investment plus return on equity totaling $99,110 as of June 30, 2014.

The financial statements of FNMLLC as of June 30, 2014 and the year then ended are presented using the FASB financial reporting framework. Condensed financial information is as follows:

Balance Sheet	
Assets	
Cash	$ 532,300
Due from affiliates	838,737
Investment in limited liability companies	13,569
Total assets	$ 1,384,606
Liabilities	
Accounts payable	$ 30,756
Due to affiliate	493,938
Total liabilities	524,694
Equity	
Members equity	859,726
Noncontrolling interest	186
	859,912
Total equity	$ 1,384,606
Statement of Operations	
Operating Income	
Interest income	$ 597
Sponsor fee income	810,000
Management fee income	612,203
Total operating income	1,422,800
Operating Expense	
Sponsor fee expense	743,681
Management fee expense	377,035
Professional fees	80,835
Gross receipt tax	110,104
Miscellaneous administrative expenses	2,506
Total operating expenses	1,314,161
Net operating income	108,639
Nonoperating Expenses	
Share of income from investment in limited liability companies	64
Net income	108,703
Less net income attributable to noncontrolling interest	(11)
Net income attributable to controlling interest	$ 108,692

Statement of Members Equity

	Controlling Interest	Noncontrolling Interest	Total Equity
Balance, June 30, 2013	$ 751,034	$ 175	$ 751,209
Net income	108,692	11	108,703
Balance, June 30, 2014	$ 859,726	$ 186	$ 859,912

17) Implementation of new accounting standard GASB Statement 65

Effective July 1, 2013, the Authority adopted GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This Statement specifies the items that were previously reported as assets and liabilities should now be reported as deferred outflows of resources, deferred inflows of resources, outflows of resources, or inflows of resources. Accordingly, beginning Net Position was reduced by $10,165,480, for restatement of bond issue costs to fully recognize a period expense (see restatement below). In addition, certain balances are now reported as Deferred Inflows of Resources according to the newly adopted terminology.

	Enterprise Fund
Statement of Revenues, Expenses and Changes in Net Position	
Net position, as previously reported	$ 435,475,358
Effect of GASB 65 adoption	(10,165,480)
Net position, July 1, 2013, as restated	$ 425,309,878

APPENDIX B

EXTRACTS OF CERTAIN PROVISIONS OF THE INDENTURE

The following statements are extracts, supplementing the information in the body of the Official Statement, of certain defined terms in and provisions of the Indenture. These extracts do not purport to be complete. Please refer to the Indenture itself for a full and complete statement of such provisions. During the offering period of the Series 2015C Bonds, copies of the Indenture will be available at the principal office of the Municipal Advisor. Subsequent to the offering of the Series 2015C Bonds, copies of the Indenture may be obtained from the Trustee. See "ADDITIONAL INFORMATION."

CERTAIN DEFINITIONS

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

"Act" means the New Mexico Finance Authority Act, being Sections 6-21-1 through 6-21-31, inclusive, NMSA 1978, as amended and as the same may hereafter be amended and supplemented.

"Additional Bonds" means any Bonds of the NMFA, authorized and issued under the Indenture, in compliance with the Indenture, except for the Series l995A-B Bonds.

"Additional Pledged Loans" means any additional loans or securities which (i) were made or purchased by the NMFA from amounts on deposit in the Public Project Revolving Fund and (ii) the payments of principal and interest on which have been specifically pledged by the NMFA to the payment of the Bonds and other amounts due under the Indenture. No such loans or securities will be deemed to be Additional Pledged Loans unless the Trustee has received written notice from the NMFA that a specific loan or security will be included under the Indenture.

"Aggregate Annual Debt Service" means, for any given Bond Fund Year, the sum of the principal and interest payable on all Bonds Outstanding or to be Outstanding or any portion thereof.

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

"Agreement Pledged Revenues" means the pledged revenues designated by a Governmental Unit for payments to be made pursuant to the respective Loan Agreement, Security Documents or Securities.

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

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

"Annual Common Debt Service Reserve Deposit Amount" means the lesser of (a) the positive difference, if any, between the Required Common Debt Service Reserve Funding Level and the amount then on deposit in the Common Debt Service Reserve (and if there is no positive difference, then the amount under this clause (a) shall be deemed to be zero), and (b) twenty-five percent (25%) of the remaining NMFA Portion of the Governmental Gross Receipts Tax for a given Bond Fund Year that was distributed to the NMFA by the trustee under the Subordinated Indenture on June 16, being the day after the end of the applicable bond fund year under the Subordinated Indenture, through the process described in the Indenture.

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

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

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

"Authorized Denominations" means, with respect to the Series 2015C Bonds, $5,000 or any integral multiple thereof and means, with respect to the Loans that are subject to the Eighty-Eighth Supplemental Indenture, $1 or any integral multiple thereof.

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

"Beneficial Owner" means, while DTC or its nominee is the registered owner of the Series 2015C Bonds, any person entitled to receive payment of principal of, premium, if any, and interest on Series 2015C Bonds and otherwise exercise ownership rights with respect to Series 2015C Bonds.

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

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

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

"Bond Fund Year" shall, with respect to each Series of Bonds, have the meaning set forth in the related Supplemental Indenture.

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

"Bonds" means all Bonds issued and secured under the Indenture.

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

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

(A) the amount of NMFA Portion of the Governmental Gross Receipts Tax to be received in each such Bond Fund Year and to be available to make debt service payments on the Bonds;

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

(C) the Aggregate Annual Debt Service for each such Bond Fund Year on all Bonds reasonably expected to be Outstanding;

and (b) showing that in each such Bond Fund Year, the aggregate of the amount set forth in clause (A) of the definition divided by 1.35, plus the aggregate amount set forth in clause (B) of the definition, exceeds one hundred percent (100%) of the aggregate of the amounts set forth in clause (C) of the definition.

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

(i) NMFA Portion of the Governmental Gross Receipts Tax in any future Bond Fund Year will be assumed to be the greatest amount received by the NMFA in any consecutive 12-month period in the 24 months next preceding the delivery of the Cash Flow Statement;

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

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

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

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

"Category III Loans and Additional Pledged Loans" means Loan Agreements, Securities and Additional Pledged Loans the underlying obligations of which, at the time in question, are not designated or rated or are designated or rated below the fourth highest full rating category by the Rating Agencies, but excluding Category IV Loans and Additional Pledged Loans.

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

"Cede" means Cede & Co. and any substitute nominee of DTC who becomes the Registered Owner of any Series 2015C Bonds.

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

"Common Debt Service Reserve Fund" means the fund by that name which is created and established by the Indenture.

"Continuing Disclosure Agreement" means that certain Continuing Disclosure Agreement between the NMFA and the Trustee dated the date of issuance and delivery of the Series 2015C Bonds, as originally executed as it may be amended from time to time in accordance with the terms thereof.

"Covenant Default" has the meaning, if any, given in any Loan Agreement, Securities or Additional Pledged Loan.

"DTC" means The Depository Trust Company, New York, New York, a limited purpose trust company organized under the laws of the State of New York.

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

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

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

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

"Grant Agreements" means a grant or other similar financing agreement and any amendment thereto, which is entered into by and between the NMFA and a Governmental Unit and which provides for the financing of a Project with proceeds of Bonds and does not require payments by the Governmental Unit to be made thereunder.

"Grants" means collectively, the Grants made pursuant to the Grant Agreements.

"Indenture" means the General Indenture of Trust and Pledge and all Supplemental Indentures thereto as the same may be amended and supplemented.

"Interest Component" means the portion of each Loan Payment representing interest on the related Loan.

"Interest Payment Date" means, with respect to the Series 2015C Bonds, each June 1 and December 1, commencing December 1, 2015.

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

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

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

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

"Maximum Debt Service Year" means the Bond Fund Year in which the aggregate annual Principal Component and Interest Component due in relation to all Loans is at its greatest, less any reserves, sinking fund redemption deposits or other funds deposited with the Trustee to the extent such reserves, sinking fund redemption deposits or funds may be used as a matter of right for such payments (as opposed to other reserves that are available for the payment of debt service solely in the event of non-performance of a party), for the payment of the Principal Component and Interest Component due, provided, however, amounts within the Agreement Reserve Fund shall in no event be accounted for in any calculation of the Maximum Debt Service Year.

"NMFA" means the New Mexico Finance Authority.

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

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

"Original Issue Date" means, with respect to the Series 2015C Bonds, the date of delivery thereof.

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

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

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

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

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

"Participants" means underwriters, securities brokers and dealers, banks and trust companies, clearing corporations and other persons from time to time for which DTC or any successor Securities Depository holds Series 2015C Bonds as Securities Depository.

"Paying Agent," when used with respect to the Series 2015C Bonds, means the person or persons authorized by the NMFA to pay the principal of, premium, if any, and interest on, the Series 2015C Bond on behalf of the NMFA, and initially is the Trustee.

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

(a) Governmental Obligations;

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

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

(ii) Federal Housing Administration (FHA) Debentures;

(iii) General Services Administration Participation certificates;

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

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

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

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

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

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

(iii) Federal National Mortgage Association (FNMA or "Fannie Mae") Mortgage-backed securities and senior debt obligations (excluded are stripped mortgage securities which are valued greater than par on the portion of unpaid principal);

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

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

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

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

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

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

(g) Commercial paper rated "Prime-1" by Moody's and "A-1+" or better by S&P;

(h) Bonds or notes issued by any state or municipality which are rated by Moody's and S&P in one of the two highest long-term rating categories assigned by such agencies;

(i) Federal funds or bankers acceptances with a maximum term of one year of any bank which has an unsecured, uninsured and unguaranteed obligation rating of "Prime-1" or "A-3" or better by Moody's and "A-1+" by S&P;

(j) Repurchase agreements providing for the transfer of securities from a dealer bank or securities firm (seller/borrower) to a municipal entity (buyer/lender), and the transfer of cash from a municipal entity to the dealer bank or securities firm with an agreement that the dealer bank or securities firm will repay the cash plus a yield to the municipal entity in exchange for the securities at a specified date; provided, however, that the repurchase agreement must satisfy certain criteria articulated in writing to the NMFA by the Rating Agencies;

(k) Investment contracts with providers the long term, unsecured debt organization of which are rated at least "Aaa" by the Rating Agencies; and

(l) deposits with the Treasurer of the State for investment in obligations described above.

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

"Principal Component" means the portion of each Loan Payment representing principal on the related Loan.

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

"Program Costs" means the fees and expenses payable to the Trustee, any Paying Agent and the NMFA.

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

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

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

"Rating Agencies" means Moody's Investors Service, Standard & Poor's Ratings Group and Fitch Ratings or their successors and assigns and any other nationally recognized rating service designated by the NMFA and then maintaining a rating on the Bonds.

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

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

"Rebate Requirement" means the amount of arbitrage profits earned from the investment of gross proceeds of the Bonds in nonpurpose investments described in Section 148(f)(2) of the Code and defined as "Rebate Amount"

in Section 1.148-3 of the Treasury Regulations, which are payable to the United States at the times and in the amounts specified in Section 148(f)(3) of the Code and Section 1.148-3 of the Treasury Regulations.

"Register" means the record of ownership of the Series 2015C Bonds maintained by the Registrar.

"Registered Owner" or "Bondowner" or "Owner" or "Bondholder" or "holder" means the person or persons in whose name or names a Bond will be registered on the books of the Trustee kept for that purpose in accordance with provisions of the Indenture.

"Regular Record Date" means the fifteenth (15th) day immediately preceding each Interest Payment Date (or the Business Day immediately preceding such fifteenth (15th) day, if such fifteenth (15th) day is not a Business Day).

"Representation Letter" means the blanket representations letter from the NMFA to DTC.

"Required Common Debt Service Reserve Funding Level" means an amount (unless amended pursuant to the provisions of this definition of Required Common Debt Service Reserve Funding Level), rounded up to the nearest thousand dollars, equal to the sum of:

(i) 0% of maximum annual Principal Component and Interest Component payable in the Maximum Debt Service Year of Loans secured by revenue pledges classified by the NMFA as fire protection fund, law enforcement protection fund, governmental gross receipts tax, or state gross receipts tax (collectively, "Risk Group One");

(ii) 20% of maximum annual Principal Component and Interest Component payable in the Maximum Debt Service Year of Loans outstanding secured by revenue pledges classified by the NMFA as general obligation, limited mill levy (limited general obligation), or gross receipts tax (other than governmental gross receipts tax, or state gross receipts tax) (collectively, "Risk Group Two");

(iii) 35% of maximum annual Principal Component and Interest Component payable in the Maximum Debt Service Year of Loans outstanding secured by revenue pledges classified by the NMFA as enterprise system revenues, special assessments or a local special tax such as a lodgers' tax, cigarette tax, gasoline tax, special fuel excise tax, pari-mutuel tax, or court facilities fees (collectively, "Risk Group Three," and together with Risk Group One and Risk Group Two, "Risk Groups").

Pursuant to the following provisions, the NMFA may revise the method of calculating the Required Common Debt Service Reserve Funding Level. The NMFA may, from time to time pursuant to an indenture supplemental to the Indenture and without obtaining the consent of the Owners, add or revise revenue pledge categories in addition to those included above. New revenue pledge categories either may be included in one of the three Risk Groups identified above or included in a new Risk Group established using a different Risk Group calculation percentage (a "Factor"). The NMFA may, from time to time pursuant to an indenture supplemental to the Indenture and without obtaining the consent of the Owners, adjust the funding percentages of the Risk Group Factors, adjust the Risk Group in which a revenue pledge is categorized and add or revise revenue pledge categories within Risk Groups as to any future Bond issuances. As to any Bonds outstanding at the time a supplemental indenture as described above is entered into, the Risk Groups and Risk Group Factors as they existed prior to the supplemental indenture shall continue to be applied to such Bonds. In the event of any adjustment pursuant to a supplemental indenture whereby the Required Common Debt Service Reserve Level is decreased over time below the amount that is currently on deposit in the Common Debt Service Reserve Fund, then as provided in the Indenture, the excess amount shall remain on deposit in the Common Debt Service Reserve Fund unless used for shortfalls in any Governmental Unit's Account of the Debt Service Fund, or to redeem or defease Bonds. The NMFA's and the Trustee's ability to enter into supplemental indentures for the foregoing purposes without the consent of the Owners is an integral term and condition of subjecting the Common Debt Service Reserve Fund to the Indenture, and the Trustee is authorized to execute any such supplemental indentures, and the provisions of Article XIII of the Indenture shall not apply to such supplemental indentures as long as such supplemental indentures comply with the terms of this definition of "Required Common Debt Service Reserve Funding Level." In conjunction with executing such supplemental

indentures, the Trustee shall not be required to make any determination as to whether such a supplemental indenture is materially adverse to the interests of the Owners or any other party; whether such a supplemental indenture otherwise is permitted pursuant to Article XIII of the Indenture; or any other determination.

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

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

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

"Securities Depository" means the person who operates the computerized book entry system through which ownership interest in the Series 2015C Bonds may be recorded. Such entity shall at all times be a registered clearing agency under the Securities Exchange Act of 1934, as amended, or other applicable statute or regulation, and in good standing thereunder.

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

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

"Series 2015C Bonds" means the New Mexico Finance Authority Senior Lien Public Project Revolving Fund Revenue Bonds, Series 2015C.

"Special Record Date" means a special record date established pursuant to the Indenture. "State" means the State of New Mexico.

"Subordinated Indenture" means that certain Subordinated General Indenture of Trust and Pledge between the NMFA and BOKF, N.A., Albuquerque, New Mexico, dated as of March 1, 2005, and all supplemental indentures supplementing or amending such Subordinated Indenture.

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

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

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

THE INDENTURE

Registration and Exchange of Bonds

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

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

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

Nonpresentment of Bonds

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

Covenants of the NMFA

The NMFA will faithfully perform and abide by all of the covenants, undertakings and provisions contained in the Indenture or Supplemental Indenture or in any Bond, including the following covenants and agreements:

Covenant Against Creating or Permitting Liens. Except for the pledge of the Trust Estate to secure payment of the Bonds, the Trust Estate is and will be free and clear of any pledge, lien, charge or encumbrance thereon or with respect thereto; provided, however, that (i) nothing contained in the Indenture will prevent the NMFA from issuing, if and to the extent permitted by law, indebtedness having a lien on the Trust Estate subordinated to that of the Bonds and (ii) Revenues constituting NMFA Portion of the Governmental Gross Receipts Tax and payments of Additional Pledged Loans not needed for payments under the Indenture in any Bond Year may be released to the NMFA free and clear of the lien as provided in the Indenture.

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

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

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

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

Bonds to be Tax-Exempt Obligations. The NMFA covenants and agrees to and for the benefit of the Owners of Bonds that the NMFA (i) will not take any action that would cause interest on the Bonds to become subject to federal income taxation, (ii) will not omit to take or cause to be taken, in timely manner, any action, which omission would cause the interest on the Tax-exempt Bonds to become subject to federal income taxation, and (iii) will, to the extent possible, comply with any other requirements of federal tax law applicable to the Bonds in order to preserve the exemption from federal income taxation of interest on the Bonds. The provisions of this paragraph do not apply to Bonds designated in the related Supplemental Indenture as bearing or accruing interest intended to be subject to Federal income taxation.

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

Deposit and Advance of Funds

The NMFA and the Trustee will deposit the proceeds of the Bonds to the Accounts created under the Indenture and will make the advances of funds thereunder to fund the Program and the NMFA will enter into the Loan Agreements and Grant Agreements with the Governmental Units and purchase and receive the Securities and Security Documents from the Governmental Units on the terms and conditions and upon submission of the documents as provided in the Indenture.

Loan Agreement and Securities - Loan Payments

The Loan Payments will be governed by the following provisions:

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

(b) Loan Agreement and Securities Term. The "Term" of a Loan Agreement or Securities will be defined in the Loan Agreement or Securities. The Term will not exceed the useful life of the Project financed pursuant to the related Loan Agreement or Securities.

(c) Agreement Payment. Each Loan Agreement and Security will provide that the related Governmental Unit will pay Loan Payments directly to the NMFA on or before Loan Payment Dates for remittance to the Trustee (less a portion of the interest rate, if any, retained by the NMFA in lieu of an upfront payment as an administrative fee for the payment of Program Costs. The administrative fee is calculated as .015% of the loan amount, capped at $75,000, or the NPV equivalent of .015% if the administrative fee is included in the interest rate) prior to each Interest Payment Date. In the case of Securities, the Securities will be registered in the name of the Trustee or properly assigned to the Trustee on the books of any registrar for such Securities or, if in bearer form delivered to and held by the Trustee.

(d) Prepayments. The Loan Agreements and Securities may contain a provision permitting the Governmental Unit to prepay the Principal Component of the Loan Payments, in accordance with the provisions of the Loan Agreement and Securities by payment of Prepayments in whole on any date or in

part on any Interest Payment Date, at any time when the related Series of Bonds are or are about to become subject to optional redemption upon not less than forty-five (45) days' prior written notice to the Trustee and subject to any other conditions set forth in the related Supplemental Indenture, Loan Agreement or Securities. Partial prepayments of the Principal Component of Loan Payments will be made in multiples of the minimum Authorized Denomination. Each Prepayment will include interest to the date upon which the Trustee has scheduled a related redemption of Bonds as provided in the related Supplemental Indenture.

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

Establishment of Funds and Accounts

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

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

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

(c) a Bond Fund;

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

(e) an Expense Fund;

(f) a Rebate Fund and within such fund a separate Account for each Agreement;

(g) a Governmental Gross Receipts Tax, Additional Pledged Loan Revenue and Tax Subsidy Revenue Fund (the "Revenue Fund") established as an account of the Public Project Revolving Fund; and

(h) a Common Debt Service Reserve Fund.

In addition to the foregoing, with respect to Additional Pledged Loans the Trustee will, if directed in a Supplemental Indenture, establish subaccounts within the Program Fund, the Agreement Reserve Fund or the Debt Service Fund for such Additional Pledged Loans.

Flow of Funds

All Funds will be accounted for and maintained by the NMFA in the Funds and Accounts established in the Indenture. Each Fund and Account will be kept separate and apart from all other Funds and Accounts of the NMFA, except that Accounts may be consolidated within one or more special trust accounts within funds. Any amount deposited pursuant to a consolidation shall remain traceable and sufficiently distinguishable in relation to each Agreement and Governmental Unit to permit any applicable arbitrage, yield restriction or similar calculations to be made. The Funds will be expended and used by the Trustee and the NMFA only in the manner of order and priority specified below:

Program Fund. Upon the issuance of a Series of Bonds the Trustee will deposit an amount specified in the related Supplemental Indenture in the Program Fund and will allocate such amount to the respective Accounts within the Program Fund as provided in each Agreement. Disbursements from each Account within the Program Fund may be made in stages or in a single disbursement for the purpose of funding a Governmental Unit's capital projects account to the extent permitted by the Indenture, and upon acknowledgment of the Governmental Units of its obligation to comply with the provisions of the Indenture. Disbursements from each Account within the Program

Fund with respect to an Agreement with a Governmental Unit will (except for amounts to be used for capitalized interest on the Loan and as may be directed in a Supplemental Indenture with respect to Grants) only be made upon the delivery to the Trustee of a requisition substantially in the form attached to each Agreement signed by an Authorized Officer of the Governmental Unit.

Application of Loan Payments. The flow of funds is discussed in the forepart of this Official Statement under the heading "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Flow of Funds." The following paragraphs supplement that discussion.

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

In the event that the Trustee receives Prepayments under a Loan Agreement or Securities, the Trustee will apply such Prepayments to the mandatory redemption of the Bonds or portions thereof in accordance with the related Supplemental Indenture, except with respect to the Series 2004B and each series of Bonds issued thereafter, which are subject to the provisions of the Indenture discussed in the forepart of this Official Statement under the caption "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Application of Loan Prepayments."

At least once a year the Trustee will determine the amount necessary (i) to be transferred to the Bond Fund from each Debt Service Account on Interest Payment Dates for the Bonds from payments relating to a Governmental Unit's Agreement, (ii) to replenish the Governmental Unit's Account in the Agreement Reserve Fund, and (iii) to pay the Governmental Unit's share of Program Costs for the year, and will return any excess which the Trustee does not expect to be required for such payments to the related Governmental Unit or will credit such excess to the Loan Payments next coming due under the Governmental Unit's Agreement; provided, however, that (a) any excess attributable to earnings on funds and accounts for the Governmental Unit will be returned to the Governmental Unit or will be credited to the Loan Payments next coming due under the Governmental Unit's related Loan Agreement, Grant Agreement or Securities; and (b) any excess attributable to the difference in interest rates on the Governmental Unit's Loan and the relevant Outstanding Series of Bonds will be deposited into the Revenue Fund.

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

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

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

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

All moneys held by the Trustee in the Bond Fund will be applied in accordance with the Indenture to pay the principal or redemption price of Bonds as they mature or become due, upon surrender thereof, and the interest on Bonds as it becomes payable. There will be deposited into the Bond Fund all accrued interest received, if any, at the time of the execution, sale and delivery of the Bonds.

Amounts remaining on deposit in the Bond Fund at the end of each Bond Fund Year and after payment of all amounts due on the Bonds for such Bond Fund Year will be transferred to the Revenue Fund.

Common Debt Service Reserve Fund

Pursuant to a Supplemental Indenture, the NMFA has established the Common Debt Service Reserve Fund, which is currently funded in the amount of $30,259,922 (as of June 1, 2015). The NMFA will determine, as of the end of each Bond Fund Year, the Required Common Debt Service Reserve Funding Level. The NMFA will deposit the Annual Common Debt Service Reserve Deposit Amount with the Trustee in the Common Debt Service Reserve Fund within three (3) business days of receipt by the NMFA of the disbursement of the NMFA Portion of the Governmental Gross Receipts Tax distributed to the NMFA by the trustee under the Subordinated Indenture on June 16, being the day after the end of the applicable bond fund year under the Subordinated Indenture. The disbursement of the NMFA Portion of the Governmental Gross Receipts Tax becomes available to the NMFA pursuant to the following process: (i) at the end of each Bond Fund Year, amounts remaining in the Revenue Fund are disbursed to the NMFA pursuant to the Indenture, (ii) pursuant to the Subordinated Indenture, the NMFA is obligated to transfer such amounts to the trustee under the Subordinated Indenture on June 1 of each year, (iii) the trustee under the Subordinated Indenture applies such amounts as required under the Subordinated Indenture, and (iv) the trustee under the Subordinated Indenture transfers the remaining balance of the revenue fund under the Subordinated Indenture to the NMFA on June 16 of each year.

If amounts on deposit in the Common Debt Service Reserve Fund are greater than the Required Common Debt Service Reserve Funding Level for a given Bond Fund Year, then no additional deposit will be made to the Common Debt Service Reserve Fund for such Bond Fund Year. Any such excess amount may be used during the subsequent Bond Fund Year, at the discretion of the NMFA, for the redemption of Bonds prior to maturity by depositing the amount into the Bond Fund or the defeasance of any Bonds. If the NMFA has deposited the entirety of the available Annual Common Debt Service Reserve Deposit Amount as of a Bond Fund Year end, but the amount in Common Debt Service Reserve Fund is less than the Required Common Debt Service Reserve Funding Level, then the NMFA will not be required to fund from any other source any such difference in excess of the Annual Common Debt Service Reserve Deposit Amount; provided, however, if a funding difference remains (based on the annual recalculation of the Required Common Debt Service Reserve Funding Level), then the next year's available Annual Common Debt Service Reserve Deposit Amount will be applied to that difference.

If the amounts on deposit in any Governmental Unit's Account of the Debt Service Fund are insufficient for payments coming due under the related Loan Agreement or Securities on the next Loan Payment Date, after applying any applicable Agreement Reserve Account or other source for the payment of Debt Service, on the third day preceding a Loan Payment Date (or, if such third day is not a Business Day, on the Business Day next preceding such third day), the Trustee will transfer from the Common Debt Service Reserve Fund, an amount sufficient, together with amounts in the related Debt Service Account, to pay the Principal Component and the Interest Component due under such Loan Agreement or Securities on such Loan Payment Date. Amounts on deposit in the Common Debt Service Reserve Fund may not be applied toward payment of the Bonds, except to the extent that amounts are due and owing under the Bonds and amounts are not otherwise available for such payments in the Debt Service Fund.

If all of the following are true: (i) amounts in the Common Debt Service Reserve Fund have been disbursed to pay Principal Component or and Interest Component due under a Loan Agreement or in relation to Securities, (ii) at a Bond Fund Year end following such disbursement, a portion of the Annual Common Debt Service Reserve Deposit Amount that was funded into the Common Debt Service Reserve Fund was attributable to disbursements that should have been restored by a Governmental Unit prior to such Bond Fund Year end (a "CDSR Restorative Funding"), (iii) the relevant Governmental Unit later came into compliance as to certain delinquent payments that had been covered by Common Debt Service Reserve Fund disbursements (a "CDSR Compliance Restoration"), and (iv) the amount in the Common Debt Service Reserve Fund exceeds the Required Common Debt Service Reserve Funding Level; then no more frequently than every three months, the Trustee, upon the written request of the NMFA (which written request will also certify that the foregoing conditions have been satisfied) will disburse to the NMFA the amount by which aggregate CDSR Compliance Restoration amounts exceed the aggregate CDSR Restorative Funding amounts.

If no Bonds remain outstanding (or all Bonds have been defeased), then upon the request of the NMFA, any amount remaining in the Common Debt Service Reserve Fund will be disbursed by the Trustee to the NMFA, and the disbursed amounts may be used by the NMFA for any purpose described in the Indenture.

Investment of Moneys

Any moneys held as part of a Governmental Unit's Account in any of the Funds established under the Indenture will be invested and reinvested by the Trustee at the direction of the related Governmental Unit in Permitted Investments in accordance with the following provisions.

Any such investments will be held by or under the control of the Trustee. The Trustee will sell and reduce to cash a sufficient amount of such investments whenever the cash balance in the related Debt Service Account is insufficient to pay the principal of and premium, if any, and interest on the related Loan Agreement or Securities when due. In the absence of an appropriate direction from a Governmental Unit as to investment of funds, the Trustee will invest and reinvest such amounts in a daily money market fund which invests only in United States Government Obligations.

Any moneys held (i) as part of a Governmental Unit's Account in any of the Funds established under the Indenture or (ii) by the NMFA as agent for the Trustee will be invested and reinvested by the NMFA or the Trustee, as the case may be, at the direction of the related Governmental Unit in Permitted Investments as directed by the Loan Agent or the Securities and in accordance with the following provisions.

The Trustee or the NMFA will sell and reduce to cash a sufficient amount of such investments whenever the cash balance in the related Debt Service Account is insufficient to pay the principal of and premium, if any, and interest on the related Loan Agreement or Securities when due.

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

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

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

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

(i) all interest, income, and profits received in respect of the investment of the amounts on deposit in a Governmental Unit's Account in any of the Funds established under the Indenture will (after deduction of any losses) be retained in the applicable Governmental Unit's Account from which the investment was derived (except as otherwise required with respect to the Agreement Reserve Fund and deposits to be made to the Rebate Fund); and

(ii) all interest, income, and profits received in respect of the investment of the amounts on deposit in the Revenue Fund, the Rebate Fund, the Bond Fund or the Common Debt Service Reserve Fund will (after deduction of any losses) be retained in such Fund; and

(iii) whenever any other transfer or payment is required to be made from any particular Fund or Account, such transfer or payment will be made from such combination of

maturing principal, redemption, or repurchase prices, liquidation proceeds, and withdrawals of principal as the Trustee deems appropriate for such purpose, after taking into account such factors as future transfers or payments from the Fund or Account in question, the reinvestment opportunities for maturing principal, the current yield on any permitted investments to be redeemed, withdrawn, or sold, and any penalties, gains, or losses to be realized upon any such redemption, withdrawal, or sale.

The Trustee will not be accountable for any depreciation in the value of the Permitted Investments or any losses incurred upon any authorized disposition thereof.

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

Defeasance

When there has been paid, or provisions for payment have been made to or for the holders and Owners of the Bonds, the principal of and premium, if any, and interest due or to become due on the Bonds at the times and in the manner stipulated therein, and if there has been paid to the Trustee and any paying agents all sums of money due or to become due according to the provisions of the Indenture, then the estate and rights granted by the Indenture will cease, determine and be void, whereupon the Trustee will cancel and discharge the lien of the Indenture and on demand of the NMFA will execute such documents to evidence such release as will be reasonably required by the NMFA and will turn over to the NMFA all balances held by the Trustee under the Indenture (other than amounts required for return to the Governmental Units as provided in the Indenture).

Any Bond will be deemed to be paid within the meaning of and for all purposes of the Indenture when (a) payment of the principal of and the applicable premium, if any, on such Bond, whether at maturity or prior redemption plus interest thereon to the due date thereof, either (i) has been made or caused to be made in accordance with the terms thereof, or (ii) has been provided by irrevocably depositing with the Trustee or other escrow agent, in trust, and the Trustee or other escrow agent has irrevocably set aside exclusively for such payment, (1) moneys sufficient to make such payment, and/or (2) noncallable Governmental Obligations maturing as to principal and interest in such amount and at such times as will insure the availability of sufficient moneys to make such payment, and (3) all necessary and proper fees, compensation and expenses of the Trustee and any paying agents pertaining to the Bonds with respect to which such deposit is made have been paid or the payment thereof provided for to the satisfaction of the Trustee. At such time as a Bond is deemed to be paid under the Indenture, as aforesaid, it will no longer be secured by or entitled to the benefits of the Indenture, except for the purposes of any such payment from such moneys or noncallable Governmental Obligations.

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

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

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

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

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

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

Default Provisions and Remedies of the Trustee and Owners

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

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

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

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

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

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

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

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

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

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

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

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

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

(c) intervene in judicial proceedings that affect the Bonds, the Agreements, or the security therefor; or

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

(e) cause the NMFA or any related Governmental Unit to account as if it were the Trustee of an express trust for all of the Revenues or Agreement Pledged Revenues, pledged under the Indenture or pursuant to the Agreements and any Security Documents.

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

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

Remedies Not Exclusive. No remedy conferred upon or reserved to the Trustee or the Owners under the Indenture is intended to be exclusive of any other remedy, and each such remedy is cumulative and is in addition to

every other remedy given under the Indenture or now or hereafter existing in law or in equity or by statute or otherwise and may be extended without exhausting and without regard to any other remedy conferred by any law.

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

Limitation of Owners' Right to Bring Suit. No Owner of any Bond has any right to institute any proceeding, judicial or otherwise, under or with respect to the Indenture, for the appointment of a receiver or Trustee or for any other remedy, at law or in equity, unless:

(a) such Owner has previously given written notice to the Trustee of a continuing Event of Default;

(b) the Owners of not less than a majority of the aggregate principal amount of the Bonds Outstanding have made written request to the Trustee to institute proceedings in respect of such Event of Default in its own name as Trustee under the Indenture;

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

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

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

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

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

(a) Unless the principal of all Bonds shall have become due and payable, all such moneys will be applied, as follows:

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

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

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

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

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

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

SUPPLEMENTAL INDENTURES

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

(a) To provide for the issuance of Additional Bonds in accordance with the provisions of the Indenture;

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

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

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

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

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

(g) To make any amendments with the prior written confirmation from of the Rating Agency that such amendments will not result in the rating on the Bonds following such amendment being lower than the rating on the Bonds immediately prior to such amendment; and

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

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

If at any time the NMFA requests the Trustee to enter into any such supplemental indenture for any of the purposes of this section, the Trustee will, upon being satisfactorily indemnified with respect to expenses, cause notice of the proposed execution of such supplemental indenture to be given by registered or certified mail to the owner of each Bond shown by the list of Owners kept at the office of the Trustee. Such notices will briefly set forth the nature of the proposed supplemental indenture and will state that copies thereof are on file at the principal office of the Trustee for inspection by all Owners. If, within one hundred twenty (120) days or such longer period as the

holders of not less than a majority in aggregate principal amount of the Bonds outstanding at the time of the execution of any such supplemental indenture have consented to and approved the execution thereof as provided in the Indenture, no Owner of any Bond will have any right to object to any of the terms and provisions contained therein, or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Trustee or the Governmental Units from executing the same or from taking any action pursuant to the provisions thereof. Upon the execution of any such supplemental indenture as permitted and provided, the Indenture will be and be deemed to be modified and amended in accordance therewith.

Amendment of Agreements and Security Documents.

(a) The NMFA will have the right to amend an Agreement and any existing Security Documents with the Consent of the Trustee and the related Governmental Unit without Bond Owners' consent, for one or more of the following purposes:

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

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

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

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

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

Fees, Charges and Expenses of the Trustee

Upon an Event of Default, but only upon an Event of Default, the Trustee will have a right of payment prior to payment on account of interest or principal of, or premium, if any, on any Bond for the Trustee's advances, fees, costs and expenses incurred.

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APPENDIX C

CERTAIN ECONOMIC AND DEMOGRAPHIC INFORMATION RELATING TO THE STATE

The following economic and demographic descriptions are furnished for information only. The Series 2015C Bonds do not constitute a general obligation of the State and are special limited obligations of Finance Authority payable solely from the Trust Estate. THE FINANCE AUTHORITY HAS NO TAXING POWERS. The principal of and interest and premium, if any, on the Series 2015C Bonds do not constitute or give rise to a personal liability on the part of the directors and officers of the Finance Authority. No breach of any pledge, obligation or agreement of the Finance Authority will impose a pecuniary liability or a charge upon the general credit of the State, the Finance Authority or any political subdivision of the State, or upon the taxing power of the State or any political subdivision of the State.

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

Generally

The State, admitted as the forty-seventh state on January 6, 1912, is the fifth largest state, containing approximately 121,593 square miles. The estimated 2014 population of the State was 2,085,572. The State has a semiarid subtropical climate with light precipitation. Its climate is characterized by sunshine and bright skies in both winter and summer. Every part of the State receives no less than 70 percent sunshine year-round. Humidity ranges from 60 percent (mornings) to 30 percent (afternoons). Thunderstorms in July and August bring most of the moisture. December to March snowfalls vary from 2 inches (lower Rio Grande Valley) to 300 inches (north central mountains).

Governmental Organization

The Executive Branch of State government consists of a Governor, Lieutenant Governor, Secretary of State, State Auditor, State Treasurer, Attorney General, and Commissioner of Public Lands. These officials are elected to four-year terms beginning January 1 after their election. An elected Executive Branch officer may succeed himself or herself in office once. The primary functions of the Executive Branch are currently carried out by the offices of each elected Executive Branch officeholder, in addition to approximately 22 cabinet departments, each headed by a cabinet secretary appointed by the Governor and approved by the Legislature, and approximately 9 cabinet-level agencies. Elections for all executive branch statewide offices were held on November 4, 2014.

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

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

The Legislature consists of 112 members and is divided into a Senate and a House of Representatives. Senators are elected for four-year terms and members of the House are elected for two-year terms. The Legislature

convenes in regular session annually on the third Tuesday in January. Regular sessions are constitutionally limited in length to 60 calendar days in odd-numbered years and 30 calendar days in even-numbered years. Special sessions of the Legislature may be convened by the Governor. Extraordinary sessions may be convened by the Legislature under certain limited circumstances. Legislators do not receive any salary, but do receive per diem and mileage allowances while in session or performing official State business.

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

Economic and Demographic Characteristics

New Mexico is the 36th largest state by population and the fifth largest in land area. The population of the State as of July 1, 2014 was 2,085,572.

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

POPULATION
NEW MEXICO AND THE UNITED STATES
2003-2014

	Population		Annual Percentage Change	
Year	New Mexico	United States	New Mexico	United States
2003	1,868,121	290,242,027	1.0%	0.9%
2004	1,890,215	292,936,109	1.2	0.9
2005	1,914,699	295,618,454	1.3	0.9
2006	1,940,631	298,431,771	1.4	1.0
2007	1,966,357	301,393,632	1.3	1.0
2008	1,984,179	304,177,401	0.9	0.9
2009	2,007,315	306,656,290	1.2	0.8
2010 (Census)	2,059,179	308,745,538	2.6	0.7
2011 (est.)	2,078,407	311,721,632	0.9	1.0
2012 (est.)	2,084,594	314,112,078	0.3	0.8
2013 (est.)	2,086,895	316,497,531	0.1	0.8
2014 (est.)	2,085,572	318,857,056	(0.1)	0.7

(Source: U.S. Census Bureau, Population Division. Last revised March 2015.)

Major industries in the State include oil and natural gas production, manufacturing, service, tourism, services, arts and crafts, agribusiness, government and mining. Major federally funded scientific research facilities at Los Alamos, Albuquerque and White Sands are also a notable part of the State's economy. The following table sets forth information on employment by industry over the period of 2003 through 2012.

TOTAL FULL-TIME AND PART-TIME EMPLOYMENT BY INDUSTRY

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	Growth 2012-2013	Growth 2004-2013
Total employment	1,025,878	1,049,6539	1,079,061	1,104,526	1,107,0002	1,074,126	1,059,188	1,062,869	1,067,241	1,079,067	1.1%	5.2%
Wage and salary employment	830,075	845,476	868,518	878,592	881,856	849,122	837,320	837,281	842,188	849,701	0.9	2.4
Proprietors employment	195,803	204,163	201,543	225,934	225,146	225,004	221,868	225,588	225,053	229,366	1.9	17.1
Farm proprietors employment	15,632	15,588	15,255	18,193	17,745	17,752	18,664	19,791	20,332	20,424	0.5	30.7
Nonfarm proprietors employment	180,171	188,575	195,288	207,741	207,401	207,252	203,204	205,797	204,721	208,942	2.1	16.0
Farm employment	22,618	23,262	22,829	25,804	24,406	24,710	25,211	26,399	27,461	28,310	3.1	25.2
Nonfarm employment	1,003,260	1,026,377	1,056,232	1,078,722	1,082,596	1,049,416	1,033,977	1,036,470	1,039,780	1,050,757	1.1	4.7
Private employment	785,654	807,678	841,900	868,783	869,301	833,198	816,542	822,659	827,901	839,397	1.4	6.8
Forestry, fishing, related activities and other(1)	5,171	5,229	5,135	5,172	5,311	5,307	5,215	5,237	5,156	5,219	1.2	0.9
Mining(2)	19,059	21,116	23,528	24,891	28,295	24,432	27,022	28,356	34,188	36,824	7.7	93.2
Utilities	4,042	4,074	4,122	4,451	4,564	4,801	4,565	4,508	4,542	4,612	1.5	14.1
Construction(3)	68,299	73,895	79,675	80,478	77,887	67,177	61,238	59,293	58,116	59,519	2.4	(12.9)
Manufacturing	40,611	41,175	42,745	42,810	40,595	36,422	34,537	35,613	35,670	35,431	(0.7)	(12.8)
Durable goods manufacturing(4)	27,903	28,502	29,863	29,772	28,038	24,371	23,033	23,610	23,108	22,401	(3.1)	(19.7)
Nondurable goods manufacturing(5)	12,708	12,673	12,882	13,038	12,557	12,051	11,504	12,003	12,562	13,030	3.7	2.5
Wholesale trade	26,800	27,878	28,863	28,749	28,606	26,582	26,801	26,373	26,100	26,392	1.1	(1.5)
Retail trade(6)	113,899	115,813	116,478	118,682	117,897	113,809	110,226	111,331	111,781	113,064	1.1	(0.7)
Transportation and warehousing(7)	24,888	25,271	25,875	27,380	26,629	24,279	23,351	24,281	25,336	25,419	0.3	2.1
Information(8)	17,151	17,289	18,424	18,805	18,942	17,457	17,114	16,469	16,477	16,035	(2.7)	(6.5)
Finance and insurance(9)	31,532	31,907	32,185	33,693	34,628	35,848	34,550	35,451	35,053	35,651	1.7	13.1
Real estate and rental and leasing(10)	34,836	38,266	40,436	42,998	42,557	40,380	39,916	39,833	38,407	39,024	1.6	12.0
Professional and technical services	65,996	66,766	74,267	81,912	82,032	80,366	78,331	77,473	76,106	75,906	(0.3)	15.0
Management of companies and enterprises	5,347	6,349	6,428	6,073	5,906	5,587	5,406	5,504	5,456	5,553	1.8	3.9
Administrative and waste services(11)	54,534	55,159	58,410	60,352	60,260	55,817	54,266	54,742	53,420	54,433	1.9	(0.2)
Educational services	14,862	15,349	15,869	15,714	15,908	16,263	16,734	16,208	16,101	16,002	(0.6)	7.7
Health care and social assistance(12)	103,494	104,958	107,797	111,692	114,683	118,041	119,378	121,489	123,288	124,570	1.0	20.4
Arts, entertainment and recreation(13)	20,933	21,404	21,792	22,840	23,229	23,212	22,981	23,007	23,592	24,247	2.8	15.8
Accommodation and food services(14)	80,463	81,317	84,409	85,075	83,953	81,660	81,122	82,309	83,203	85,309	2.5	6.0
Other services, except public administration(15)	53,737	54,463	55,462	57,016	57,419	55,758	53,789	55,182	55,909	56,187	0.5	4.6
Government and government enterprises(16)	217,606	218,699	214,332	209,939	213,295	216,218	217,435	213,811	211,879	211,360	(0.2)	(2.9)

(1) The "Forestry, fishing, related activities and other" category includes: forestry and logging; fishing, hunting and trapping; agriculture and forestry support activities.

(2) The "Mining" category includes: oil and gas extraction; mining (except oil and gas); and support activities for mining.

(3) The "Construction" category includes: construction of buildings; heavy and civil engineering construction; and specialty trade contractors.

(4) The "Durable goods manufacturing" category includes: wood product manufacturing; nonmetallic mineral product manufacturing; primary metal manufacturing; fabricated metal product manufacturing; machinery manufacturing; computer and electronic product manufacturing; electrical equipment and appliance manufacturing; motor vehicles, bodies and trailers, and parts manufacturing; other transportation equipment manufacturing; furniture and related product manufacturing; and miscellaneous manufacturing.

(5) The "Nondurable goods manufacturing" category includes: food manufacturing; beverage and tobacco product manufacturing; textile mills; textile product mills; apparel manufacturing; leather and allied product manufacturing; paper manufacturing; printing and related support activities; petroleum and coal products manufacturing; chemical manufacturing; and plastics and rubber products manufacturing.

(6) The "Retail trade" category includes: motor vehicle and parts dealers; furniture and home furnishings stores; electronics and appliance stores; building material and garden supply stores; food and beverage stores; health and personal care stores; gasoline stations; clothing and clothing accessories stores; sporting goods, hobby, book and music stores; general merchandise stores; miscellaneous store retailers; and nonstore retailers.

(7) The "Transportation and warehousing" category includes: air transportation; rail transportation; water transportation; truck transportation; transit and ground passenger transportation; pipeline transportation; scenic and sightseeing transportation; support activities for transportation; couriers and messengers; and warehousing and storage.

(8) The "Information" category includes: publishing industries, except Internet; motion picture and sound recording industries; broadcasting, except Internet; Internet publishing and broadcasting; telecommunications; ISPs, search portals and data processing; and other information services.

(9) The "Finance and insurance" category includes: monetary authorities-central bank; credit intermediation and related activities; securities, commodity contracts, investments; insurance carriers and related activities; and funds, trusts and other financial vehicles.

(10) The "Real estate and rental and leasing" category includes: real estate; rental and leasing services; and lessors of nonfinancial intangible assets.

(11) The "Administrative and waste services" category includes: administrative and support services; and waste management and remediation services.

(12) The "Health care and social assistance" category includes: ambulatory health care services; hospitals; nursing and residential care facilities; and social assistance.

(13) The "Arts, entertainment and recreation" category includes: performing arts and spectator sports; museums, historical sites, zoos and parks; and amusement, gambling and recreation.

(14) The "Accommodation and food services" category includes: accommodation; and food services and drinking places.

(15) The "Other services, except public administration" category includes: repair and maintenance; personal and laundry services; membership associations and organizations; and employment in private households.

(16) The "Government and government enterprises" category includes: federal, civilian; military; state and local; and state government and local government.

(Source: Regional Economic Information System, Bureau of Economic Analysis, Last updated November 2014, including revised estimates for 2004-2012.)

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

EMPLOYMENT AND LABOR FORCE
NEW MEXICO AND THE UNITED STATES
2005-2014

Year	Civilian Labor Force (Thousands) New Mexico[1]	Civilian Labor Force (Thousands) United States[1]	Number of Employed (Thousands) New Mexico[1]	Number of Employed (Thousands) United States[1]	Unemployment Rate New Mexico	Unemployment Rate United States	Unemployment Rate N.M. as % of U.S. Rate
2005	918	149,320	871	141,730	5.1%	5.1%	100%
2006	928	151,428	889	144,427	4.2	4.6	91
2007	934	153,124	899	146,047	3.8	4.6	83
2008	945	154,287	902	145,362	4.5	5.8	78
2009	940	154,142	869	139,877	7.5	9.3	81
2010[2]	936	153,889	860	139,064	8.1	9.6	84
2011[2]	930	153,617	860	139,869	7.6	8.9	85
2012[2]	928	154,975	862	142,469	7.1	8.1	88
2013[2]	923	155,389	859	143,929	6.9	7.4	93
2014[2]	918	155,922	858	146,305	6.5	6.2	105

(1) Figures rounded to nearest thousand.
(2) Estimates for 2010-2014 are subject to revision. All figures were benchmarked January 2014 and revised April 2015.
(Source: U.S. Department of Commerce, Bureau of Business & Economic Research, April 2015.)

PERSONAL INCOME
NEW MEXICO AND THE UNITED STATES
2005-2014

Year	Personal Income (000) New Mexico	Personal Income (000) United States	Annual Percentage Change New Mexico	Annual Percentage Change United States
2005	$56,233,308	$10,605,595,000	n/a	n/a
2006	60,090,836	11,376,405,000	6.9%	7.3%
2007	63,643,408	11,990,104,000	5.9	5.4
2008	67,188,091	12,429,234,000	5.6	3.7
2009	66,241,297	12,080,223,000	(1.4)	(2.8)
2010	68,505,892	12,417,659,000	3.4	2.8
2011	72,234,158	13,189,935,000	5.4	6.2
2012	74,601,613	13,873,161,000	3.3	5.2
2013	74,996,363	14,151,427,000	0.5	2.0
2014	78,428,001	14,708,582,165	4.6	3.9

(Source: U.S. Department of Commerce, Bureau of Economic Analysis, Regional Data. Last revised: March 2015.)

PER CAPITA PERSONAL INCOME
NEW MEXICO AND THE UNITED STATES
2005-2014

Year	Per Capita Income: New Mexico	Per Capita Income: United States	N.M. as a % of U.S.	Annual Percentage Change: New Mexico	Annual Percentage Change: United States
2005	$29,102	$35,888	81%	n/a	n/a
2006	30,625	38,127	80	5.2%	6.2%
2007	31,980	39,804	80	4.4	4.4
2008	33,416	40,873	82	4.5	2.7
2009	32,522	39,379	83	(2.7)	(3.7)
2010	33,175	40,144	83	2.0	1.9
2011	34,763	42,332	82	4.8	5.5
2012	35,805	44,200	81	3.0	4.4
2013	35,965	44,765	80	0.4	1.3
2014	37,605	46,129	82	4.6	3.0

(Sources: U.S. Department of Commerce, Bureau of Economic Analysis, Regional Data. Last revised: March 2015.)

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WAGES AND SALARIES BY INDUSTRY SECTOR
2002-2012

NAICS Earnings by Place of Work[1] Applicable to 2002-2012	New Mexico (Dollars in Thousands)[2]		United States (Dollars in Millions)[2]		Percent Change 2002–2012		Distribution of 2012 Wages & Salaries	
	2012	2002	2012	2002	N.M.	U.S.	N.M.	U.S.
Farm Wage and Salary	$203,903	$199,942	$19,903	$17,911	1.98%	11.12 %	0.58%	0.29%
Nonfarm Wage and Salary	34,865,280	24,128,541	6,897,283	4,975,028	44.50	38.64	99.42	99.71
Total Wages and Salaries	$35,069,183	$24,328,483	$6,917,186	$4,992,939			100.00%	100.00%
Private Nonfarm Wage and Salary	$25,420,163	$16,823,304	$5,717,937	$4,112,705	51.10	39.03	72.49%	82.66%
Forestry, Fishing, related activities	*69,877*	*50,025*	*14,902*	*10,198*	*39.68*	*46.13*	*0.20*	*0.22*
Mining	*1,769,807*	*674,052*	*76,944*	*30,664*	*162.56*	*150.93*	*5.05*	*1.11*
Utilities	*334,125*	*219,348*	*52,694*	*39,882*	*52.33*	*32.12*	*0.95*	*0.76*
Construction	*1,817,255*	*1,440,836*	*306,788*	*274,011*	*26.13*	*11.96*	*5.18*	*4.44*
Manufacturing	*1,698,615*	*1,490,240*	*735,422*	*680,068*	*13.98*	*8.14*	*4.84*	*10.63*
Wholesale Trade	*1,109,476*	*872,515*	*393,753*	*282,485*	*27.16*	*39.39*	*3.16*	*5.69*
Retail Trade	*2,489,637*	*1,974,693*	*427,935*	*359,201*	*26.08*	*19.14*	*7.10*	*6.19*
Transportation and Warehousing	*960,324*	*663,354*	*219,353*	*165,204*	*44.77*	*32.78*	*2.74*	*3.17*
Information	*646,380*	*544,653*	*224,806*	*190,239*	*18.68*	*18.17*	*1.84*	*3.25*
Finance and Insurance	*1,273,142*	*886,039*	*538,403*	*371,169*	*43.69*	*45.06*	*3.63*	*7.78*
Real Estate and Rental and Leasing	*361,315*	*308,089*	*98,161*	*72,316*	*17.28*	*35.74*	*1.03*	*1.42*
Professional, Scientific, and Technical Services	*3,855,410*	*2,059,084*	*673,895*	*401,538*	*87.24*	*67.83*	*10.99*	*9.74*
Management of Companies and Enterprises	*339,340*	*249,444*	*221,010*	*120,576*	*36.04*	*83.30*	*0.97*	*3.20*
Administrative and Waste Services	*1,441,093*	*1,051,499*	*289,634*	*196,003*	*37.05*	*47.77*	*4.11*	*4.19*
Educational Services	*336,759*	*197,053*	*127,948*	*75,036*	*70.90*	*70.52*	*0.96*	*1.85*
Health Care and Social Assistance	*4,274,627*	*2,329,095*	*785,889*	*469,766*	*83.53*	*67.29*	*12.19*	*11.36*
Arts, Entertainment, and Recreation	*199,282*	*136,946*	*73,885*	*52,583*	*45.52*	*40.51*	*0.57*	*1.07*
Accommodations and Food Services	*1,390,185*	*955,239*	*240,823*	*161,901*	*45.53*	*48.75*	*3.96*	*3.48*
Other Services, Except Public Administration	*1,053,514*	*721,100*	*215,692*	*159,865*	*46.10*	*34.92*	*3.00*	*3.12*
Government and Government Enterprises	$9,445,117	$7,305,237	$1,179,346	$862,323	29.29	36.76	26.93%	17.05%

(1) The estimates of wage and salary disbursements for 2002 are based on the 2002 North American Industry Classification System (NAICS). The estimates for 2013 forward are based on the 2012 NAICS.

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

(Source: Bureau of Economic Analysis, last updated September 2013.)

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APPENDIX D

FORM OF OPINION OF BOND COUNSEL

[Form of Opinion of Sherman & Howard L.L.C.]

August 12, 2015

New Mexico Finance Authority
207 Shelby Street
Santa Fe, New Mexico 87501

New Mexico Finance Authority

$45,475,000
Senior Lien Public Project
Revolving Fund Revenue Bonds
Series 2015C

Ladies and Gentlemen:

We have acted as bond counsel to the New Mexico Finance Authority (the "Finance Authority"), in connection with the issuance of its New Mexico Finance Authority Senior Lien Public Project Revolving Fund Revenue Bonds, Series 2015C, in the aggregate principal amount of $45,475,000 (the "Bonds"). The Bonds are authorized to be issued under and secured by a General Indenture of Trust and Pledge dated June 1, 1995, as previously amended and supplemented (the "General Indenture"), and as further amended and supplemented by the Eighty-Eighth Supplemental Indenture of Trust dated as of August 1, 2015 (together with the General Indenture, the "Indenture"), by and between the Finance Authority and BOKF, NA, Albuquerque, New Mexico, as successor trustee (the "Trustee"). Capitalized terms not otherwise defined herein shall have the meanings set forth in the Indenture.

The Bonds are being issued for the purpose of providing funds to (i) originate Loans to or purchase Securities from, or reimburse the Finance Authority for monies used to originate Loans to or purchase Securities from, certain governmental entities ("Governmental Units"), the proceeds of which were or will be used to finance or refinance certain Projects for such Governmental Units and (ii) pay costs incurred in connection with the issuance of the Bonds.

In our capacity as bond counsel to the Finance Authority, we have examined the Finance Authority's certified proceedings, the Indenture, and such other documents and such law of the State of New Mexico (the "State") and of the United States of America as we have deemed necessary to render this opinion letter.

Regarding questions of fact material to our opinions, we have relied upon the Finance Authority's certified proceedings and other representations and certifications of the Finance Authority, the Trustee and of public officials and others furnished to us without undertaking to verify the same by independent investigation.

Based upon such examination, it is our opinion as bond counsel that:

1. The Finance Authority is a public body politic and corporate, separate and apart from the State, constituting a governmental instrumentality, duly organized and validly existing under the New Mexico Finance Authority Act, Sections 6-21-1 et seq., NMSA 1978, as amended and supplemented, and has lawful authority to issue the Bonds and to execute and deliver the Indenture.

2. The Bonds have been duly and validly authorized, are issued in accordance with law and the Indenture, and constitute valid and binding special limited obligations of the Finance Authority, payable solely from the Trust Estate, and do not constitute an obligation, debt or liability of the State, or (except as expressly provided in

an Agreement or Securities) any Governmental Unit, within the meaning of any constitutional or statutory debt limitation.

3. The Indenture has been duly authorized, executed and delivered by the Finance Authority, and assuming due authorization, execution and delivery by the Trustee, constitutes a valid and binding obligation of the Finance Authority and creates a valid lien on the Trust Estate pledged under the Indenture to secure the payment of the principal of and interest on the Bonds, subject to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth in the Indenture.

4. Interest on the Bonds is excluded from gross income under federal income tax laws pursuant to Section 103 of the Internal Revenue Code of 1986, as amended to the date hereof (the "Tax Code"), and interest on the Bonds is excluded from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code, except that such interest is required to be included in calculating the adjusted current earnings adjustment applicable to corporations for purposes of computing the alternative minimum taxable income of corporations. The opinions expressed in this paragraph assume continuous compliance with the covenants and continued accuracy of the representations contained in the Finance Authority's certified proceedings and in certain other documents and certain other certifications furnished to us.

5. Interest on the Bonds is exempt from taxation by the State, except for estate or gift taxes and taxes on transfers.

The opinions expressed in this opinion letter are subject to the following:

The obligations of the Finance Authority pursuant to the Bonds and the Indenture are subject to the application of equitable principles, to the reasonable exercise in the future by the State and its governmental bodies of the police power inherent in the sovereignty of the State, and to the exercise by the United States of America of the powers delegated to it by the Federal Constitution, including without limitation, bankruptcy powers.

In this opinion letter issued in our capacity as bond counsel, we are opining only upon those matters set forth herein, and we are not passing upon the accuracy, adequacy or completeness of the Official Statement or any other statements made in connection with any offer or sale of the Bonds or upon any federal or state tax consequences arising from the receipt or accrual of interest on or the ownership or disposition of the Bonds, except those specifically addressed herein.

This opinion letter is issued as of the date hereof and we assume no obligation to revise or supplement this opinion letter to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Respectfully submitted,

APPENDIX E

BOOK-ENTRY ONLY SYSTEM

The information in this section concerning DTC and DTC's book-entry only system has been obtained from sources that the Finance Authority and the Municipal Advisor believe to be reliable, but the Finance Authority and the Municipal Advisor take no responsibility for the completeness or accuracy thereof. The following description of the procedures and record keeping with respect to beneficial ownership interests in the Series 2015C Bonds, payment of principal, premium, if any, interest on the Series 2015C Bonds to DTC Participants or Beneficial Owners, confirmation and transfers of beneficial ownership interests in the Series 2015C Bonds and other related transactions by and between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC.

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Series 2015C Bonds. The Series 2015C Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Series 2015C Bond certificate will be issued for each maturity of the Series 2015C Bonds, each in the aggregate principal amount of such issue, and will be deposited with DTC.

<u>DTC and its Participants</u>. DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Series 2015C Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2015C Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2015C Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2015C Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Series 2015C Bonds, except in the event that use of the book-entry system for the Series 2015C Bonds is discontinued.

To facilitate subsequent transfers, all Series 2015C Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2015C Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2015C Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2015C Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

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

Redemption notices will be sent to DTC. If less than all of the Series 2015C Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Series 2015C Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Finance Authority as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2015C Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions and dividend payments on the Series 2015C Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Finance Authority or the Trustee, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC or its nominee, the Trustee or the Finance Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Finance Authority or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Series 2015C Bonds at any time by giving reasonable notice to the Finance Authority or the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, Bond certificates are required to be printed and delivered.

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

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

The Finance Authority does not have any responsibility or obligation to the DTC Participants or the Beneficial Owners with respect to (a) the accuracy of any records maintained by DTC or any DTC Participant; (b) the payment by DTC or any DTC Participant of any amount due to any Beneficial Owner in respect of the principal of and premium, if any, and interest on the Series 2015C Bonds; (c) the selection of the Beneficial Owners to receive payment in the event of any partial redemption of the Series 2015C Bonds; (d) any consent given or other action taken by DTC, or its nominee, Cede & Co., as Bond Owner; or (e) the distribution by DTC to DTC Participants or Beneficial Owners of any notices received by DTC as registered owner of the Series 2015C Bonds.

APPENDIX F

2015C GOVERNMENTAL UNITS; LARGEST REPAYMENT OBLIGATIONS

2015C Governmental Units

As previously stated, a portion of the proceeds of the Series 2015C Bonds is being used to originate Loans to be made to the 2015C Governmental Units or to reimburse the Finance Authority, in whole or in part, for Loans made to 2015C Governmental Units. The 2015C Governmental Units, the amount of their respective Loans, the agreement reserve amounts and the maturity dates of the Loans are listed in the following table:

Governmental Unit	Original Loan Amount	Agreement Reserve Amount[1]	Loan Maturity Date
Jicarilla Apache Nation	$33,390,000	$3,339,000	05/01/35
Taos County	1,457,870	92,461	01/01/36
Elephant Butte, City of	595,984	36,705	05/01/35
Carrizozo Municipal School District #7	575,000	-	08/01/28
Mesa Vista Consolidated School District	1,785,000	-	09/01/29
Bloomfield, City of	9,009,000	718,632	06/01/33
Tucumcari Public School District	1,500,000	-	08/01/28
Total	$48,312,854	$4,186,798	

(1) The Finance Authority has adopted a policy which does not require an Agreement Reserve Account for certain types of Loans including those that have an "AA" credit rating, Loans secured by a pledge of the fire protection or state law enforcement funds that produce a debt service coverage ratio of two times, and Loans secured by a general obligation pledge of the respective Governmental Unit. Each of the Loans listed that does not have an Agreement Reserve Account either falls into one of the aforementioned categories or a waiver to the applicable policy has been obtained.

(Source: The Finance Authority.)

Agreements Generating Largest Amount of Agreement Revenues

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

State of New Mexico General Services Department

The Finance Authority issued a series of Bonds and used a portion of the proceeds thereof to purchase bonds for the benefit of the State of New Mexico General Services Department (the "GSD Bonds"). The General Services Department applied proceeds from the sale of the GSD Bonds to fund building projects in Santa Fe for use by the state government. The GSD Bonds are payable from and secured by a portion of gross receipts tax revenues received by the State of New Mexico and appropriated by the State Legislature or transferred to the State Building Bond Fund. As of July 1, 2015, the GSD Bonds were outstanding in the aggregate principal amount of $83,805,824 and are scheduled to mature on June 1, 2039.

New Mexico Spaceport Authority

The Finance Authority has previously issued a series of bonds and has applied certain Prepayments of Loans for the purpose of purchasing securities from the New Mexico Spaceport Authority (the "Spaceport Authority Securities"), the proceeds from which are being used to finance the costs of planning, designing, engineering and constructing a regional spaceport. The Spaceport Authority Securities are payable from and secured by a portion of the county regional spaceport gross receipts tax revenues received by the New Mexico Regional Spaceport District from gross receipts taxes imposed by Dona Aña and Sierra Counties which are pledged by the Regional Spaceport District and the Spaceport Authority to pay the Spaceport Authority Securities. As of July 1, 2015, the Spaceport Authority Securities were outstanding in the aggregate principal amount of $61,755,000 and are scheduled to mature on June 1, 2029.

Albuquerque-Bernalillo County Water Utility Authority

In the 2003 Regular Session, the New Mexico Legislature adopted legislation (Laws 2003, Chapter 437, codified as NMSA 1978, Section 72-1-10) creating the Albuquerque-Bernalillo County Water Utility Authority (the "ABCWUA") as a joint agency of the City of Albuquerque, New Mexico (the "City") and Bernalillo County. The ABCWUA is comprised of a board of three City Councilors, three County Commissioners and the Mayor of the City and has jurisdiction over certain water facilities and properties (the "Water System") and certain sanitary sewer facilities and properties (the "Sewer System").

Pursuant to various loan agreements (the "ABCWUA Loan Agreements") between the ABCWUA and the Finance Authority totaling $171,815,000, the ABCWUA pledged to the Finance Authority, on a parity basis with other obligations of ABCWUA, water and sewer systems revenues for the purpose of: acquiring, constructing, extending, enlarging, bettering, repairing, replacing, equipping or otherwise improving the water and wastewater system, including expenses related to: regular system improvements, expansion, maintenance and upgrades to operate a water and wastewater utility pursuant to the basic capital program and diversion of surface water from the Rio Grande River under the San Juan Chama Project, delivering it for use by current and future users of the system. The Finance Authority has issued various series of Bonds and used proceeds from those Bonds to provide the funding for the ABCWUA Loan Agreements. The latest scheduled maturity date of the ABCWUA Loan Agreements is June 1, 2029. As of July 1, 2015, the outstanding principal amount of the ABCWUA Loan Agreements was $42,800,000.

Jicarilla Apache Nation

In connection with the issuance of the Series 2015C Bonds, the Finance Authority will purchase securities from the Jicarilla Apache Nation (the "Jicarilla Apache Nation Securities"), the proceeds from which are being used to finance the costs of a wastewater treatment plant and a community center for the Jicarilla Apache Nation. Upon the issuance of the Series 2015C Bonds, the Jicarilla Apache Nation Securities will be outstanding in the principal amount of $33,390,000 and are payable from and secured by general revenues. The last of the Jicarilla Apache Nation Securities is scheduled to mature on May 1, 2035.

City of Santa Fe

The Finance Authority has previously entered into various obligations with the City of Santa Fe (the "Santa Fe Gross Receipts Tax Obligations"). The Santa Fe Gross Receipts Tax Obligations have been and are being used to finance or refinance certain infrastructure projects in the City of Santa Fe. As of July 1, 2015, the Santa Fe Gross Receipts Tax Obligations were outstanding in the principal amount of $33,349,259 and are payable from and secured by certain gross receipt taxes. The last of the Santa Fe Gross Receipts Tax Obligations is scheduled to mature on June 1, 2037.

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New Mexico FINANCE AUTHORITY

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NEW ISSUE – BOOK-ENTRY ONLY **Ratings: S & P "AAA"**
Moody's "Aa1"
(See "RATINGS" herein.)

In the opinion of Sherman & Howard L.L.C., Bond Counsel to the Finance Authority, assuming continuous compliance with certain covenants described herein, interest on the Series 2016A Bonds is excluded from gross income under federal income tax laws pursuant to Section 103 of the Internal Revenue Code of 1986, as amended to the date of delivery of the Series 2016A Bonds (the "Tax Code"), and interest on the Series 2016A Bonds is excluded from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code except that such interest is required to be included in calculating the "adjusted current earnings" adjustment applicable to corporations for purposes of computing the alternative minimum taxable income of corporations. Interest on the Series 2016A Bonds is exempt from taxation by the State of New Mexico, except for estate or gift taxes and taxes on transfers. See "TAX MATTERS."

New Mexico FINANCE AUTHORITY

$52,070,000
SENIOR LIEN PUBLIC PROJECT
REVOLVING FUND REVENUE BONDS, SERIES 2016A

Dated: Date of Initial Delivery **Due: June 1, as shown on inside front cover**

The New Mexico Finance Authority Senior Lien Public Project Revolving Fund Revenue Bonds, Series 2016A (the "Series 2016A Bonds") are being issued as fully-registered bonds in denominations of $5,000 or any integral multiple of $5,000. The Depository Trust Company will act as securities depository of the Series 2016A Bonds through its nominee, Cede & Co. One fully registered bond in a denomination equal to the principal amount of each maturity of the Series 2016A Bonds will be registered in the name of Cede & Co. Individual purchases of Series 2016A Bonds will be made in book-entry form only, and beneficial owners of the Series 2016A Bonds will not receive physical delivery of bond certificates, except as described in this Official Statement. Upon receipt of payments of principal and interest, DTC will remit such payments to DTC participants for subsequent disbursement to the beneficial owners of the Series 2016A Bonds.

The Series 2016A Bonds will be issued under and secured by the General Indenture. Interest on the Series 2016A Bonds accrues from the date of initial delivery of the Series 2016A Bonds and is payable on June 1 and December 1 of each year, commencing June 1, 2016. Principal of the Series 2016A Bonds is payable on the dates, and interest is payable at the rates, shown on the Maturity Schedule on the inside front cover.

SEE MATURITY SCHEDULE ON INSIDE FRONT COVER

The Series 2016A Bonds are subject to optional redemption prior to maturity.

Proceeds of the Series 2016A Bonds will be used by the Finance Authority for the purposes of (i) originating Loans to or purchasing Securities from or reimbursing the Finance Authority for moneys used to originate Loans to or purchase Securities from certain governmental entities that will be or were used to finance or refinance certain Projects for such governmental entities, some of such Loans or Securities will result in the refinancing of certain obligations of the Finance Authority and (ii) paying costs incurred in connection with the issuance of the Series 2016A Bonds. The principal of and premium, if any, and interest on the Series 2016A Bonds and additional bonds issued or to be issued are payable solely from and secured solely by the Trust Estate. The Finance Authority has issued or incurred and expects to issue or incur parity bonds and other obligations pursuant to the Indenture.

The Series 2016A Bonds are special limited obligations of the Finance Authority, payable, together with additional bonds issued or to be issued, solely from and secured solely by the Trust Estate. The Series 2016A Bonds will not constitute or create a general obligation or other indebtedness of the State of New Mexico, the Finance Authority or any Governmental Unit within the meaning of any constitutional or statutory debt limitation. No provision of the Series 2016A Bonds will be construed or interpreted as a donation by or lending of the credit of the Finance Authority, the State or any Governmental Unit within the meaning of the Constitution of the State. THE FINANCE AUTHORITY HAS NO TAXING POWERS. The Series 2016A Bonds do not constitute or give rise to personal liability on the part of the members, directors or officers of the Finance Authority. No breach of any pledge, obligation or agreement of the Finance Authority will impose a pecuniary liability or a charge upon the general credit of the State, the Finance Authority or any political subdivision of the State, or upon the taxing power of the State or any political subdivision of the State.

The Series 2016A Bonds were sold to the successful bidder (the "Purchaser") pursuant to a competitive bidding process held on on January 28, 2016.

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

Certain legal matters concerning the legality of the Series 2016A Bonds will be passed on by Sherman & Howard L.L.C., Denver, Colorado, Bond Counsel to the Finance Authority. Certain legal matters will be passed upon by the General Counsel of the Finance Authority. Certain matters relating to disclosure will be passed upon by Ballard Spahr LLP, Salt Lake City, Utah, Disclosure Counsel to the Finance Authority. Western Financial Group, LLC has acted as municipal advisor to the Finance Authority in connection with the issuance of Series 2016A Bonds. It is expected that a single certificate for each maturity of the Series 2016A Bonds will be delivered to DTC or its agent on or about February 10, 2016.

This Official Statement is dated January 28, 2016, and the information contained herein speaks only as of that date.

NEW MEXICO FINANCE AUTHORITY

**$52,070,000 SENIOR LIEN PUBLIC PROJECT REVOLVING FUND
REVENUE BONDS, SERIES 2016A**

MATURITY SCHEDULE

Year (June 1)	Principal Amount	Interest Rate	Yield	CUSIP Number†
2016	$2,900,000	2.00%	0.180%	64711N A96
2017	3,880,000	3.00	0.580	64711N B20
2018	3,495,000	4.00	0.800	64711N B38
2019	3,275,000	5.00	0.920	64711N B46
2020	4,190,000	5.00	1.020	64711N B53
2021	4,275,000	5.00	1.130	64711N B61
2022	4,360,000	5.00	1.280	64711N B79
2023	4,750,000	5.00	1.440	64711N B87
2024	4,960,000	5.00	1.590	64711N B95
2025	4,875,000	5.00	1.730	64711N C29
2026	1,735,000	5.00	1.840 c	64711N C37
2027	1,475,000	5.00	1.920 c	64711N C45
2028	1,530,000	2.50	2.570	64711N C52
2029	1,200,000	3.25	2.620 c	64711N C60
2030	1,045,000	3.25	2.690 c	64711N C78
2031	625,000	3.25	2.770 c	64711N C86
2032	645,000	3.25	2.850 c	64711N C94
2033	670,000	3.50	2.900 c	64711N D28
2034	700,000	3.50	2.950 c	64711N D36
2035	725,000	3.50	3.000 c	64711N D44
2036	760,000	3.50	3.050 c	64711N D51

c Yield to optional call on June 1, 2025.

† The above referenced CUSIP numbers have been assigned by an independent company not affiliated with the parties to this bond transaction and are included solely for the convenience of the holders of the Series 2016A Bonds. None of the Finance Authority, the Trustee, or the Municipal Advisor, is responsible for the selection or uses of such CUSIP numbers, and no representation is made as to their correctness on the Series 2016A Bonds or as indicated above. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Series 2016A Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities.

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

No dealer, broker, salesman or any other person has been authorized by the Finance Authority to give any information or to make any representations, other than those contained in this Official Statement, in connection with the offering contained herein, and, if given or made, such information or representations must not be relied upon. This Official Statement does not constitute an offer to sell or solicitation of an offer to buy nor shall there be any sale of the Series 2016A Bonds by any person in any jurisdiction in which it is unlawful for such offer, solicitation or sale.

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

The yields or prices at which the Series 2016A Bonds are offered to the public may vary from the initial reoffering yields or prices shown on the inside front cover page of this Official Statement. In connection with this offering, the winning bidder of the Series 2016A Bonds may engage in transactions that stabilize, maintain or otherwise affect market yields or prices of the Series 2016A Bonds. Such transactions, if commenced, may be discontinued at any time.

The Finance Authority maintains a website; however, the information presented there is not a part of this Official Statement and should not be relied upon in making an investment decision with respect to the Series 2016A Bonds.

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

THE SERIES 2016A BONDS WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR ANY STATE SECURITIES LAW AND WILL NOT BE LISTED ON ANY STOCK OR OTHER SECURITIES EXCHANGE. THE SERIES 2016A BONDS HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION, NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

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NEW MEXICO FINANCE AUTHORITY

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Trustee, Registrar and Paying Agent
BOKF, NA
Albuquerque, New Mexico

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OFFICIAL STATEMENT

RELATING TO

NEW MEXICO FINANCE AUTHORITY

$52,070,000
SENIOR LIEN PUBLIC PROJECT
REVOLVING FUND REVENUE BONDS, SERIES 2016A

INTRODUCTION

This Official Statement, which includes the cover page, the inside front cover page, and appendices, provides information in connection with the offer and sale of the $52,070,000 Senior Lien Public Project Revolving Fund Revenue Bonds, Series 2016A (the "Series 2016A Bonds") being issued by the New Mexico Finance Authority (the "Finance Authority" or the "NMFA"). The Series 2016A Bonds, together with additional bonds the Finance Authority has issued or may issue in parity with them, are collectively referred to in this Official Statement as the "Bonds." Capitalized terms used and not defined in the main body of this Official Statement have the meanings specified in the General Indenture of Trust and Pledge, dated as of June 1, 1995, as previously amended and supplemented (the "General Indenture"), and as further amended and supplemented by the Eighty-Ninth Supplemental Indenture of Trust, dated as of February 1, 2016 (the "Eighty-Ninth Supplemental Indenture" and together with the General Indenture, the "Indenture"), all between the Finance Authority and BOKF, NA, Albuquerque, New Mexico, as trustee (the "Trustee"), and are presented under the caption "Certain Definitions" in "APPENDIX B—EXTRACTS OF CERTAIN PROVISIONS OF THE INDENTURE."

New Mexico Finance Authority

The Finance Authority, established by the legislature of the State of New Mexico (the "State") in 1992, is a governmental instrumentality separate and apart from the State created to coordinate the planning and financing of State and local public projects. For additional information concerning the Finance Authority, see "NEW MEXICO FINANCE AUTHORITY" and the Finance Authority's financial statements for the fiscal year ended June 30, 2015 included as APPENDIX A hereto. See "FINANCIAL STATEMENTS" herein.

Authority and Purpose

The Series 2016A Bonds are being issued under the authority of and pursuant to the laws of the State, including particularly the New Mexico Finance Authority Act, Section 6-21-1 et seq., NMSA 1978, as amended (the "Act"), and the Indenture. For a description of the Public Project Revolving Fund Program, see "NEW MEXICO FINANCE AUTHORITY—The Public Project Revolving Fund Program."

Proceeds from the sale of the Series 2016A Bonds will be used by the Finance Authority for the purposes of (i) originating Loans to or purchasing Securities from or reimbursing the Finance Authority for moneys used to originate Loans to or purchase Securities from certain governmental units that will be or were used to finance or refinance certain Projects for such governmental units, some of which Loans or Securities will result in the current refunding of the Finance Authority's outstanding Cigarette Tax Revenue Bonds (UNM Health Sciences Center Project), Series 2004A (the "Series 2004A Cigarette Tax Bonds") and the current refunding of all of the Finance Authority's outstanding Subordinate Lien Cigarette Tax Bonds (UNM Health Sciences Center Project), Series 2005 (the "Series 2005 Cigarette Tax Bonds"), which will also result in the current refunding of all of the Finance Authority's outstanding Subordinate Lien Public Project Revolving Fund Revenue Bonds, Series 2005E (the "Subordinate Lien Series 2005E Bonds" and together with the Series 2004A Cigarette Tax Bonds and the Series 2005 Cigarette Tax Bonds, the "Refinanced Obligations"), and (ii) paying costs incurred in connection with the issuance of the Series 2016A Bonds. See "THE PLAN OF FINANCING" for more information with respect to the sources and uses of proceeds of the Series 2016A Bonds and APPENDIX F for a list of the Governmental Units and the amount of the Loans to be financed with the proceeds of the Series 2016A Bonds. Such Governmental Units whose Loans are being financed with proceeds of the Series 2016A Bonds are sometimes referred to herein as the "2016A Governmental Units."

The Refinanced Obligations were not issued pursuant to the Indenture but were part of other programs administered by the Finance Authority. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Outstanding Subordinate Lien Bonds" and "NEW MEXICO FINANCE AUTHORITY—The Public Project Revolving Fund Program" and "–Other Bond Programs and Projects."

Parity Obligations

Bonds with a lien on the Trust Estate on a parity with the lien of the Series 2016A Bonds have been issued and may be issued to provide loans to Governmental Units, to reimburse the Public Project Revolving Fund for loans made to Governmental Units, and to purchase Securities from Governmental Units. For a description of the parity Bonds currently outstanding (the "Outstanding Parity Bonds"), see "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Outstanding Parity Bonds."

Subordinate Obligations

Obligations with a subordinate lien on the revenues from the NMFA Portion of the Governmental Gross Receipts Tax (as defined below) and Revenues from Additional Pledged Loans released from the lien of the Indenture have been issued and may be issued to provide loans to Governmental Units, to reimburse the Public Project Revolving Fund for loans made to Governmental Units, to purchase securities from Governmental Units and to retire borrowings incurred in anticipation of the issuance of such subordinate obligations. At or about the same time that the Finance Authority issues the Series 2016A Bonds, the Finance Authority expects to issue a series of Subordinate Lien Bonds in the principal amount of $8,950,000. The issuance of the Series 2016A bonds is not contingent upon the issuance of these Subordinate Lien Bonds. For a description of the subordinate obligations currently outstanding, see "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Outstanding Subordinate Lien Bonds."

The Series 2016A Bonds

The Series 2016A Bonds will be dated the date of their initial delivery. Interest on the Series 2016A Bonds is payable on June 1 and December 1 of each year, commencing June 1, 2016. The Series 2016A Bonds will mature on the dates and in the amounts and will bear interest at the rates shown on the inside front cover of this Official Statement. The Series 2016A Bonds are issuable in denominations of $5,000 or integral multiples of $5,000.

Individual purchases will be made in book-entry only form, and purchasers of the Series 2016A Bonds will not receive physical delivery of bond certificates except as more fully described in "APPENDIX E—BOOK-ENTRY ONLY SYSTEM." Payments of principal of and interest on the Series 2016A Bonds will be made directly to The Depository Trust Company ("DTC") or its nominee, Cede & Co., by the Paying Agent, so long as DTC or Cede & Co. is the sole registered owner. Upon receipt of such payments, DTC is to remit such payments to the DTC Participants (as defined below) for subsequent disbursement to the beneficial owners of the Series 2016A Bonds, all as more fully described in APPENDIX E. In reading this Official Statement, it should be understood that while the Series 2016A Bonds are in book-entry only form, references in other sections of this Official Statement to Owners should be read to include the person for whom the Participants and Indirect Participants acquire an interest in the Series 2016A Bonds, but (1) all rights of ownership must be exercised through DTC and the book-entry only system as described in APPENDIX E, and (2) except as otherwise provided in the Indenture, notices that are to be given to Owners by the Finance Authority, the Trustee, the Registrar or the Paying Agent will be given only to DTC.

Redemption

The Series 2016A Bonds are subject to optional redemption prior to maturity. See "THE SERIES 2016A BONDS—Redemption."

Security and Sources of Payment for the Bonds

Trust Estate. The Bonds, including the Series 2016A Bonds, are special limited obligations of the Finance Authority secured by and payable solely from the Trust Estate, which includes the Revenues described below and certain funds and accounts created and maintained pursuant to the Indenture. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Trust Estate" herein.

The Bonds do not constitute or create a general obligation or other indebtedness of the State, the Finance Authority or any Governmental Unit within the meaning of any constitutional or statutory debt limitation. THE FINANCE AUTHORITY HAS NO TAXING POWERS. No provision of the Series 2016A Bonds will be construed or interpreted as a donation or lending of the credit of the Finance Authority, the State, or any Governmental Unit within the meaning of the Constitution of the State. The principal of and interest and premium, if any, on the Series 2016A Bonds do not constitute or give rise to a personal liability on the part of the members, directors and officers of the Finance Authority. No breach of any pledge, obligation or agreement of the Finance Authority will impose a pecuniary liability or a charge upon the general credit of the State, the Finance Authority or any political subdivision of the State, or upon the taxing power of the State or any political subdivision of the State.

Common Debt Service Reserve Fund. The Finance Authority has established a Common Debt Service Reserve Fund under the Indenture to secure payment of debt service on any Bonds issued under the Indenture. The Common Debt Service Reserve Fund was initially funded on January 14, 2011, and as of December 9, 2015, the Common Debt Service Reserve Fund was funded in the amount of approximately $30,295,117. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Flow of Funds—Common Debt Service Reserve Fund."

Additional Bonds. The Finance Authority maintains an ongoing program to provide Loans and to purchase Securities from Governmental Units and expects to finance certain of those activities with the issuance of Additional Bonds in parity with the Series 2016A Bonds. The Finance Authority must satisfy certain requirements set forth in the Indenture to issue such Additional Bonds. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Additional Bonds." The timing, amount and such other details of such Additional Bonds are not known as of the date of this Official Statement.

Continuing Disclosure Undertaking

The Finance Authority has undertaken for the benefit of the Series 2016A Bond Owners that, so long as the Series 2016A Bonds remain outstanding, the Finance Authority will provide certain annual financial information, operating data and audited financial statements with respect to the Finance Authority and each Governmental Unit expected by the Finance Authority to have loan repayment obligations in the then-current fiscal year constituting more than twenty percent (20%) of the estimated Revenues in the then-current fiscal year to the Municipal Securities Rulemaking Board (the "MSRB") in an electronic format prescribed by the MSRB and notice of certain material events to the MSRB in an electronic format prescribed by the MSRB in accordance with Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended (the "Rule"). The provisions of the Continuing Disclosure Undertaking may be amended under certain circumstances. See "CONTINUING DISCLOSURE UNDERTAKING" herein.

Tax Considerations

In the opinion of Sherman & Howard L.L.C., Bond Counsel to the Finance Authority, assuming continuous compliance with certain covenants described herein, interest on the Series 2016A Bonds is excluded from gross income under federal income tax laws pursuant to Section 103 of the Internal Revenue Code of 1986, as amended to the date of delivery of the Series 2016A Bonds (the "Tax Code"), and interest on the Series 2016A Bonds is excluded from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code except that such interest is required to be included in calculating the "adjusted current earnings" adjustment applicable to corporations for purposes of computing the alternative minimum taxable income of corporations. Interest on the Series 2016A Bonds is exempt from taxation by the State of New Mexico, except for estate or gift taxes and taxes on transfers. See "TAX MATTERS."

Professionals Involved in the Offering

At the time of the issuance and sale of the Series 2016A Bonds, Sherman & Howard L.L.C., Denver, Colorado, as Bond Counsel to the Finance Authority, will deliver its opinion in the form included in APPENDIX D. Certain legal matters will be passed upon for the Finance Authority by its General Counsel. Certain matters relating to disclosure will be passed upon by Ballard Spahr LLP, Salt Lake City, Utah, Disclosure Counsel to the Finance Authority. Western Financial Group, LLC, Portland, Oregon has acted as municipal advisor to the Finance Authority (the "Municipal Advisor") in connection with its issuance of the Series 2016A Bonds. See "MUNICIPAL ADVISOR."

The Finance Authority's audited financial statements for the fiscal year ended June 30, 2015, included in APPENDIX A, have been audited by REDW, LLC, Certified Public Accountants, Albuquerque, New Mexico. See also "FINANCIAL STATEMENTS."

Offering, Sale and Delivery of the Series 2016A Bonds

The Series 2016A Bonds are offered when, as and if issued, subject to approval as to their legality by Bond Counsel and the satisfaction of certain other conditions. It is anticipated that a single certificate for each maturity of the Series 2016A Bonds will be delivered to DTC or its agent on or about February 10, 2016. The Series 2016A Bonds were sold to J.P. Morgan Securities LLC (the "Purchaser") pursuant to a competitive bidding held on January 28, 2016.

Other Information

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

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the Finance Authority and any purchaser or holder of Series 2016A Bonds.

THE SERIES 2016A BONDS

General

The Series 2016A Bonds will be dated the date of their initial delivery and interest will accrue on the Series 2016A Bonds from such date at the rates presented on the inside front cover page of this Official Statement (calculated on the basis of a 360-day year consisting of twelve 30-day months), and is payable on June 1 and December 1 of each year, commencing June 1, 2016. The Series 2016A Bonds will be issued in the aggregate principal amounts and will mature on the dates and in the amounts shown on the inside front cover. The Series 2016A Bonds are issuable in denominations of $5,000 or integral multiples of $5,000 (the "Authorized Denominations").

Book-Entry Only System

DTC will act as securities depository for all of the Series 2016A Bonds through its nominee, Cede & Co. One fully-registered bond in a denomination equal to the principal amount and maturity of the Series 2016A Bonds will be registered in the name of Cede & Co. Individual purchases of Series 2016A Bonds will be made in book-entry only form, and beneficial owners of the Series 2016A Bonds will not receive physical delivery of bond certificates, except as described in APPENDIX E. Upon receipt of payments of principal and interest, DTC will remit such payment to DTC participants for subsequent disbursement to the beneficial owners of the Series 2016A Bonds. For a more complete description of the book-entry only system, see "APPENDIX E—BOOK-ENTRY ONLY SYSTEM" herein.

Redemption

Optional Redemption. The Series 2016A Bonds maturing on and after June 1, 2026, are subject to optional redemption at any time on and after June 1, 2025, in whole or in part, in such order of maturity as may be selected by the Finance Authority and by lot within each maturity (if in part, in integral multiples of $5,000), at the option of the Finance Authority, upon notice as provided in the General Indenture and at the redemption price of 100% of the principal amount of the Series 2016A Bonds to be redeemed, but without premium, plus interest accrued to the redemption date.

Notice of Redemption. In the event any of the Series 2016A Bonds are to be redeemed, notice of such redemption is to be mailed by first class mail, postage prepaid, to all Registered Owners of Series 2016A Bonds to be redeemed at their addresses as they appear on the registration books of the Registrar at least 30 days, but not more than 60 days, prior to the redemption date.

In addition, further notice of any redemption of Series 2016A Bonds is to be given by the Trustee at least two Business Days in advance of the mailed notice to Registered Owners, by registered or certified mail or overnight delivery service, to all registered securities depositories then in the business of holding substantial amounts (as reasonably determined by the Trustee) of obligations of types comprising the Series 2016A Bonds and to at least two national information services that disseminate notices of redemption of obligations such as the Series 2016A Bonds. Failure to give all or any portion of such further notice will not in any manner defeat the effectiveness of a call for redemption.

If at the time of mailing of any notice of redemption there are not on deposit with the Trustee moneys sufficient to redeem all the Series 2016A Bonds called for redemption, such notice is to state that such redemption is subject to the deposit of the redemption moneys with the Trustee not later than the redemption date and that such notice will be of no effect unless such moneys are so deposited.

A second notice of redemption is to be given, not later than 90 days subsequent to the redemption date, to Registered Owners of Series 2016A Bonds or portions thereof redeemed but who failed to deliver Series 2016A Bonds for redemption prior to the 60th day following such redemption date. Any notice mailed will be conclusively presumed to have been duly given, whether or not the owner of such Series 2016A Bonds receives the notice. Receipt of such notice is not a condition precedent to such redemption and failure so to receive any such notice by any of such Registered Owners will not affect the validity of the proceedings for the redemption of the Series 2016A Bonds.

Partially Redeemed Bonds. In case any Series 2016A Bond is redeemed in part, upon the presentation of such Series 2016A Bond for such partial redemption, the Finance Authority will execute and the Trustee will authenticate and deliver or cause to be delivered to or upon the written order of the Registered Owner thereof, at the expense of the Finance Authority, a Series 2016A Bond or Series 2016A Bonds of the same interest rate and maturity and in an aggregate principal amount equal to the unredeemed portion of such Series 2016A Bond. A portion of any Series 2016A Bond of a denomination of more than $5,000 to be redeemed will be in the principal amount of $5,000 or an integral multiple of $5,000 and, in selecting portions of such Series 2016A Bonds for redemption, the Trustee will treat each such Series 2016A Bond as representing that number of Series 2016A Bonds of $5,000 denomination which is obtained by dividing the principal amount of such Series 2016A Bonds by $5,000.

Defeasance

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

SECURITY AND SOURCES OF PAYMENT FOR THE BONDS

Special Limited Obligations

The Bonds, including the Series 2016A Bonds, are special limited obligations of the Finance Authority payable solely from the Trust Estate. The Series 2016A Bonds do not constitute nor create a general obligation or other indebtedness of the State, the Finance Authority or any Governmental Unit within the meaning of any constitutional or statutory debt limitation. THE FINANCE AUTHORITY HAS NO TAXING POWERS. No provision of the Series 2016A Bonds will be construed or interpreted as a donation by or lending of the credit of the Finance Authority, the State or any Governmental Unit within the meaning of the Constitution of the State. The principal of and interest and premium, if any, on the Series 2016A Bonds do not constitute or give rise to a personal liability on the part of the members, directors and officers of the Finance Authority. No breach of any pledge, obligation or agreement of the Finance Authority will impose a pecuniary liability or a charge upon the general credit of the State, the Finance Authority or any political subdivision of the State, or upon the taxing power of the State or any political subdivision of the State.

Trust Estate

In the Indenture, the Finance Authority pledges and assigns the Trust Estate for the equal and ratable payment of the Bonds. The Trust Estate includes (i) Agreement Revenues (as defined below) and amounts in the Agreement Reserve Accounts subject to the uses provided for in the Indenture and described herein, (ii) Additional Pledged Loans, (iii) revenues received by the Finance Authority from the allocation of the NMFA Portion of the Governmental Gross Receipts Tax, and (iv) other amounts in certain funds and accounts created and maintained pursuant to the Indenture, all as more fully described below.

Agreement Revenues. The Agreements consist of Loan Agreements and Securities executed and delivered by Governmental Units in consideration for the financing of all or a portion of their respective projects by the Finance Authority. Under each Loan Agreement or issue of Securities, the respective Governmental Unit pledges to the Finance Authority for payment of all amounts due under their respective Agreements (i) revenues of specific enterprise systems or revenues attributable to certain taxes (the “Agreement Revenues” or, as defined in the Indenture, the “Agreement Pledged Revenues”) and (ii) moneys in certain funds and accounts held by the Trustee. Each Governmental Unit executing a Loan Agreement or issuing Securities agrees to pay principal of and interest on its Loan promptly from its Agreement Revenues and to continue such payments until its Loan is paid in full. Each Governmental Unit that has entered into a Loan Agreement or has issued Securities has pledged specific Agreement Revenues to the repayment of its Loan. It should be noted that each Governmental Unit that has entered into an Agreement with the Finance Authority has the ability to incur additional obligations that may be secured on a parity basis with the Agreement Revenues as long as certain conditions are satisfied. See APPENDIX F for a list of the 2016A Governmental Units and the allocable portions of the Loans financed with the proceeds of Series 2016A Bonds. Also, please see APPENDIX F for information relating to the largest repayment obligations. A Governmental Unit is not required to make up any Loan Payment not paid in full by another Governmental Unit or to make up any insufficiency in any other source of revenues. The Finance Authority reports that no Governmental Unit has failed to timely pay its obligations owing under its respective Agreement.

The following table lists the various types of revenues from which Agreement Revenues are derived based upon scheduled payments in fiscal year 2015-2016. The table also lists the amounts of those revenues and the percentage of the total Agreement Revenues of those revenues.

Type of Revenue	FY 2015-2016 Amounts	% of Total Agreement Revenues
Gross Receipts Tax	$31,955,231	30.47%
Enterprise System Revenues	25,925,551	24.72
General Obligation (ad valorem taxes)	15,806,815	15.07
Local Special Tax	14,883,259	14.19
State Gross Receipts Tax	6,765,064	6.45
Fire Protection Funds	4,344,706	4.14
Governmental Gross Receipts Tax State	2,503,153	2.39
Special Assessments	2,400,482	2.29
Mill Levy	164,713	0.16
Law Enforcement Protection Funds	139,280	0.13
Total	$104,888,254	100.00%

Note: Totals may not add due to rounding. Assumes that the Loans funded with proceeds of the Series 2016A Bonds are executed and delivered.

(Source: The Finance Authority.)

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The following table lists the ten Governmental Units that have Agreements with the same revenue pledge from the respective Governmental Unit that, based on scheduled payments in fiscal year 2015-2016 and assuming no further prepayments of any Agreements, are expected to generate the largest amount of Agreement Revenues in fiscal year 2015-2016. The Agreement Revenues generated from such Agreements account for 39.99% of projected Agreement Revenues for fiscal year 2015-2016.

AGREEMENTS EXPECTED TO GENERATE THE LARGEST AGREEMENT REVENUES[1]

Borrower	FY 2015-2016 Debt Service	% of Total Pledged Agreement Revenues[1][2]
City of Albuquerque (Enterprise System Revenues)	$6,615,350	6.31%
General Services Department (State Gross Receipts Tax)	6,413,090	6.11
New Mexico Spaceport (Gross Receipts Tax)	5,646,444	5.38
Albuquerque Bernalillo County Water Utility Authority (Enterprise System Revenues)	5,477,231	5.22
Farmington Schools (Ad Valorem Taxes)	3,886,866	3.71
City of Albuquerque (Gross Receipts Tax)	3,287,873	3.14
City of Santa Fe (Gross Receipts Tax)	2,974,394	2.84
UNM Health Sciences Center (Local Special Tax)	2,925,389	2.79
Jicarilla Apache Nation (Local Special Tax)	2,373,192	2.26
State Parks Division (Gross Receipts Tax)	2,336,168	2.23
Total	$41,935,997	39.99%

(1) Reflects a percentage of total Agreement Revenues, and does not include the NMFA Portion of Governmental Gross Receipts Taxes.
(2) Assumes that the Loans funded with proceeds of the Series 2016A Bonds are executed and delivered.
(3) Any interest subsidy payments under the Federal interest subsidy programs which may be received by New Mexico Highlands University or any other Governmental Unit are not taken into account in evaluating revenues available to pay Loan payments pursuant to the respective Loans.

(Source: The Finance Authority.)

Although Agreement Revenues are received at various times throughout the year, they are held under the Indenture until June 1 of each year to be applied to pay debt service on the Bonds. For more information with respect to the Governmental Units with the largest repayment obligations, see "APPENDIX F—2016A GOVERNMENTAL UNITS, LARGEST REPAYMENT OBLIGATIONS."

The Finance Authority may require and has previously required the establishment and funding of an Agreement Reserve Fund in connection with certain Agreements. Amounts in a Governmental Unit's account of the Agreement Reserve Fund will be withdrawn by the Trustee and deposited into that Governmental Unit's account of the Debt Service Fund to the extent of any shortfall in payments by such Governmental Unit under its Agreement.

Additional Pledged Loans. The Finance Authority may make loans from or purchase securities with available funds in the Public Project Revolving Fund. At its option, the Finance Authority may designate such loans or securities as Additional Pledged Loans, and upon such designation, the principal and interest payments on such loans or securities become pledged by the Finance Authority to the payment of the Bonds. See "Flow of Funds" below under this caption.

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

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

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

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

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

Presented below is information from the New Mexico Taxation and Revenue Department concerning collections of the governmental gross receipts tax for the fiscal years 2010-2011 through 2014-2015.

GOVERNMENTAL GROSS RECEIPTS TAX COLLECTIONS
FISCAL YEARS 2010-2011 THROUGH 2014-2015

	Fiscal Year 2010-2011	Fiscal Year 2011-2012	Fiscal Year 2012-2013	Fiscal Year 2013-2014	Fiscal Year 2014-2015
Total Net Receipts	$32,872,185	$34,939,052	$36,766,258	$36,396,929	$35,287,521
NMFA Portion of the Governmental Gross Receipts Tax	$24,518,214	$26,204,289	$27,451,328	$27,297,697	$26,465,641

(Source: State of New Mexico Taxation and Revenue Department.)

Based upon data provided by the State of New Mexico Taxation and Revenue Department, the payers of the governmental gross receipt tax whose payments accounted for at least 5% of the total net receipts from the governmental gross receipts tax were the Albuquerque Bernalillo County Water Utility Authority, the City of Albuquerque, the City of Santa Fe and the City of Las Cruces. Although the Finance Authority has not verified and

does not guarantee the accuracy of such information, the Finance Authority does not have any reason to believe that the list of entities providing at least 5% of the governmental gross receipts tax is incorrect.

Funds and Accounts

The Indenture creates a Revenue Fund, a Program Fund (with separate accounts for each Agreement or Project), a Bond Fund, a Debt Service Fund (with separate accounts for each Agreement), an Agreement Reserve Fund (with a separate account for each Agreement that has a reserve requirement), a Common Debt Service Reserve Fund, and an Expense Fund, all of which are part of the Trust Estate. Amounts on deposit in accounts in the Debt Service Fund and in each Agreement Reserve Account shall only secure repayment of the Loan made under the related Agreement. Amounts in the accounts of the Program Fund are held by the Finance Authority and, upon request and submission of proper documentation by the respective Governmental Unit, the Finance Authority will disburse funds directly to the provider of goods or services relating to the Project for which an account has been established in the Program Fund.

Flow of Funds

Loan Payments. All Loan Payments and other amounts paid by Governmental Units pursuant to the Loan Agreements and Securities are to be paid directly to the Finance Authority on or before Loan Payment Dates for remittance to the Trustee prior to each Interest Payment Date, and the Trustee is directed to deposit all such payments immediately upon receiving them, in the following accounts and in the following priority:

First: to the Debt Service Fund in an amount required to cause the aggregate amount on deposit in that Fund to equal the amount then required to make the principal and interest payments due or to next become due with respect to the Loan;

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

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

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

On each Interest Payment Date for the Bonds, the Trustee is directed to transfer moneys in the respective Accounts of the Debt Service Fund to the Bond Fund to pay the interest on the related Bonds becoming due on such Interest Payment Date and to pay the principal of each related Bond due at maturity or by prior redemption, to the extent amounts are on deposit for such purpose. At least once each year, and more frequently if required pursuant to the provisions of a Supplemental Indenture, the Trustee must determine the amount necessary (i) to be transferred to the Bond Fund from each Debt Service Account on Interest Payment Dates for the Bonds from payments relating to a Governmental Unit's Agreement, (ii) to replenish the Governmental Unit's Account in the Agreement Reserve Fund and (iii) in certain cases, to pay the Governmental Unit's share of Program Costs for the year. The Trustee is directed to return any excess that the Trustee does not expect to be required for such payments to the related Governmental Unit or to credit such excess to the Loan Payments next coming due under the Governmental Unit's Agreement. In certain cases, any excess attributable to the difference in interest rates on the Governmental Unit's Loans and the related Bonds (including the Series 2016A Bonds) will be deposited into the Revenue Fund.

On the fifth day preceding a Loan Payment Date (or, if such fifth day is not a Business Day, on the Business Day next preceding such fifth day), if the amount on deposit in any Governmental Unit's Account of the Debt Service Fund is insufficient for payments coming due under the related Loan Agreement or Securities on the next Loan Payment Date, the Trustee is directed to transfer from the related Agreement Reserve Account, if any, to that Governmental Unit's Account of the Debt Service Account, an amount sufficient, together with amounts in such

Debt Service Account, to pay the Principal Component and the Interest Component due under such Loan Agreement or Securities on such Loan Payment Date.

On the third day preceding a Loan Payment Date (or, if such third day is not a Business Day, on the next Business Day preceding such third day), if the amount on deposit in any Governmental Unit's account of the Debt Service Fund is insufficient, after applying any applicable Agreement Reserve Account or other source for the payment of Debt Service, the Trustee shall transfer the amount of such deficiency from the Common Debt Service Reserve Fund. See "Common Debt Service Reserve Fund" below under this caption.

Revenue Fund. During each Bond Fund Year, all Revenues constituting (i) receipts from the NMFA Portion of the Governmental Gross Receipts Tax, (ii) principal and interest payments from Additional Pledged Loans, and (iii) any Federally provided interest subsidies actually delivered to or for the account of the Finance Authority in relation to Bonds, including, but not limited to direct payments of the refundable interest credit (i.e., an interest subsidy) paid pursuant to Section 6431(b) of the Code in relation to "Build America Bonds" (as such term is defined in such section of the Code) are all required to be paid by the Finance Authority to the Trustee prior to each Interest Payment Date and shall be accounted for and maintained by the Trustee in the Revenue Fund. On each Interest Payment Date, the Trustee (except as otherwise provided in a Supplemental Indenture) is directed to transfer from the Revenue Fund (including any amounts in the separate account described in the next paragraph) to the Bond Fund (i) an amount equal to the principal and interest due on such Interest Payment Date on the portion of any Bonds, the proceeds of which were used to make Grants and (ii) if the amounts on deposit in the Bond Fund are insufficient for payments coming due with respect to the Bonds on such Interest Payment Date, an amount sufficient, together with amounts transferred from the Debt Service Account, to pay the principal and interest due on the Bonds on such Interest Payment Date.

At the conclusion of each Bond Fund Year, the Trustee is directed to retain in the Revenue Fund, in a separate account to be created therein (to the extent of amounts remaining in the Revenue Fund), the following:

- an amount equal to any deficiency in any account in the Agreement Reserve Fund;
- with respect to Agreements for which no Agreement Reserve Account was created in the Agreement Reserve Fund and a default in the payment of principal or interest under such Agreement has occurred and is continuing, an amount equal to the least of (i) ten percent (10%) of the proceeds of such Agreement, (ii) maximum annual debt service on such Agreement and (iii) 1.25 times average annual debt service on such Agreement; and
- with respect to Bonds issued to finance Grants and for which no other debt service reserve fund has been created, an amount equal to the least of (i) five percent (5%) of the proceeds of the Bonds issued to finance such Grant, (ii) one-half of maximum annual debt service on the Bonds issued to finance such Grants and (iii) 0.625 times average annual debt service on the Bonds issued to finance such Grant.

Pursuant to the Indenture, the Finance Authority is not required to contribute any amounts to fund the retention described in the preceding paragraph other than from amounts on deposit in the Revenue Fund at the end of each Bond Fund Year, and no default under the Indenture occurs solely by reason of any insufficiency of funds remaining in the Revenue Fund to fund such retention.

After making the foregoing deposits, at the conclusion of each Bond Fund Year, and after making the payments required by the Indenture during such Bond Fund Year, the Trustee is directed to transfer the balance on deposit in the Revenue Fund to the Finance Authority for deposit into the Subordinate Lien Revenue Fund. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Outstanding Subordinate Lien Bonds." After the moneys have been used for the purposes specified in the Subordinated Indenture (as defined below) and to make any deposits to the Common Debt Service Reserve Fund (as described below), the Finance Authority may use any remaining moneys for Public Project Revolving Fund purposes; redemption of Bonds prior to maturity by depositing the same into the Bond Fund; refinancing, refunding, purchasing or advance refunding of any Bonds; or any other lawful purpose.

The balance so transferred to the Subordinate Lien Revenue Fund is no longer pledged to the payment of debt service on the Bonds.

Common Debt Service Reserve Fund. The Finance Authority has established the Common Debt Service Reserve Fund under the Indenture to secure payment of debt service on any Bonds issued under the Indenture. The Common Debt Service Reserve Fund was initially funded on January 14, 2011, and, as of December 9, 2015, the Common Debt Service Reserve Fund was funded in the amount of approximately $30,295,117.

The Finance Authority shall determine, as of the end of each Bond Fund Year, the Required Common Debt Service Reserve Funding Level. The Finance Authority shall deposit the Annual Common Debt Service Reserve Deposit Amount with the Trustee in the Common Debt Service Reserve Fund within three (3) business days of receipt by the Finance Authority of the disbursement of the NMFA Portion of the Governmental Gross Receipts Tax distributed to the Finance Authority by the trustee under the Subordinated Indenture on June 16.

If amounts on deposit in the Common Debt Service Reserve Fund are greater than the Required Common Debt Service Reserve Funding Level for a given Bond Fund Year, then no additional deposit shall be made to the Common Debt Service Reserve Fund for such Bond Fund Year. Any such excess amount may be used during the subsequent Bond Fund Year, at the discretion of the Finance Authority, for the redemption of Bonds prior to maturity by depositing the amount into the Bond Fund or the defeasance of any Bonds. If the Finance Authority has deposited the entirety of the available Annual Common Debt Service Reserve Deposit Amount as of a Bond Fund Year end, but the amount in Common Debt Service Reserve Fund is less than the Required Common Debt Service Reserve Funding Level, then the Finance Authority shall not be required to fund from any other source any such difference in excess of the Annual Common Debt Service Reserve Deposit Amount; provided, however, if a funding difference remains (based on the annual recalculation of the Required Common Debt Service Reserve Funding Level), then the next year's available Annual Common Debt Service Reserve Deposit Amount shall be applied to that difference.

If the amounts on deposit in any Governmental Unit's Account of the Debt Service Fund are insufficient for payments coming due under the related Loan Agreement or Securities on the next Loan Payment Date, after applying any applicable Agreement Reserve Account or other source for the payment of Debt Service, on the third day preceding a Loan Payment Date (or, if such third day is not a Business Day, on the Business Day next preceding such third day), the Trustee shall transfer from the Common Debt Service Reserve Fund, an amount sufficient, together with amounts in the related Debt Service Account, to pay the Principal Component and the Interest Component due under such Loan Agreement or Securities on such Loan Payment Date. Amounts on deposit in the Common Debt Service Reserve Fund may not be applied toward payment of the Bonds, except to the extent that amounts are due and owing under the Bonds and amounts are not otherwise available for such payments in the Debt Service Fund.

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

Application of Loan Prepayments

Covenants Applicable to the Series 2016A Bonds. The Finance Authority covenants pursuant to the Eighty-Ninth Supplemental Indenture, for the purpose of matching, to the extent practicable, (i) the revenues received from Loan Payments received pursuant to the Loans reimbursed or originated with proceeds of the Series 2016A Bonds with debt service payable on the Series 2016A Bonds, and (ii) the overall debt service requirements on the Outstanding Bonds and the Series 2016A Bonds with revenues received from Loan Payments on all outstanding Loans, to take any one or more of the following actions separately or in combination, within 365 days following the receipt of a Prepayment of a Loan financed with proceeds of the Series 2016A Bonds:

For Prepayments funded with proceeds of bonds or another financing transaction, the interest on which is intended by the Governmental Unit to be exempt from inclusion in gross income under the Internal Revenue Code (a "Tax-Exempt Financing"), the Finance Authority must either, to the extent practicable, (i) originate or reimburse one or more new Loans in an aggregate principal amount equal to or greater than the amount of the portion of the Prepayment to be applied, and with a final maturity date and debt service requirements approximating, to the extent practicable, the final maturity date and debt service requirements for the portion of the Loan pursuant to which the Prepayment was made (or a pro rata portion thereof if a portion of the Prepayment is to be used to originate a new Loan or Loans), or (ii) call for optional redemption the Series 2016A Bonds from which the Loan relating to the Prepayment was initially funded and which Series 2016A Bonds are subject to redemption in an aggregate principal amount equal to or greater than the amount of the Prepayment (or a pro rata portion thereof if a portion of the Prepayment is to be applied), and with a final maturity date and debt service requirements approximating the final maturity date and debt service requirements of the Loan pursuant to which the Prepayment was made (or a pro rata portion thereof if a portion of the Prepayment is to be applied). See "THE SERIES 2016A BONDS—Redemption."

The Finance Authority will recalculate the respective Loan Payments due under any Loan Agreement in the case of a partial Prepayment of Loan Payments under such Loan Agreement in a manner consistent with the actions taken.

Historical Prepayments. During the fiscal years indicated below, the Finance Authority has received prepayments (including Prepayments under the Indenture as well as prepayments of obligations under the Subordinated Indenture) in the numbers and aggregate principal amounts presented in the following table. Because prepayment of some Loans by Governmental Units is optional for certain Governmental Units and because the Loan Payments that Governmental Units may prepay vary greatly in amount, the occurrence and aggregate principal amount of Prepayments in past fiscal years are not an indication of Prepayments to be received by the Finance Authority in future fiscal years.

Fiscal Year	Number of Prepayments	Aggregate Principal Amount
2006-2007	9	$9,145,000
2007-2008	21	2,973,716
2008-2009	32	10,223,706
2009-2010	23	6,945,375
2010-2011(1)	58	124,271,480
2011-2012(1)	55	118,727,583
2012-2013(1)	33	54,407,892
2013-2014(1)	23	71,812,973
2014-2015(1)	18	87,924,017
2015-2016(2)	6	7,696,709

(1) The large amount of prepayments is attributable to a favorable interest rate climate that permitted governmental units to refinance their respective loans.

(2) Reflects prepayments received for the period of July 1, 2015 through December 1, 2015, including Prepayments under the Indenture as well as prepayments under the Subordinated Indenture. As discussed above under "Covenants Applicable to the Series 2016A Bonds," the NMFA may originate additional Loans, redeem outstanding Bonds that related to the prepaid Loans, if such Bonds are subject to redemption, or defease outstanding Bonds that relate to the prepaid Loans. As of the date of this Official Statement, the NMFA has applied $43,816 of the proceeds of such prepayments to originate additional loans which, pursuant to a Pledge Notification, have been pledged to the Indenture if the prepaid loan related to Bonds issued under the Indenture or the Subordinated Indenture if the prepaid loan related to bonds issued under the Subordinated Indenture. The NMFA has also applied $6,195,000 of such prepayments to redeem obligations under the Indenture or the Subordinated Indenture. There remains $1,488,539 of prepayments for which the NMFA is working to identify new loans.

(Source: The Finance Authority.)

Additional Bonds

Additional Bonds or other indebtedness, bonds or notes of the Finance Authority payable on a parity with the Bonds out of the Trust Estate may be issued or incurred, only if certain requirements have been met, including the following:

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

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

(c) The proceeds of the Additional Bonds or other indebtedness, bonds or notes must be used (i) to refund Bonds issued under the Indenture or other obligations of the Finance Authority (including the funding of necessary reserves and the payment of costs of issuance) or (ii) to make additional Loans or to purchase Securities (including the funding of necessary reserves and the payment of costs of issuance).

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

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

The Finance Authority maintains an ongoing program to provide loans and to purchase securities from Governmental Units and expects to finance certain of those activities with the issuance of Additional Bonds in parity with the Series 2016A Bonds. The Finance Authority may issue Additional Bonds within the next two to three years. The issuance of such Additional Bonds depends on a variety of factors, including market conditions. No assurance can be given when, or if, such Additional Bonds will be issued. The timing, amount and other details of such other Additional Bonds are not known as of the date of this Official Statement.

No Obligations Senior to the Series 2016A Bonds

No additional indebtedness, bonds or notes of the Finance Authority payable on a priority senior to the pledge of the Revenues for payment of the Bonds will be created or incurred without the prior written consent of the Owners of one hundred percent (100%) of the Outstanding Bonds.

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Outstanding Parity Bonds

The following table presents the Series of Outstanding Parity Bonds that are expected to be outstanding under the Indenture as of February 15, 2016:

Series[1][2]	Original Principal Amount Issued	Aggregate Principal Amount Outstanding as of 2/15/2016[3]
2006B	$38,260,000	$24,440,000
2006D	56,400,000	44,975,000
2007E	61,945,000	37,085,000
2008A	158,965,000	124,400,000
2008B	36,545,000	24,195,000
2008C	29,130,000	13,315,000
2009A	18,435,000	13,265,000
2009C	55,810,000	43,630,000
2009D-1	13,570,000	8,385,000
2009D-2	38,845,000	35,605,000
2009E	35,155,000	16,480,000
2010A-1	15,170,000	6,110,000
2010A-2	13,795,000	13,795,000
2010B-1	38,610,000	26,035,000
2010B-2	17,600,000	17,120,000
2011A	15,375,000	3,270,000
2011B-1	42,735,000	28,850,000
2011B-2	14,545,000	11,435,000
2011C	53,400,000	42,800,000
2012A	24,340,000	21,265,000
2013A	44,285,000	37,910,000
2013B	16,360,000	14,175,000
2014B	58,235,000	54,970,000
2015B	45,325,000	45,325,000
2015C	45,475,000	45,475,000
Total	$988,310,000	$754,310,000

(1) The official statements for the various Series of Senior Bonds are available at the Internet site of the Finance Authority, http://www.nmfa.net, under "Investors, Public Project Revolving Fund."
(2) Does not include the Series 2016A Bonds.
(3) All series of bonds have maturities on June 1.
(Source: The Finance Authority.)

See "ANNUAL DEBT SERVICE REQUIREMENTS" for Debt Service Requirements on the outstanding Bonds and aggregate payments under Agreements relating to the Bonds. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Trust Estate" for a listing of the Governmental Units that have Agreements with the same revenue pledge, based on scheduled payments in fiscal year 2015-2016 and assuming no further prepayment, expected to generate the highest percentages of estimated annual Revenues in fiscal year 2015-2016.

Outstanding Subordinate Lien Bonds

Pursuant to a Subordinated General Indenture of Trust and Pledge dated as of December 1, 2005 (the "Subordinated Indenture"), the Finance Authority may incur obligations (the "Subordinate Lien Bonds") that have a lien on the revenues from the NMFA Portion of the Governmental Gross Receipts Tax and the revenues from Additional Pledged Loans (collectively, the "Subordinate Lien Revenues") that is subordinate to the lien of the Indenture on those revenues. The Subordinate Lien Bonds are additionally secured by their own pool of loans and securities executed and delivered to the Finance Authority by governmental units of the State in consideration for the financing of all or a portion of projects for such governmental units. The revenues derived from such loans and securities are pledged as security solely for the Subordinate Lien Bonds and are not pledged as security for the Bonds.

Pursuant to the Subordinated Indenture, the Finance Authority has issued various series of Subordinate Lien Bonds. The following table sets forth the various series of Subordinate Lien Bonds, the original aggregate principal amount and the aggregate principal amount of Subordinate Lien Bonds that are expected to be outstanding as of February 15, 2016:

Series[(1)]	Original Principal Amount Issued	Aggregate Principal Amount Outstanding as of 2/15/2016[(2)]
2005E[(3)]	$23,630,000	$23,320,000[(3)]
2006A	49,545,000	2,040,000
2006C	39,860,000	26,135,000
2007A	34,010,000	15,680,000
2007B	38,475,000	22,340,000
2007C	131,860,000	89,445,000
2013C	14,295,000	11,570,000
2014A	31,940,000	29,900,000
2015A	63,390,000	62,355,000
2015D	29,355,000	29,355,000
Total[(4)]	$456,360,000	$312,140,000

(1) The official statements for the various series of Outstanding Parity Bonds are available at the Internet site of the Finance Authority, http://www.nmfa.net, under "Investors, Public Project Revolving Fund."
(2) All series of bonds have maturities on June 15.
(3) The Series 2005E Bonds will be refinanced with proceeds of the Series 2016A Bonds and the underlying loan associated with the Series 2005E Bonds will become part of the Trust Estate under the Indenture and the Series 2005E Bonds will no longer be outstanding upon the issuance of the Series 2016A Bonds.
(4) At or about the same time that the Finance Authority issues the Series 2016A Bonds, the Finance Authority expects to issue a series of Subordinate Bonds in the principal amount of $8,950,000. The issuance of the Series 2016A Bonds is not contingent upon the issuance of these Subordinate Lien Bonds.

(Source: The Finance Authority.)

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

The Series 2016A Bonds have a lien on the Subordinate Lien Revenues senior to the lien securing the outstanding Subordinate Lien Bonds.

Supplemental Indentures and Amendments to Agreements; Rating Agency Discretion

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

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

THE PLAN OF FINANCING

General

The proceeds of the Series 2016A Bonds will be used by the Finance Authority for the purpose of (i) originating Loans to or purchasing Securities from or reimbursing the Finance Authority for moneys used to originate Loans to or purchase Securities from the 2016A Governmental Units that will be or were used to finance or refinance certain Projects for such 2016A Governmental Units, some of which Loans or Securities will result in the refinancing of the Refinanced Obligations and (ii) paying costs incurred in connection with the issuance of the Series 2016A Bonds. See APPENDIX F for a list of the 2016A Governmental Units and the amount of the Loans expected to be financed with proceeds of the Series 2016A Bonds.

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Estimated Sources and Uses of Funds

The following tables set forth the estimated sources and uses of funds in connection with the issuance of the Series 2016A Bonds.

Sources of Funds

Principal Amount	$52,070,000.00
Net Original Issue Premium	8,321,138.60
Finance Authority Contribution	34,741.20
Total Sources	$60,425,879.80

Uses of Funds

Deposit to the Public Project Revolving Fund[(1)]	$29,360,235.03
Deposit to Bond Funds for the Refinanced Obligations[(2)]	30,509,383.19
Costs of Issuance[(3)]	556,261.58
Total Uses	$60,425,879.80

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(1) Amounts in the Public Project Revolving Fund will be used to reimburse the Finance Authority for Loans previously made to certain of the 2016A Governmental Units for certain Projects for such Governmental Units. See "APPENDIX F—2016A GOVERNMENTAL UNITS; LARGEST REPAYMENT OBLIGATIONS."

(2) A portion of the proceeds of the Series 2016A Bonds will be applied to the purchase of the Finance Authority's Cigarette Tax Refunding Revenue Bonds, Series 2016 which will result in the refunding of the Refinanced Obligations.

(3) Costs of issuance include purchaser's discount, legal fees (including legal fees of counsel to 2016A Governmental Units), rating agency fees, Trustee fees, financial advisory fees (including financial advisory fees of 2016A Governmental Units), and other miscellaneous costs.

ANNUAL DEBT SERVICE REQUIREMENTS

The following schedule shows the total debt service payable for the Series 2016A Bonds and all currently Outstanding Parity Bonds for each fiscal year through their respective final maturity dates.

ANNUAL DEBT SERVICE FOR THE BONDS[1]

Fiscal Year	Series 2016A Bonds Principal	Series 2016A Bonds Interest	Outstanding Parity Bonds[2]	Total Annual Debt Service
2016	$2,900,000	$697,253	$85,684,936	$89,282,190
2017	3,880,000	2,203,363	80,900,092	86,983,454
2018	3,495,000	2,086,963	80,679,663	86,261,626
2019	3,275,000	1,947,163	77,426,488	82,648,651
2020	4,190,000	1,783,413	71,059,213	77,032,626
2021	4,275,000	1,573,913	69,622,427	75,471,340
2022	4,360,000	1,360,163	65,861,703	71,581,866
2023	4,750,000	1,142,163	63,953,597	69,845,759
2024	4,960,000	904,663	58,061,807	63,926,470
2025	4,875,000	656,663	55,342,584	60,874,246
2026	1,735,000	412,913	52,174,325	54,322,237
2027	1,475,000	326,163	47,066,070	48,867,232
2028	1,530,000	252,413	46,127,086	47,909,498
2029	1,200,000	214,163	39,690,207	41,104,370
2030	1,045,000	175,163	32,640,359	33,860,521
2031	625,000	141,200	30,024,183	30,790,383
2032	645,000	120,888	29,244,685	30,010,572
2033	670,000	99,925	27,433,849	28,203,774
2034	700,000	76,475	24,690,921	25,467,396
2035	725,000	51,975	25,292,991	26,069,966
2036	760,000	26,600	14,350,260	15,136,860
2037	–	–	3,721,071	3,721,071
2038	–	–	3,710,842	3,710,842
2039	–	–	885,936	885,936
2040	–	–	823,600	823,600
2041	–	–	827,400	827,400
2042	–	–	830,000	830,000
2043	–	–	826,400	826,400
2044	–	–	826,800	826,800
2045	–	–	676,000	676,000
Total	$52,070,000	$16,253,591	$1,090,455,495	$1,158,779,086

(1) Assumes the Series 2016A Bonds are issued and Outstanding. Totals may not add due to rounding.
(2) Includes principal and interest.
(Source: Western Financial Group, LLC.)

The following table shows estimated available Revenues pledged to the payment of the Bonds, total debt service requirements for the Series 2016A Bonds and all other outstanding Bonds and the resulting estimated annual coverage ratios. Revenues estimated for current and future fiscal years are based upon collections of the NMFA Portion of the Governmental Gross Receipts Tax and scheduled payments under the Agreements and Additional Pledged Loans for the final six months of the 2014-15 fiscal year and for the first six months of the 2015-16 fiscal year, and do not reflect any future Prepayments or delinquencies. The estimated annual coverage ratios are based in part on assumptions that may not be realized. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Trust Estate—The Governmental Gross Receipts Tax,” “—Agreement Revenues” and “—Additional Pledged Loans” for descriptions of the Revenues presented in the table under the headings “Governmental Gross Receipts Tax Collections” and “Aggregate Pledged Borrower Payments.” See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Trust Estate” and “INVESTMENT CONSIDERATIONS” for a list of some factors which may affect Revenues.

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

June 30 Fiscal Year	NMFA Portion of Governmental Gross Receipts Tax[(2)]	Aggregate Pledged Borrower Payments[(3)(4)]	Estimated Total Revenues[(4)]	Total Annual Debt Service Requirement[(3)]	Estimated Annual Coverage Ratios[(5)]
2016	$27,360,500	$104,888,252	$132,248,752	$89,282,190	1.48
2017	27,360,500	97,568,584	124,929,084	86,983,454	1.44
2018	27,360,500	94,603,829	121,964,329	86,261,626	1.41
2019	27,360,500	89,412,761	116,773,261	82,648,651	1.41
2020	27,360,500	85,702,433	113,062,933	77,032,626	1.47
2021	27,360,500	79,799,972	107,160,472	75,471,340	1.42
2022	27,360,500	76,192,971	103,553,471	71,581,866	1.45
2023	27,360,500	76,412,925	103,773,425	69,845,759	1.49
2024	27,360,500	69,266,567	96,627,067	63,926,470	1.51
2025	27,360,500	66,395,136	93,755,636	60,874,246	1.54
2026	27,360,500	57,489,639	84,850,139	54,322,237	1.56
2027	27,360,500	52,098,639	79,459,139	48,867,232	1.63
2028	27,360,500	52,122,412	79,482,912	47,909,498	1.66
2029	27,360,500	54,155,818	81,516,318	41,104,370	1.98
2030	27,360,500	36,302,711	63,663,211	33,860,521	1.88
2031	27,360,500	32,331,650	59,692,150	30,790,383	1.94
2032	27,360,500	30,518,003	57,878,503	30,010,572	1.93
2033	27,360,500	30,139,516	57,500,016	28,203,774	2.04
2034	27,360,500	27,158,423	54,518,923	25,467,396	2.14
2035	27,360,500	27,707,532	55,068,032	26,069,966	2.11
2036	27,360,500	16,498,423	43,858,923	15,136,860	2.90
2037	27,360,500	6,240,016	33,600,516	3,721,071	9.03
2038	27,360,500	5,538,447	32,898,947	3,710,842	8.87
2039	27,360,500	1,486,323	28,846,823	885,936	32.56
2040	27,360,500	1,016,137	28,376,637	823,600	34.45
2041	27,360,500	1,015,740	28,376,240	827,400	34.30
2042	27,360,500	1,019,417	28,379,917	830,000	34.19
2043	27,360,500	829,633	28,190,133	826,400	34.11
2044	27,360,500	831,238	28,191,738	826,800	34.10
2045	27,360,500	680,742	28,041,242	676,000	41.48

(1) Assumes the Series 2016A Bonds are issued and Outstanding. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Outstanding Parity Bonds."

(2) Based upon distributions for the final six months of the 2014-15 fiscal year and for the first six months of the 2015-16 fiscal year. Assumes receipts will remain the same over the life of the Bonds.

(3) Assumes Pledged Borrower Payments for Loans outstanding as of January 1, 2016, including the Loans financed with proceeds of the Series 2016A Bonds not yet closed as of the date hereof.

(4) Amounts are rounded to the nearest dollar.

(5) Calculated using the NMFA Portion of the Governmental Gross Receipts Tax for the final six months of the 2014-15 fiscal year and for the first six months of the 2015-16 fiscal year and assuming that no Additional Bonds will be issued under the Indenture; subject to change.

(Sources: The Finance Authority and Western Financial Group LLC.)

NEW MEXICO FINANCE AUTHORITY

General Information

The Finance Authority is a public body politic and corporate, separate and apart from the State, constituting a governmental instrumentality of the State. The Finance Authority was created in 1992 pursuant to the Act to coordinate the planning and financing of State and local public projects, to provide for long-term planning and assessment of State and local capital needs and to improve cooperation among the executive and legislative branches of State government and local governments in financing public projects. Pursuant to the Act, the Finance Authority and its corporate existence will continue until terminated by law, provided that no such law will take effect so long as the Finance Authority has bonds or other obligations outstanding, unless provision has been made for the payment of all such obligations. The Finance Authority is comprised of 11 members who also constitute the Finance Authority's board of directors and currently employs 39 persons, including a Chief Executive Officer. The Chief Executive Officer directs the business and affairs of the Finance Authority, subject to the policies, control and direction of the Finance Authority.

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

Powers

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

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

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

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

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

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

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

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

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

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

Organization and Governance

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

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

The Executive Committee provides oversight and direction relating to the operations of the Finance Authority. Other committees include the Finance and Loan Committee, the Audit Committee, the Economic Development Committee, the Investment Committee, the Disclosure Committee, and the Contracts Committee. The committees typically meet monthly.

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

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Governing Body and Key Staff Members

Current members of the Finance Authority, and their respective occupations and term expiration dates, are presented below. One position on the governing body is currently vacant.

Name	Occupation	Term Expires
John E. McDermott (Chair)(1)	President, McDermott Advisory Services, LLC	01/01/2017
William F. Fulginiti (Vice Chair)(2)	Executive Director, New Mexico Municipal League	not applicable
David Martin (Secretary)(1)(2)	Cabinet Secretary, Energy, Minerals and Natural Resources Department, State of New Mexico	not applicable
Katherine Ulibarri (Treasurer)(1)	Vice President for Finance and Operations, Central New Mexico Community College	12/31/2018
Jon Barela(1)(2)	Cabinet Secretary, Economic Development Department, State of New Mexico	not applicable
Tom Clifford(1)(2)	Cabinet Secretary, Department of Finance and Administration	not applicable
Blake Curtis(1) (3)	Chief Executive Officer, Senior Vice President, Curtis & Curtis, Inc., Clovis, New Mexico	01/01/16
Ryan Flynn(1)(2)	Cabinet Secretary, Environment Department, State of New Mexico	not applicable
Steve Kopelman(2)	Executive Director, New Mexico Association of Counties	not applicable
Terry White(1)(3)	Chief Executive Officer of Sunwest Trust, Inc., Albuquerque, New Mexico	01/01/16

(1) Appointed by the Governor of the State and serves at the pleasure of the Governor.
(2) Ex officio member with voting privileges. An ex officio member may designate an alternate member. Alternate members may attend meetings and vote on all matters considered by the Finance Authority. Ex officio members that are cabinet secretaries are appointed to their cabinet positions by the Governor of the State and serve in those capacities at the pleasure of the Governor.
(3) Term has expired but continues to serve until replaced or reappointed.

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Presented below is certain information concerning key staff members of the Finance Authority involved in the issuance of the Series 2016A Bonds and the administration of the Finance Authority's financing programs.

Robert P. Coalter, Chief Executive Officer. Mr. Coalter began serving as the Chief Executive Officer of the Finance Authority in January 2014. Previously, Mr. Coalter served as Executive Director of the Texas Public Finance Authority (TPFA), one of the largest bond issuers in the State of Texas with over $5 billion in outstanding debt. Prior to his work at TPFA, Mr. Coalter served as Assistant Director of Treasury Operations for the Comptroller of Public Accounts for 16 years. He has been employed in various positions within state government for over 20 years, working with senior officials and staff in the both the legislative and executive branches. Mr. Coalter holds a Masters of Business Administration in Finance and has been accountable for the issuance, payment, and compliance of over $90 billion dollars in various municipal instruments during his career.

Robert Brannon, Chief Financial Officer. Mr. Brannon joined the Finance Authority as an accountant in 2008, was promoted to Controller in 2012, and was appointed Interim Chief Financial Officer in 2014. Mr. Brannon has over 12 years of accounting experience, the majority of such time spent with nonprofit community and mission based organizations. Mr. Brannon has a Bachelor of Arts degree in Finance from Temple University, a Bachelor of Arts degree in Psychology from the University of New Mexico, and a Master of Business Administration degree from George Washington University.

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

Zach Dillenback, Chief Lending Officer. Mr. Dillenback joined the Finance Authority in February 2006, and was promoted to Chief Lending Officer in 2012. Mr. Dillenback has over 10 years of experience in the finance industry, the majority of such time being devoted to public finance. He holds a Bachelor of Arts degree in Finance from Florida State University and is in the process of obtaining an Executive Master of Business Administration degree from the University of New Mexico.

Marquita Russel, Chief of Programs. Ms. Russel joined the Finance Authority in September, 2000. Ms. Russel has approximately 20 years of experience in the financial services industry, in both marketing and financial analysis. Prior to joining the Finance Authority, Ms. Russel spent 10 years at the Illinois Development Finance Authority, where she held the positions of Marketing Director and Senior Program Administrator. During that time, Ms. Russel closed more than $1 billion of transactions, ranging from $5,000 microloans to $175 million tax-exempt hospital bonds. Ms. Russel earned her Bachelor of Science degree from Marquette University, Milwaukee, Wisconsin.

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

Legislative Oversight

The Act also provides for the creation of a legislative oversight committee, whose membership is determined by the State Legislative Council. The oversight committee is required to monitor and oversee the operation of the Finance Authority, and in that connection it, among other things: (i) meets on a regular basis to receive and review reports from the Finance Authority and to review and approve regulations proposed for adoption pursuant to the Act; (ii) monitors and provides assistance and advice on the public project financing program of the

Finance Authority; (iii) oversees and monitors State and local government capital planning and financing; (iv) provides advice and assistance to the Finance Authority on planning, setting priorities for and financing of State and local capital projects; (v) undertakes an ongoing examination of the statutes, constitutional provisions, regulations and court decisions governing State and local government capital financing in the State; and (vi) reports its findings and recommendations, including recommended legislation or necessary changes, to the Governor and to each session of the State legislature (the "Legislature"), and makes available the report and proposed legislation.

The Public Project Revolving Fund Program

General. The Act created the Public Project Revolving Fund (the "PPRF") program of the Finance Authority in 1992 to pay the reasonably necessary costs of originating and servicing loans, grants or securities funded by the PPRF and to make loans or grants and to purchase or sell securities to assist qualified entities in financing the acquisition, construction, improvement, alteration or reconstruction of assets of a long-term capital nature, including land; buildings; water rights; water, sewerage and waste disposal systems; streets; airports; municipal utilities; public recreation facilities; public transportation systems; parking facilities; and machinery, furniture and equipment. Public projects financed through the PPRF in amounts in excess of $1 million per project require specific authorization by the Legislature. As of November 30, 2015, the Finance Authority had made 1,253 PPRF loans totaling approximately $2.64 billion. To implement the PPRF Program, the Finance Authority has been granted the following specific powers:

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

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

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

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

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

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

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

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

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

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

Contingent Liquidity Account. In an effort to pursue its policy of maintaining a sufficient cash balance to meet the borrowing needs of eligible entities and improving the fund and cash balances of the PPRF program, the Finance Authority established a contingency account (the "Contingent Liquidity Account"). Although it will not be pledged to the Series 2016A Bonds, or any other Finance Authority bonds, the Contingent Liquidity Account is intended to enhance the Finance Authority's ability to meet the cash-flow needs of the PPRF program. Funds from the Contingent Liquidity Account may be used to pay debt service on Finance Authority bonds; however, such use is within the sole discretion of the Finance Authority and such funds may also be used for other purposes, including but not limited to payments of unforeseen expenses of the Finance Authority, urgent economic development projects, loan originations, or addressing other purposes as determined by the Finance Authority. As of December 9, 2015, the Contingent Liquidity Account was funded to an amount of approximately $30,295,117. The debt management policy relating to the PPRF was revised on November 19, 2015 to provide that the Contingent Liquidity Account will be funded to an amount no greater than the funding level for the Common Debt Service Reserve Fund. See SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Flow of Funds—Common Debt Service Reserve Fund" herein.

Temporary Borrowing. The Finance Authority has entered into an arrangement (the "Wells Fargo Short-Term Borrowing") with Wells Fargo Bank, National Association ("Wells Fargo") for Wells Fargo to provide to the Finance Authority an amount up to $100,000,000 to reimburse the Finance Authority for loans made to eligible entities that are incurred prior to the issuance of a series of bonds or to make loans to eligible entities by using funds drawn from the Wells Fargo Short-Term Borrowing. Once the amounts are advanced, the Finance Authority has up to 180 days to repay the advancement. The Wells Fargo Short-Term Borrowing is currently scheduled to expire on December 10, 2020. The Wells Fargo Short-Term Borrowing is secured by proceeds of bonds that are anticipated to be issued subsequent to the advances. The Finance Authority has entered into Wells Fargo Short-Term Borrowing to assist it with its cash flows. The Wells Fargo Short-Term Borrowing is not secured by the Trust Estate. The Finance Authority does not have any current plans to draw upon the Wells Fargo Short-Term Borrowing by the end of the year. However, the Finance Authority reserves the right to draw upon the Wells Fargo Short-Term Borrowing if it is expedient to do so.

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Other Bond Programs and Projects

The Finance Authority also participates in or administers other bond programs designed to provide financing to local governmental entities and state agencies for public projects. Such programs are not secured by the Trust Estate but are secured by other sources of revenues. The following table sets forth the different types of bond programs and the amount of bonds expected to be outstanding under such programs as of February 15, 2016.

Program	Project	Original Principal Amount	Outstanding as of 2/15/2016	Scheduled Final Maturity
Cigarette Tax[(1)]	University of New Mexico Health Sciences Building	$39,035,000	$6,895,000[(1)]	4/1/2019[(1)]
Cigarette Tax	Behavioral Health Facilities	2,500,000	1,375,000	5/1/2026
Transportation	Highways 2006A	150,000,000	7,770,000	12/15/2018
Transportation	Highways 2006B Subordinate	40,085,000	1,500,000	12/15/2016
Transportation	Highways 2008A Subordinate	115,200,000	35,200,000	6/15/2024
Transportation	Highways 2008B Subordinate	220,000,000	100,000,000	12/15/2026
Transportation	Highways 2009A	112,345,000	10,260,000	6/15/2017
Transportation	Highways 2010A	95,525,000	30,270,000	12/15/2024
Transportation	Highways 2010A Subordinate	79,100,000	52,355,000	12/15/2021
Transportation	Highways 2010B	461,057,000	444,800,000	6/15/2024
Transportation	Highways 2011A-1 Subordinate	80,000,000	80,000,000	12/15/2026
Transportation	Highways 2011A-2 Subordinate	120,000,000	120,000,000	12/15/2026
Transportation	Highways 2011A-3 Subordinate	84,800,000	84,800,000	12/15/2026
Transportation	Highways 2012	220,400,000	216,555,000	6/15/2026
Transportation	Highways 2014 Subordinate	70,110,000	70,110,000	6/15/2032
Transportation	Highways 2014B-1	61,380,000	61,380,000	6/15/2027
Transportation	Highways 2014B-2 Subordinate	18,025,000	18,025,000	6/15/2027

(1) The Finance Authority expects to fully redeem the outstanding balance of these bonds upon the issuance of the Series 2016A Bonds.
(Source: The Finance Authority.)

LITIGATION

To the knowledge of the Finance Authority, there is no controversy or litigation known to be pending or threatened to restrain or enjoin the issuance, sale, execution or delivery of the Series 2016A Bonds, the execution, adoption or effectiveness of the Indenture or the levying or collecting of any Revenues the loss of which would materially adversely affect the ability of the Finance Authority to pay debt service on the Series 2016A Bonds, or in any way contesting or affecting the validity or enforceability of the Series 2016A Bonds, the Indenture, or any proceeding and authority of the Finance Authority taken with respect to the foregoing. The Finance Authority will deliver a non-litigation certification as to the foregoing prior to the issuance of the Series 2016A Bonds.

SALE OF SERIES 2016A BONDS

The Series 2016A Bonds were sold to the Purchaser at an aggregate purchase price of $60,322,093.78 (being the par amount of the Series 2016A Bonds plus net original issue premium of $8,321,138.60, and less a purchaser's discount of $69,044.82). The Series 2016A Bonds may be offered and sold to certain dealers (including dealers depositing the Series 2016A Bonds into investment trusts) at prices lower than the initial public offering prices set forth on the inside front cover pages of this Official Statement and such public offering prices may be changed from time to time.

TAX MATTERS

The following sections are not intended to be an exhaustive discussion of collateral tax consequences arising from receipt of interest on the Series 2016A Bonds. Prospective purchasers or owners should consult their tax advisors with respect to collateral tax consequences, including without limitation the calculations of alternative minimum tax, environmental tax or foreign branch profits tax liability, inclusion of Social Security or other retirement payments in taxable income and the state and local tax rules in New Mexico and other states.

A copy of the proposed form of opinion of Bond Counsel is attached hereto as "APPENDIX D—FORM OF OPINION OF BOND COUNSEL."

In the opinion of Sherman & Howard L.L.C., Bond Counsel, assuming continuous compliance with certain covenants described below, interest on the Series 2016A Bonds is excluded from gross income under federal income tax laws pursuant to Section 103 of the Internal Revenue Code of 1986, as amended to the date of delivery of the Series 2016A Bonds (the "Tax Code"), and interest on the Series 2016A Bonds is excluded from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code except that such interest is required to be included in calculating the "adjusted current earnings" adjustment applicable to corporations for purposes of computing the alternative minimum taxable income of corporations as described below. Interest on the Series 2016A Bonds is exempt from taxation by the state of New Mexico, except for estate or gift taxes and taxes on transfers. For purposes of this paragraph and the succeeding discussion, "interest" includes the original issue discount on certain of the Series 2016A Bonds only to the extent such original issue discount is accrued as described herein.

The Tax Code and New Mexico law impose several requirements which must be met with respect to the Series 2016A Bonds in order for the interest thereon to be excluded from gross income and alternative minimum taxable income (except to the extent of the aforementioned adjustment applicable to corporations). Certain of these requirements must be met on a continuous basis throughout the term of the Series 2016A Bonds. These requirements include: (a) limitations as to the use of proceeds of the Series 2016A Bonds; (b) limitations on the extent to which proceeds of the Series 2016A Bonds may be invested in higher yielding investments; and (c) a provision, subject to certain limited exceptions, that requires all investment earnings on the proceeds of the Series 2016A Bonds above the yield on the Series 2016A Bonds to be paid to the United States Treasury. The Finance Authority will covenant and represent in the Indenture that it will take all steps to comply with the requirements of the Tax Code (in effect on the date of delivery of the Series 2016A Bonds) to the extent necessary to maintain the exclusion of interest on the Series 2016A Bonds from gross income and alternative minimum taxable income (except to the extent of the aforementioned adjustment applicable to corporations) under such federal income tax laws. Bond Counsel's opinion as to the exclusion of interest on the Series 2016A Bonds from gross income and alternative minimum taxable income (to the extent described above) is rendered in reliance on these covenants, and assumes continuous compliance therewith. The failure or inability of the Finance Authority to comply with these requirements could cause the interest on the Series 2016A Bonds to be included in gross income or alternative minimum taxable income, or a combination thereof, from the date of issuance. Bond Counsel's opinion also is rendered in reliance upon certifications of the Finance Authority and other certifications furnished to Bond Counsel. Bond Counsel has not undertaken to verify such certifications by independent investigation.

Section 55 of the Tax Code contains a 20% alternative minimum tax on the alternative minimum taxable income of corporations. Under the Tax Code, 75% of the excess of a corporation's "adjusted current earnings" over the corporation's alternative minimum taxable income (determined without regard to this adjustment and the alternative minimum tax net operating loss deduction) is included in the corporation's alternative minimum taxable income for purposes of the alternative minimum tax applicable to the corporation. "Adjusted current earnings" includes interest on the Series 2016A Bonds.

With respect to Bonds that were sold in the initial offering at a discount (the "Discount Bonds"), the difference between the stated redemption price of the Discount Bonds at maturity and the initial offering price of those bonds to the public (as defined in Section 1273 of the Tax Code) will be treated as "original issue discount" for federal income tax purposes and will, to the extent accrued as described below, constitute interest which is excluded from gross income, alternative minimum taxable income, New Mexico taxable income, or New Mexico alternative minimum taxable income under the conditions and subject to the exceptions described in the preceding paragraphs. The original issue discount on the Discount Bonds is treated as accruing over the respective terms of such Discount Bonds on the basis of a constant interest rate compounded at the end of each six-month period (or shorter period from the date of original issue) ending on June 1 and December 1 with straight line interpolation between compounding dates. The amount of original issue discount accruing each period (calculated as described in the preceding sentence) constitutes interest which is excluded from gross income, alternative minimum taxable income, New Mexico taxable income, and New Mexico alternative minimum taxable income under the conditions and subject to the exceptions described in the preceding paragraphs and will be added to the owner's basis in the Discount Bonds. Such adjusted basis will be used to determine taxable gain or loss upon disposition of the Discount Bonds (including sale or payment at maturity). Owners should consult their own tax advisors with respect to the tax consequences of the ownership of the Discount Bonds.

Owners who purchase Discount Bonds after the initial offering or who purchase Discount Bonds in the initial offering at a price other than the initial offering price (as defined in Section 1273 of the Tax Code) should consult their own tax advisors with respect to the federal tax consequences of the ownership of the Discount Bonds. Owners who are subject to state or local income taxation (other than New Mexico state income taxation) should consult their tax advisor with respect to the state and local income tax consequences of ownership of the Discount Bonds. It is possible that, under the applicable provisions governing determination of state and local taxes, accrued original issue discount on the Discount Bonds may be deemed to be received in the year of accrual even though there will not be a corresponding cash payment.

The Tax Code contains numerous provisions which may affect an investor's decision to purchase the Series 2016A Bonds. Owners of the Series 2016A Bonds should be aware that the ownership of tax-exempt obligations by particular persons and entities, including, without limitation, financial institutions, insurance companies, recipients of Social Security or Railroad Retirement benefits, taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, foreign corporations doing business in the United States and certain "subchapter S" corporations may result in adverse federal and New Mexico tax consequences. Under Section 3406 of the Tax Code, backup withholding may be imposed on payments on the Series 2016A Bonds made to any owner who fails to provide certain required information, including an accurate taxpayer identification number, to certain persons required to collect such information pursuant to the Tax Code. Backup withholding may also be applied if the owner underreports "reportable payments" (including interest and dividends) as defined in Section 3406, or fails to provide a certificate that the owner is not subject to backup withholding in circumstances where such a certificate is required by the Tax Code.

Certain of the Series 2016A Bonds were sold at a premium, representing a difference between the original offering price of those Series 2016A Bonds and the principal amount thereof payable at maturity. Under certain circumstances, an initial owner of such bonds (if any) may realize a taxable gain upon their disposition, even though such bonds are sold or redeemed for an amount equal to the owner's acquisition cost. Bond Counsel's opinion relates only to the exclusion of interest (and, to the extent described above for the Discount Bonds, original issue discount) on the Series 2016A Bonds from gross income, alternative minimum taxable income and State of New Mexico income taxes as described above and will state that no opinion is expressed regarding other federal or New Mexico tax consequences arising from the receipt or accrual of interest on or ownership of the Series 2016A Bonds. Owners of the Series 2016A Bonds should consult their own tax advisors as to the applicability of these consequences.

The opinions expressed by Bond Counsel are based on existing law as of the delivery date of the Series 2016A Bonds. No opinion is expressed as of any subsequent date nor is any opinion expressed with respect to pending or proposed legislation. Amendments to the federal or state tax laws may be pending now or could be proposed in the future that, if enacted into law, could adversely affect the value of the Series 2016A Bonds, the exclusion of interest (and, to the extent described above for the Discount Bonds, original issue discount) on the Series 2016A Bonds from gross income or alternative minimum taxable income or both from the date of issuance of the Series 2016A Bonds or any other date, the tax value of that exclusion for different classes of taxpayers from time to time, or that could result in other adverse tax consequences. In addition, future court actions or regulatory decisions could affect the tax treatment or market value of the Series 2016A Bonds. Owners of the Series 2016A Bonds are advised to consult with their own tax advisors with respect to such matters.

The Internal Revenue Service (the "Service") has an ongoing program of auditing tax-exempt obligations to determine whether, in the view of the Service, interest on such tax-exempt obligations is includable in the gross income of the owners thereof for federal income tax purposes. No assurances can be given as to whether or not the Service will commence an audit of the Series 2016A Bonds. If an audit is commenced, the market value of the Series 2016A Bonds may be adversely affected. Under current audit procedures, the Service will treat the Finance Authority as the taxpayer and the Owners may have no right to participate in such procedures. The Finance Authority has covenanted in the Indenture not to take any action that would cause the interest on the Series 2016A Bonds to lose its exclusion from gross income for federal income tax purposes or lose its exclusion from alternative minimum taxable income except to the extent described above for the owners thereof for federal income tax purposes. None of the Finance Authority, Trustee, Municipal Advisor, Bond Counsel, or Disclosure Counsel is responsible for paying or reimbursing any Bond holder with respect to any audit or litigation costs relating to the Series 2016A Bonds.

LEGAL MATTERS

In connection with the issuance and sale of the Series 2016A Bonds, Sherman & Howard L.L.C., Denver, Colorado, as Bond Counsel to the Finance Authority, will deliver its opinion in substantially the form included in APPENDIX D. Certain legal matters will be passed upon for the Finance Authority by its General Counsel. Certain matters relating to disclosure will be passed upon for the Finance Authority by Ballard Spahr LLP, Salt Lake City, Utah, Disclosure Counsel to the Finance Authority. The counsels involved in this transaction have not participated in any independent verification of the information concerning the financial condition or capabilities of the Finance Authority contained in this Official Statement.

MUNICIPAL ADVISOR

The Finance Authority has retained Western Financial Group, LLC, as municipal advisor in connection with the preparation of this Official Statement and with respect to the issuance of the Series 2016A Bonds. Western Financial Group, LLC is an independent advisory firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities.

FINANCIAL STATEMENTS

The financial statements of the Finance Authority for the year ended June 30, 2015, included in APPENDIX A of this Official Statement, have been audited by REDW, LLC, certified public accountants, Albuquerque, New Mexico, as set forth in its report thereon dated October 30, 2015. REDW, LLC has not been asked to consent to the use of its name and audited financial reports of the Finance Authority in this Official Statement nor has REDW, LLC participated in the preparation of this Official Statement.

In July 2012, the Finance Authority disclosed that what it believed was the audit of its financial statements for the fiscal year ended June 30, 2011 was not completed properly (the "Incomplete Audit"). Upon such discovery, the Finance Authority withdrew the Incomplete Audit. The Finance Authority then initiated an investigation and determined that its former controller had misrepresented the status of the Incomplete Audit and provided financial statements for use with third parties that he falsely represented as "audited." For additional information relating to the Incomplete Audit, see "2011 Audit Situation" at www.nmfa.net/investors/disclosures/.

CONTINUING DISCLOSURE UNDERTAKING

The Finance Authority will execute and deliver a Continuing Disclosure Undertaking in connection with the issuance of the Series 2016A Bonds pursuant to which it will agree to provide the following information:

- to the Municipal Securities Rulemaking Board ("MSRB") in an electronic format prescribed by the MSRB by March 31 of each fiscal year, or the next succeeding business day if March 31 is not a business day (and to the Trustee and to each holder of the Series 2016A Bonds who requests such information):

1. annual financial information and operating data concerning the Revenues, such information to be of the type set forth under the tables captioned “Trust Estate—Agreement Revenues,” and “Governmental Gross Receipts Tax Collections – Fiscal Years 2010-2011 Through 2014-2015” under the caption “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Trust Estate—The Governmental Gross Receipts Tax—Collection and Distribution Information” in the Official Statement;

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

3. audited financial statements for the Finance Authority, any Governmental Unit meeting the 20% Test and each additional Governmental Unit designated by the Finance Authority, or, if audited financial statements are not available by March 31 of each fiscal year, or the next succeeding business day if March 31 is not a business day, unaudited financial statements and audited financial statements as soon as such audited financial statements become available;

- in a timely manner to the MSRB in an electronic format prescribed by the MSRB, notice of a failure to provide the required annual financial information on or before the date specified in its written continuing disclosure undertaking;

- in a timely manner, but not more than ten business days after the occurrence of the event, to the MSRB in an electronic format prescribed by the MSRB, notice of the occurrence of any of the following events (if applicable) with respect to the Series 2016A Bonds:

  1. principal and interest payment delinquencies;

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

  3. unscheduled draws on credit enhancements reflecting financial difficulties;

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

  5. adverse tax opinions or the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Series 2016A Bonds;

  6. defeasances;

  7. tender offers;

  8. bankruptcy, insolvency, receivership or similar proceedings; and

  9. rating changes.

- in a timely manner, but not more than ten business days after the occurrence of the event, to the MSRB in an electronic format prescribed by the MSRB, notice of the occurrence of any of the following events (if applicable) with respect to the Series 2016A Bonds, if material:

1. mergers, consolidations, acquisitions, the sale of all or substantially all of the assets of the obligated persons or their termination;

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

3. non-payment related defaults;

4. modification of rights of owners of the Series 2016A Bonds;

5. bond calls; and

6. release, substitution, or sale of property securing repayment of the Series 2016A Bonds.

The Finance Authority may from time to time choose to provide notice of the occurrence of certain other events, in addition to those listed above, if, in the judgment of the Finance Authority, such other event is material with respect to the Series 2016A Bonds. However, the Finance Authority does not undertake to commit to provide any such notice of the occurrence of any material event except those events listed above.

The Finance Authority reserves the right to modify from time to time the Continuing Disclosure Undertaking, including the specific types of information provided or the format of the presentation of such information, to the extent necessary or appropriate in the judgment of the Finance Authority; provided that, the Finance Authority has agreed that any such modification will be done in a manner consistent with the Rule. The Finance Authority acknowledges that its undertaking pursuant to the Rule described under this heading is intended to be for the benefit of the Owners of the Series 2016A Bonds and will be enforceable by the Owners; provided that the right to enforce the provisions of this undertaking are limited to a right to obtain specific performance of the Finance Authority's obligations, and any failure by the Finance Authority to comply with the provisions of the undertaking will not be an event of default with respect to the Series 2016A Bonds.

None of the Governmental Units have represented annual Loan repayment obligations exceeding 20% of estimated Revenues in the first full year immediately following issuance of the Series 2016A Bonds. See APPENDIX F for a discussion of Loans to Governmental Units with the largest outstanding principal loan balances.

Previous continuing disclosure undertakings of the Finance Authority required the Finance Authority to provide information with respect to Governmental Units whose Loan repayment obligations exceeded 5% of Revenues. Some of those disclosure undertakings varied from other disclosure undertakings. In an effort to promote consistency amongst its continuing disclosure undertakings, in August 2005, the Finance Authority amended many of its disclosure undertakings to change the 5% provision to 20% as set forth above. However, the Finance Authority subsequently discovered that an undertaking executed in 1999 relating to bonds that were retired in 2009 was not amended. As a result, information with respect to certain underlying borrowers was not filed within the previous five years from the date of this Official Statement. That previous undertaking expired in 2009 when the bonds relating to that undertaking were retired.

In July 2012, the Finance Authority disclosed that what it believed was the audit of its financial statements for the fiscal year ended June 30, 2011 was not properly completed (the "Incomplete Audit"). Due to the Incomplete Audit, the Finance Authority was unable to file its audit for the fiscal year ended June 30, 2011 in a manner that was in material compliance with its previous undertakings. Eventually, the audit for fiscal year ended June 30, 2011 was completed and made available, and the Finance Authority filed such audit with the MSRB as specified in its disclosure undertakings. In addition, the Finance Authority reports that it did not provide notice to the MSRB of an upgrade on its Subordinate Lien Bonds by Moody's from Aa3 to Aa2. The Finance Authority has since filed notice of such upgrade with the MSRB.

RATINGS

S&P and Moody's have assigned ratings of "AAA" and "Aa1," respectively, to the Series 2016A Bonds. An explanation of the significance of such ratings may be obtained from S&P and Moody's, respectively.

Such ratings reflect only the views of such organizations. The ratings are not a recommendation to buy, sell or hold the Series 2016A Bonds and there is no assurance that such ratings will continue for any given period of time or that such ratings will not be revised downward or withdrawn entirely by the rating agencies if, in their judgment, circumstances so warrant. Any downward revision or withdrawal of the ratings given to the Series 2016A Bonds may have an adverse effect on the market price of the Series 2016A Bonds. The Municipal Advisor has not undertaken any responsibility to bring to the attention of the owners of the Series 2016A Bonds any proposed revision or withdrawal of the ratings on the Series 2016A Bonds, or to oppose any such proposed revision or withdrawal. The Finance Authority undertakes no responsibility to oppose any such revision or withdrawal. Any such downward revision or withdrawal of the ratings or other actions by a rating agency may have an adverse effect on the market price of the Series 2016A Bonds.

INVESTMENT CONSIDERATIONS

Availability of Revenues

The amount of Revenues actually received by the Finance Authority may be affected by several factors. Among other things, the amount of governmental gross receipts taxes that will be collected and distributed to the Finance Authority is subject to fluctuation based on the activities that generate those taxes, including general economic conditions. There can be no guarantee that the NMFA's Portion of the Governmental Gross Receipts Taxes collected in the future will be consistent with historical collection trends. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Trust Estate—The Governmental Gross Receipts Tax."

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

As previously stated, the Series 2016A Bonds are also payable from Agreement Revenues. Agreement Revenues are derived from a variety of different sources including enterprise system revenues, property taxes and specific taxes. Those sources of Agreement Revenues may be adversely affected by a variety of factors including, but not limited to, general economic conditions, the demand and cost of certain services and governmental actions. There can be no guarantee that future Agreement Revenues will be consistent with historical receipts.

The mandate from the Budget Control Act of 2011 that became effective in March 2013 requires a reduction of federal spending ("Sequestration"). The Finance Authority receives an insignificant amount of federal revenues. In addition, various entities throughout the State of New Mexico have been receiving federal revenues. While some of those entities may experience a reduction in the receipt of federal revenues due to Sequestration, the Finance Authority does not believe that any such reductions will impact the ability of the Finance Authority to pay debt service on its Bonds.

ADDITIONAL INFORMATION

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

Any statements in this Official Statement involving matters of opinion, whether or not expressly stated as such, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the Finance Authority and the purchasers or holders of any of the Series 2016A Bonds.

NEW MEXICO FINANCE AUTHORITY

By /s/ John E. McDermott
John E. McDermott,
Chair

By /s/ Robert P. Coalter
Robert P. Coalter,
Chief Executive Officer

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APPENDIX A

AUDITED FINANCIAL STATEMENTS OF THE FINANCE AUTHORITY FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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New Mexico Finance Authority
(A Component Unit of the State of New Mexico)

Financial Statements, Supplemental Information
and
Independent Auditor's Report

June 30, 2015 and 2014

REDW LLC
CPAs | Business & Financial Advisors

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New Mexico Finance Authority

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New Mexico Finance Authority

Official Roster

Year Ended June 30, 2015

Governing Board
John E. McDermott, Chair
William Fulginiti, Vice Chair
David Martin, Secretary
Katherine Ulibarri, Treasurer
Steve Kopelman, Member
Ryan Flynn, Member
Tom Clifford, Member
Jon Barela, Member
Jerry L. Jones, Member
Blake Curtis, Member
Terry White, Member

Chief Executive Officer
Robert P. Coalter

Chief Financial Officer
Robert Brannon

Independent Auditor's Report

Governing Board
New Mexico Finance Authority
and
Mr. Timothy Keller
New Mexico Office of the State Auditor
Santa Fe, NM

Report on the Financial Statements

We have audited the accompanying financial statements of the New Mexico Finance Authority (the "Authority"), a component unit of the State of New Mexico, as of and for the years ended June 30, 2015 and 2014, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

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Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of June 30, 2015 and 2014, and the changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The accompanying supplementary schedules, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 30, 2015, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

REDW LLC

Albuquerque, New Mexico
October 30, 2015

New Mexico Finance Authority
Management's Discussion and Analysis
June 30, 2015 and 2014

Introduction

This section of the New Mexico Finance Authority's (the "Authority") annual financial statements presents management's discussion and analysis of the Authority's financial position at June 30, 2015 and its financial performance during the fiscal year then ended. This section should be read together with the Authority's financial statements and accompanying notes.

The New Mexico Finance Authority

The Authority was created by the New Mexico State Legislature in 1992 to finance infrastructure projects for the state's counties, cities, school districts and certain departments of the state government. The objective was to provide low-cost financing for borrowers who might not otherwise be able to access the tax-exempt bond market on a cost-effective basis. The 1992 statute created the Public Project Revolving Fund (PPRF) as the vehicle to accomplish this financing objective. As authorized by the statute, the Authority issues tax-exempt PPRF bonds to obtain the funds in which it loans to New Mexico governmental entities. The statute created the Governmental Gross Receipts Tax as a source of funding for Authority operations and to serve as a credit enhancement for the Authority's bonds. Although the legislature has created additional program responsibilities for the Authority, the PPRF remains the core of its activities.

Overview of the Financial Statements

The financial statements have been prepared using the economic resources measurement focus and accrual basis of accounting in accordance with generally accepted accounting principles. The Authority's basic financial statements are comprised of the following:

- The *Statement of Net Position* presents information on the assets and liabilities of the Authority, with the difference between the assets and the liabilities reported as net position. Over time, increases or decreases in net position serve as a useful indicator of whether financial position is improving or deteriorating.
- The *Statement of Revenues, Expenses and Changes in Net Position* present information reflecting how the net position of the Authority changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the cash flows. Thus, revenues and expenses are reported in the statement for some items that will only result in cash flows in future fiscal periods.
- The *Statement of Cash Flows* reports the cash flows from operating activities, noncapital financing activities, capital and related financing activities and investing activities, and the resulting change in cash and cash equivalents during the fiscal year.

The accompanying notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes can be found immediately following the financial statements.

Financial Highlights

- The Authority's overall financial improved slightly in the past year. The key indicator is total net position which increased by $40.7 million or 8.9%.
- During the fiscal year, unrestricted cash increased 9.4% or $1.9 million. Restricted cash increased by .4% or $.4 million. Restricted investments increased by 52.5% or $96.5 million.
- Loans receivable remained consistent from previous year.
- Intergovernmental receivables decreased by $12.1 million or 10.2%, primarily as a result of payments received in fiscal year 2015 and restructuring of the Administrative Office of the Courts intergovernmental receivable.
- Bonds payable increased by $8.7 million or 0.8% in 2015, the result of issuing of $166.9 million of new bonds, principal payments on outstanding bonds of $162.3 million, and amortization of bond premium of $4.1 million.
- Undisbursed loan proceeds increased by $43.2 million or 150.3% during 2015 due to the timing of a bond issuance at the end of the fiscal year.
- Appropriation revenue decreased by $5.9 million in fiscal year 2015, representing a 13.8% decrease from fiscal year 2014. The reduction reflects the closing out of all tranches from the appropriation for the State Small Business Credit Initiative program.
- The Authority experienced a $1.4 million or 31.0% decrease in administrative fees revenue from $4.6 million in 2014 to $3.2 million in 2015. This drop in revenue was in direct relation to the decreased number of loans in 2015 compared to 2014.
- Expenses decreased 5.4% from $114.9 million in 2014 to $108.7 million in 2015, representing an expected decrease of $6.2 million.
- Grant revenue and corresponding activity increased 15.9% or $8.8 million as the Authority experienced increased grant activity within the Colonias and Drinking Water programs during the year.
- There was one reversion to the State General Fund for fiscal year 2015 of $500 thousand related to the close out of a loan in the Behavioral Health program.

Statement of Net Position

The following presents condensed, combined statements of net position as of June 30, 2015, 2014, and 2013, with the dollar and percentage change:

	2015	Restated 2014	Restated 2013	Net Increase/ (Decrease)	Percentage Increase/ (Decrease)
Assets					
Cash and equivalents					
Unrestricted	$ 21,656,317	$ 19,792,613	$ 116,073,324	$ 1,863,704	9.4%
Restricted	113,366,876	112,880,142	109,965,262	486,734	0.4%
Investments – restricted	280,161,230	183,692,467	131,565,455	96,468,763	52.5%
Loans receivable, net of allowance	1,178,795,528	1,179,166,365	1,231,232,043	(370,837)	0.0%
Intergovernmental receivables	106,092,483	118,148,921	125,274,549	(12,056,438)	-10.2%
Other receivables	7,798,937	10,258,000	10,960,455	(2,459,063)	-24.0%
Capital assets	4,867	104,378	220,772	(99,511)	-95.3%
Other assets	19,500	19,500	118,630	-	0.0%
Total assets	**$ 1,707,895,738**	**$ 1,624,062,386**	**$ 1,725,410,490**	**$ 83,833,352**	5.2%
Deferred Outflows of Resources					
Deferred charge on refunding	$ 184,242	$ 1,191,181	$ -	$ (1,006,939)	-84.5%
Total deferred outflows of resources	**$ 184,242**	**$ 1,191,181**	**$ -**	**$ (1,006,939)**	-84.5%
Liabilities					
Bonds payable, net	$ 1,056,903,674	$ 1,048,141,351	$ 1,180,405,517	$ 8,762,323	0.8%
Undisbursed loan proceeds	71,940,001	28,744,630	45,485,533	43,195,371	150.3%
Advanced loan payments	74,332,049	72,189,707	68,380,111	2,142,342	3.0%
Accounts payable, accrued payroll and compensated absences	643,540	657,934	831,236	(14,394)	-2.2%
Line of credit	-	12,006,298	-	(12,006,298)	-100.0%
Other liabilities	4,254,194	4,200,346	4,998,215	53,848	1.3%
Total liabilities	**1,208,073,458**	**1,165,940,266**	**1,300,100,612**	**42,133,192**	3.6%
Net Position					
Invested in capital assets	4,867	104,378	220,772	(99,511)	-95.3%
Restricted for program commitments	483,282,743	445,061,112	211,361,534	38,221,631	8.6%
Unrestricted	16,718,912	14,147,811	213,727,572	2,571,101	18.2%
Total net position	**500,006,522**	**459,313,301**	**425,309,878**	**40,693,221**	8.9%
Total liabilities and net position	**$ 1,708,079,980**	**$ 1,625,253,567**	**$ 1,725,410,490**	**$ 82,826,413**	**5.1%**

The Authority's overall financial position increased slightly in the past year. The key indicator is total net position which increased by $40.7 million or 8.9%.

The 2013 net position was not reclassified as its inclusion in the financials is limited to the MD&A. Please see Note 2 Summary of Significant Accounting Policies – Net Position.

Assets

Loans receivable decreased by $0.4 million or 0.1% in 2015. New loans made during the year totaled $149.6 million while loan payments received were $152.3 million.

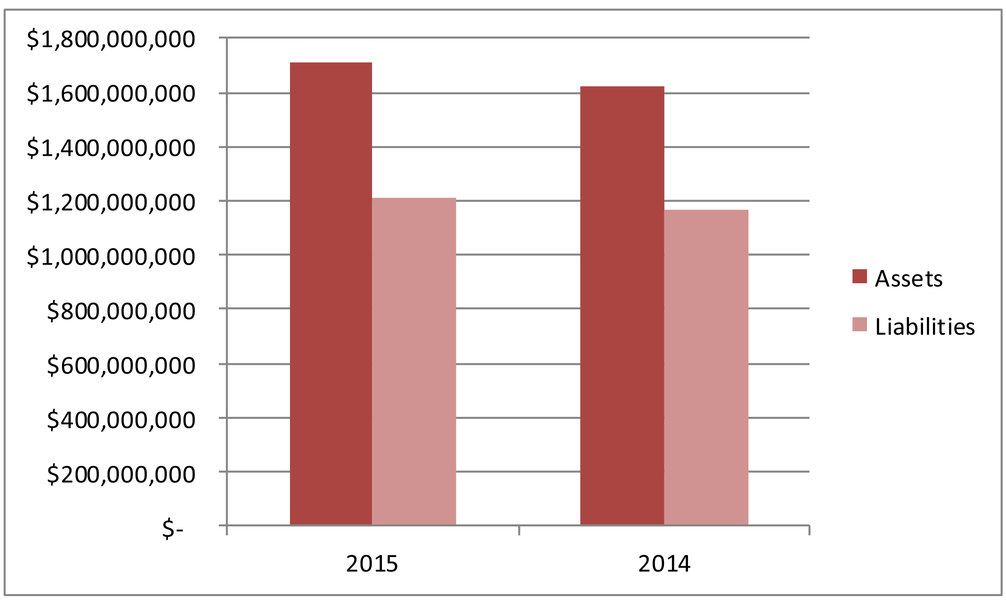
The allowance for uncollectible loans decreased $2.4 million due to changes in estimated losses based on the risk evaluations performed by a third party. The number and amount of early loan payoffs increased significantly from 2014 as interest rates began to fall.

Total cash and investments increased 31.2% from $316.4 million in 2014 to $415.2 million in 2015 due primarily to the closing of the 2015B bonds at the end of the fiscal year.

Liabilities

Bonds payable increased by $8.7 million in 2015 resulting from the issuance of $166.9 million of new bonds, principal payments and defeasances on outstanding bonds of $162.3 million, and amortization of bond premium of $4.1 million. Undisbursed loan proceeds increased by $43.2 million during 2015 due to a bond issuance occurring close to fiscal year-end. Advanced loan payments experienced a $2.1 million or 3.0% increase from 2014.

The following chart indicates the ratio of assets to liabilities:



Statement of Revenue, Expenses and Changes in Net Position

The following table presents the condensed combined statement of revenue, expenses and changes in net position for 2015, 2014, and 2013 fiscal years:

	2015	Restated 2014	Restated 2013	Net Increase/ (Decrease)	Percentage Increase/ (Decrease)
Operating Revenues					
Administrative and processing fees	$ 3,197,684	$ 4,631,509	$ 3,395,491	$ (1,433,825)	-31.0%
Interest on loans	48,645,757	48,723,703	52,942,880	(77,946)	-0.2%
Interest on investments	925,910	488,741	139,403	437,169	89.4%
Total operating revenues	52,769,351	53,843,953	56,477,774	(1,074,602)	-2.0%
Expenses					
Grants to local governments	54,240,349	50,824,441	48,828,884	3,415,908	6.7%
Bond issuance costs	1,243,632	674,398	10,918,272	569,234	84.4%
Professional services	2,146,157	2,189,377	2,651,079	(43,220)	-2.0%
Salaries and benefits	4,361,363	4,284,392	3,926,740	76,971	1.8%
Debt service – interest expense	46,707,522	54,319,247	53,026,726	(7,611,725)	-14.0%
Other expense	(11,884)	2,580,937	4,636,406	(2,592,821)	-100.5%
Total operating expenses	108,687,139	114,872,792	123,988,107	(6,185,653)	-5.4%
Net operating loss	(55,917,788)	(61,028,839)	(67,510,333)	5,111,051	-8.4%
Nonoperating Revenues (Expenses)					
Appropriation revenue	37,157,026	43,086,860	34,033,130	(5,929,834)	-13.8%
Grant revenue	64,031,220	55,224,996	48,692,048	8,806,224	15.9%
Reversions and transfers	(4,577,237)	(3,931,693)	(2,953,157)	(645,544)	16.4%
	96,611,009	94,380,163	79,772,021	2,230,846	2.4%
Increase in net position	40,693,221	33,351,324	12,261,688	7,341,897	22.0%
Net position, beginning of year, as restated	459,313,301	425,961,977	413,048,190	33,351,324	
Net position, end of year	**$ 500,006,522**	**$ 459,313,301**	**$ 425,309,878**	**$ 40,693,221**	**8.9%**

Operating revenue decreased 2.0% to $52.8 million in 2015. Interest on investments increased, experiencing 89.4% incline compared to 2014 due to a larger portion of cash being invested in long-term investments. Appropriation revenue decreased 13.8% while grant revenue increased 15.9%. The loan interest decline directly relates to lower outstanding loans receivable.

Overall operating costs decreased 5.4% due to increased grant expenses of $3.4 million and a decrease of interest expense of $7.6 million. The decrease in interest expense was due to recognition of amortized bond premium expense for 2004 and 2005 called bonds. Grant expense increased in 2015 after grant activity recovery efforts in fiscal years 2013 and 2014.

Long-Term Debt

The Authority's long-term debt consists of outstanding bond issues related to the various programs administered by the Authority. At the end of fiscal year 2015, the total amount outstanding was $1.1 billion (excluding the $1.4 billion in GRIP bonds which are administered

by, but are not a direct liability of the Authority). More detailed information about the Authority's long-term debt is presented in Note 7 to the financial statements.

During the fiscal year, the Authority issued $166.9 million in PPRF bonds, primarily to directly fund loans and to reimburse the PPRF loan fund for loans already made.

Programs

The Authority accounts for each of its programs separately, each with its own assets, liabilities, net position, income and expense. The Public Project Revolving Fund is highlighted in the following discussion due to the significance of the program.

Public Project Revolving Fund

The Authority began its existence in 1992 to administer the PPRF. The mission of the PPRF is to coordinate the planning and financing of state and local public projects with borrowers who could not, on their own, access the bond market on a cost-effective basis. Qualified entity's, including without limitation counties, municipalities and school districts, are eligible to borrow from the PPRF. Since 1993, the PPRF has made 1,228 loans totaling $2.6 billion.

The PPRF makes loans of less than $5 million from its own funds on hand. It then replenishes its cash balance at a later date by "packaging" the loans as collateral and selling tax-exempt bonds. Loans for amounts larger than $5 million are funded by closing the loans at the same time a reimbursement bond issue closes, thus ensuring a precise matching of loan and bond interest rates.

The PPRF operates, in many respects, in the same manner as a bank or other lending institution. Infrastructure finance agencies similar to the PPRF are often called "bond banks." Financial statements for the PPRF are presented in the following pages in a format similar to that employed by commercial banking organizations.

Public Project Revolving Fund
Statements of Net Position
June 30

	2015	2014	Restated 2013	Net Increase/ (Decrease)	Percentage Increase/ (Decrease)
Assets					
Cash and equivalents					
Unrestricted	$ 21,129,169	$ 18,662,427	$ 79,007,637	$ 2,466,742	13.2%
Restricted	74,239,292	86,535,872	79,173,378	(12,296,580)	-14.2%
Restricted investments	231,414,125	122,591,262	130,787,736	108,822,863	88.8%
Accounts receivable and other	6,462,198	8,794,009	10,367,285	(2,331,811)	-26.5%
Loans receivable, net of allowance	1,058,275,504	1,081,631,189	1,138,450,511	(23,355,685)	-2.2%
Due from the State of New Mexico	96,135,000	104,525,000	108,025,000	(8,390,000)	-8.0%
Capital assets	(29,209)	70,302	186,696	(99,511)	-141.5%
Other assets	7,824,918	9,353,716	13,073,586	(1,528,798)	-16.3%
Total assets	**$ 1,495,450,997**	**$ 1,432,163,777**	**$ 1,559,071,829**	**$ 63,287,220**	4.4%
Deferred Outflows of Resources					
Deferred charge on refunding	$ 184,242	$ 1,191,181	$ -	$ (1,006,939)	-84.5%
Total deferred outflows of resources	**$ 184,242**	**$ 1,191,181**	**$ -**	$ (1,006,939)	-84.5%
Liabilities					
Accounts payable and accrued payroll liabilities	$ 1,445,741	$ 2,751,301	$ 6,202,814	$ (1,305,560)	-47.5%
Undisbursed loan proceeds	71,877,909	28,682,538	45,423,441	43,195,371	150.6%
Borrowers' debt service and reserve deposits	77,563,762	86,969,969	72,016,499	(9,406,207)	-10.8%
Bonds payable, net	1,048,093,351	1,036,144,409	1,165,236,955	11,948,942	1.2%
Total liabilities	**1,198,980,763**	**1,154,548,217**	**1,288,879,709**	**44,432,546**	3.8%
Net Position					
Invested in capital assets	(29,209)	70,302	186,696	(99,511)	-141.5%
Restricted for program commitments	276,556,622	262,175,614	103,752,754	14,381,008	5.5%
Unrestricted	20,127,063	16,560,825	166,252,670	3,566,238	21.5%
Total net position	**296,654,476**	**278,806,741**	**270,192,120**	**17,847,735**	6.4%
Total liabilities and net position	**$ 1,495,635,239**	**$ 1,433,354,958**	**$ 1,559,071,829**	**$ 62,280,281**	**4.3%**

Loan Volume

	2015	2014	Since Inception
Amount of loans made	$149.2 million	$104.0 million	$2.51 billion
Number of loans made	49	63	1,228
Average loan size	$3.01 million	$1.63 million	$2.1 million

Public Project Revolving Fund
Statements of Revenue, Expenses and Changes in Net Position
For the Years Ended June 30

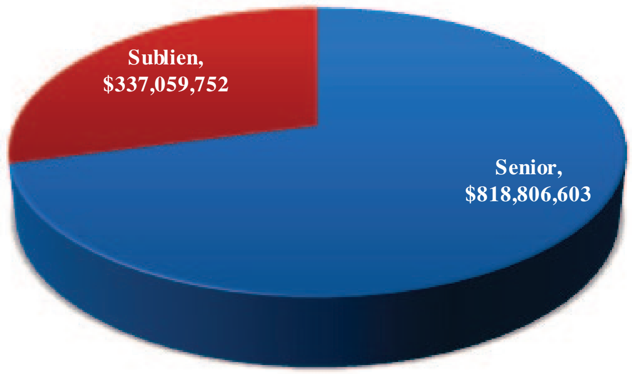
	2015	2014	Restated 2013	Net Increase/ (Decrease)	Percentage Increase/ (Decrease)
Interest Income					
Loans	$ 46,430,667	$ 46,548,780	$ 50,708,332	$ (118,113)	-0.3%
Investments	504,597	245,422	127,387	259,175	105.6%
Total interest income	46,935,264	46,794,202	50,835,719	141,062	0.3%
Interest Expense					
Bonds	46,321,567	53,772,342	52,317,500	(7,450,775)	-13.9%
Short-term borrowing	359,592	144,082	94,931	215,510	149.6%
Total interest expense	46,681,159	53,916,424	52,412,431	(7,235,265)	-13.4%
Net Interest Income (Loss)					
Interest income (loss) less interest expense	254,105	(7,122,222)	(1,576,712)	7,376,327	-103.6%
Provision for loan losses	62,215	1,900,656	(699,842)	(1,838,441)	-96.7%
Net interest loss after provision for loan losses	316,320	(5,221,566)	(2,276,554)	5,537,886	-106.1%
Noninterest Income					
Loan administration fees	1,819,441	1,451,116	1,659,473	368,325	25.4%
Appropriation revenues	24,267,401	29,091,277	26,585,797	(4,823,876)	-16.6%
Total noninterest income	26,086,842	30,542,393	28,245,270	(4,455,551)	-14.6%
Noninterest Expense					
Salaries and benefits	2,322,032	2,179,170	2,507,794	142,862	6.6%
Professional services	1,048,599	970,669	874,564	77,930	8.0%
Bond issuance costs	1,243,632	674,398	674,703	569,234	84.4%
Other	908,102	1,561,926	10,808,047	(653,824)	-41.9%
Total noninterest expense	5,522,365	5,386,163	14,865,108	136,202	2.5%
Excess of revenues over expenditures	20,880,797	19,934,664	11,103,608	946,133	4.7%
Transfers to other funds or agencies	(3,033,062)	(11,320,043)	(7,490,781)	8,286,981	-73.2%
Increase (decrease) in net position	**17,847,735**	**8,614,621**	**3,612,827**	**9,233,114**	107.2%
Net position, beginning of year, as restated	**278,806,741**	**270,192,120**	**266,579,293**	**8,614,621**	3.2%
Net position, end of year	**$ 296,654,476**	**$ 278,806,741**	**$ 270,192,120**	**$ 17,847,735**	**6.4%**

Net Interest Income

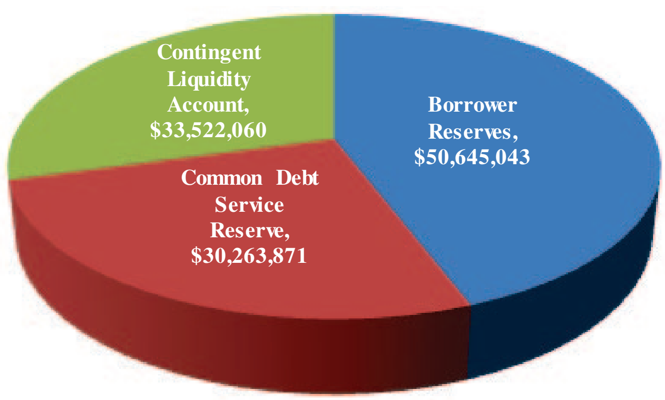
As a not-for profit lender, the Authority attempts to pass on to its borrowers the same rates it pays on the bonds it issues to provide the funds it loans. Therefore, in its planning and management processes, the Authority attempts to achieve approximately zero net interest income in the PPRF. In 2015, the PPRF had net interest income of $0.3 million, compared to a $7.1 million loss in 2014. This is a result of market conditions in which $87.9 million in PPRF loans exercised their early call provisions in 2014 and 2015 and the Authority relent those loan repayments at moderately lower interest rates. See Note 14 Contingencies – Loan Prepayment and Bond Call Provisions.

PPRF Indentures

The PPRF maintains a General Indenture of Trust (Senior Lien) and a Subordinated Indenture of Trust (Sub Lien). At the end of the fiscal year there were 651 loans including intergovernmental totaling $1.2 billion outstanding; 71% in the Senior and 29% in the Subordinate. This is an increase of 2.64% from $1.19 billion in 2014 primarily as a result of increased loan prepayments, payoffs, and natural maturities. In turn this has increased cash which will be used to call and defease bonds in 2016.



Currently the Senior Lien has a AAA rating from Standard & Poors and a Aa2 from Moodys and the Subordinate Lien a AA and Aa1 respectively. In order to maintain such a rating the PPRF holds reserves and credit enhancements. These include the Common Debt Service Reserve, Contingent Liquidity Account, and pooled borrower debt service reserve. The Common Debt Service Reserve is subject to the General indenture of Trust for the Senior Lien, borrower reserves are pledged to the individual loans within their respective liens, and the Contingent Liquidity Account is considered to be held outside the General and Subordinated Indentures of Trust.



Governmental Gross Receipts Tax

The Governmental Gross Receipts Tax (GGRT) is a tax imposed on the gross receipts of municipalities for services rendered to customers such as water, sewer, and solid waste collection. 75% of GGRT collections are appropriated to the PPRF. The Authority's share of GGRT collections was $26.5 million in 2015, a $0.8 million decrease from the $27.3 million received in 2014. The GGRT funds are used as follows:

- As a credit enhancement for the PPRF bonds. In the event of defaults on loans, GGRT funds can be used to make up for any shortfall in funds available for bond payments.
- To fund loans to borrowers, especially smaller loans which the Authority may choose to not reimburse in a bond issue.
- To pay operating expenses of the PPRF.

Other Programs

The PPRF accounts for a large portion of total Authority activity. At June 30, 2015, and for the year then ended, the relationships were as follows:

	PPRF	Total Authority	% PPRF
Total assets	$1.5 billion	$1.7 billion	88%
Net assets	$296.7 million	$500.0 million	59%
Revenues	$73.0 million	$90.2 million	81%

There are 23 other programs administered by the Authority, some of which are loan programs and some of which are grant programs.

A rise occurred in grant volume for the Drinking Water Revolving Loan Fund program because of increased grant subsidies being awarded for qualifying drinking water facilities projects in New Mexico. The cause was due to various larger projects being approved during the fiscal year.

Similar to the Drinking Water Revolving Loan Fund program, an increase in the Colonias Infrastructure program grant activity reflects the fact that the program saw an increased number of projects being approved during 2015. This is the result of the Colonias Infrastructure Act taking effect July 1, 2011 and the number of approved projects increasing as more funding is available.

A for profit limited liability company operated by the Authority has been awarded a total of $201 million allocation of New Markets Tax Credits by the U.S. Treasury Department. Under this program, the Authority can provide federal income tax credits to incentivize businesses to create jobs and otherwise contribute to the economic development of the state. Prior to 2015, the Authority made twelve awards totaling $151.3 million. During 2015, the Authority made no

additional awards. The tax credits have no impact on the financial statements of the Authority beyond the expenses incurred to administer the program and the fees charged to applicants and recipients of the credits, which are minimal.

Contacting the Authority's Financial Management

This financial report is designed to provide citizens, taxpayers, customers, legislators, investors, and creditors with a general overview of the Authority's finances and to demonstrate the Authority's accountability for the money it receives. Substantial additional information is available on the Authority's website at www.nmfa.net. If you have any questions about this report or need additional financial information, contact:

New Mexico Finance Authority (NMFA)
207 Shelby Street
Santa Fe, New Mexico 87501

Financial Statements

NEW MEXICO FINANCE AUTHORITY
Statements of Net Position
June 30, 2015 and 2014

	2015	2014, restated (Note 16)
Assets		
Current assets		
Cash and cash equivalents		
Unrestricted	**$ 21,656,317**	$ 19,792,613
Restricted	**113,366,876**	112,880,142
Interest receivable	**6,657,501**	7,431,412
Grants and other receivable	**950,402**	2,640,545
Prepaid rent	**19,500**	19,500
Administrative fees receivable	**191,034**	186,043
Loans receivable, net of allowance	**96,135,492**	93,384,387
Intergovernmental receivables	**6,499,184**	7,341,438
Total current assets	**245,476,306**	243,676,080
Noncurrent assets		
Restricted investments	**280,161,230**	183,692,467
Loans receivable, net of allowance	**1,082,660,036**	1,085,781,978
Intergovernmental receivables	**99,593,299**	110,807,483
Capital assets, net of accumulated depreciation	**4,867**	104,378
Total assets	**$ 1,707,895,738**	$ 1,624,062,386
Deferred Outflows of Resources		
Deferred charge on refunding	**$ 184,242**	$ 1,191,181
Total deferred outflows of resources	**$ 184,242**	$ 1,191,181
Liabilities		
Current liabilities		
Accounts payable	**$ 244,901**	$ 292,954
Accrued payroll	**112,716**	91,540
Compensated absences	**285,923**	273,440
Bond interest payable	**3,482,270**	3,625,714
Undisbursed loan proceeds	**71,940,001**	28,744,630
Advanced loan payments	**74,332,049**	72,189,707
Line of credit	**-**	12,006,298
Bonds payable, net	**75,943,000**	70,430,000
Other liabilities	**771,924**	574,632
Total current liabilities	**227,112,784**	188,228,915
Noncurrent liabilities		
Bonds payable	**980,960,674**	977,711,351
Total liabilities	**1,208,073,458**	1,165,940,266
Net Position		
Net investment in capital assets	**4,867**	104,378
Restricted for program commitments	**483,282,743**	445,061,112
Unrestricted	**16,718,912**	14,147,811
Total net position	**500,006,522**	459,313,301
Total liabilities and net position	**$ 1,708,079,980**	$ 1,625,253,567

The accompanying notes are an integral part of these financial statements.

	2015	2014, restated (Note 16)
Operating Revenues		
Administrative fees revenue	**$ 2,385,583**	$ 3,199,839
Processing fee	**812,101**	390,004
Interest on loans	**48,645,757**	48,723,703
Interest on investments	**925,910**	488,741
Total operating revenues	**52,769,351**	52,802,287
Operating Expenses		
Grants to others	**54,240,349**	50,824,441
Bond issuance costs	**1,243,632**	674,398
Administrative fees	**134,365**	189,383
Professional services	**2,146,157**	2,189,377
Salaries and benefits	**4,361,363**	4,284,392
Other operating costs	**1,632,550**	1,757,243
Depreciation expense	**102,187**	116,394
Bond interest expense	**46,707,522**	54,319,247
Provision for loan losses	**(2,370,845)**	(822,108)
Interest expense	**489,859**	298,359
Total operating expenses	**108,687,139**	113,831,126
Net operating loss	**(55,917,788)**	(61,028,839)
Nonoperating Revenues (Expenses)		
Appropriation revenue	**37,157,026**	43,086,860
Grant revenue	**64,031,220**	55,224,996
Transfers to the State of New Mexico	**(4,577,237)**	(3,931,693)
Increase in net position	**40,693,221**	33,351,324
Net position, beginning of year, as restated (Note 16)	**459,313,301**	425,961,977
Net position, end of year	**$ 500,006,522**	$ 459,313,301

The accompanying notes are an integral part of these financial statements.

	2015	2014, restated (Note 16)
Cash flows from operating activities		
Cash paid for employee services	**$ (4,327,704)**	$ (4,277,609)
Cash paid to vendors for services	**(3,221,411)**	(4,879,471)
Intergovernmental payments received	**12,056,839**	7,125,630
Loans payments received	**154,100,150**	156,697,761
Loans funded	**(104,764,054)**	(116,741,280)
Grants to local governments	**(54,240,349)**	(50,824,441)
Cash received from federal government for revolving loan funds	**24,735,441**	12,448,854
Interest on loans	**49,419,453**	49,600,877
Proceeds from line of credit	**30,573,802**	17,536,712
Payments of line of credit	**(42,580,100)**	(5,530,414)
Administrative fees received	**3,083,524**	4,268,188
Net cash provided by operating activities	**64,835,591**	65,424,807
Cash flows from noncapital financing activities		
Appropriations received from the State of New Mexico	**37,157,026**	43,086,860
Cash transfers from the State of New Mexico	**39,356,801**	42,775,670
Cash transfers to the State of New Mexico	**(4,638,259)**	(3,931,221)
Proceeds from the sale of bonds, including premiums	**186,584,472**	62,595,000
Payment of bonds	**(162,345,000)**	(197,526,239)
Bond issuance costs	**(1,243,632)**	(674,398)
Bond interest expense paid	**(61,811,035)**	(53,477,874)
Net cash provided by (used in) noncapital financing activities	**33,060,373**	(107,152,202)
Cash flows from investing activities		
Purchase of investments	**(113,028,816)**	(60,323,486)
Sale of investments	**16,557,380**	8,196,474
Interest received on investments	**925,910**	488,576
Net cash used in investing activities	**(95,545,526)**	(51,638,436)
Net increase (decrease) in cash and cash equivalents	**2,350,438**	(93,365,831)
Cash and cash equivalents, beginning of year	**132,672,755**	226,038,586
Cash and cash equivalents, end of year	**$ 135,023,193**	$ 132,672,755

The accompanying notes are an integral part of these financial statements.

	2015	2014, restated (Note 16)
Reconciliation of net operating loss to net cash provided by (used in) operating activities		
Net operating loss	**$ (55,917,788)**	$ (61,028,839)
Adjustments to change in net position		
Depreciation	**102,187**	116,394
Amortization on bond premiums	**(15,203,907)**	(2,298,264)
Provision for loan losses	**(62,215)**	(1,238,151)
Interest on investments	**(925,909)**	(488,741)
Bond interest paid	**62,039,377**	56,766,702
Bond issuance costs	**1,243,632**	674,398
Cash received from federal grants	**24,735,441**	12,448,854
Interest expense	**361,913**	149,168
Changes in assets and liabilities		
Interest receivable	**773,911**	876,416
Grants and other receivable	**1,698,434**	652,045
Due from other funds	**1,279,769**	2,752,121
Administrative fees receivable	**(13,282)**	26,300
Notes receivable	**-**	967,099
Loans receivable, net of allowance	**433,052**	53,303,831
Intergovernmental receivables	**12,056,438**	7,125,628
Accounts payable	**(48,053)**	(210,841)
Accrued payroll	**21,176**	7,420
Compensated absences	**12,483**	(637)
Due to other funds	**(930,230)**	(2,328,339)
Funds held for others	**-**	(80,263)
Undisbursed loan proceeds	**43,195,373**	(16,740,903)
Advanced loan payments	**2,142,342**	3,809,596
Notes payable	**(349,547)**	(967,099)
Line of credit	**(12,006,298)**	12,006,298
Other liabilities	**197,292**	(875,386)
Net cash provided by operating activities	**$ 64,835,591**	$ 65,424,807

	2015	2014
Assets		
Cash held by Trustee		
Program funds	**$ 88,409,455**	$ 97,782,134
Expense funds	**85,820**	171,363
Revenue funds	**474,191**	7,135,444
Rebate fund	**1,540,906**	3,126,037
Bond reserve funds	**506,879**	824,863
Total assets	**$ 91,017,251**	$ 109,039,841
Liabilities		
Accounts payable	**$ 1,626,726**	$ 1,712,100
Debt service payable	**981,070**	9,545,607
Program funds held for the NM Department of Transportation	**88,409,455**	97,782,134
Total liabilities	**$ 91,017,251**	$ 109,039,841

The accompanying notes are an integral part of these financial statements.

1) Nature of Organization

The New Mexico Finance Authority (the "Authority"), a component unit of the State of New Mexico (the "State"), is a public instrumentality of the State, organized and existing pursuant to the New Mexico Finance Authority Act (the "Act") created by the Laws of 1992 Chapter 61, as amended. The Authority has broad powers to provide financing for an array of infrastructure and economic development projects. The Authority also provides for long-term planning and assessment of state and local capital needs and improves cooperation among the executive and legislative branches of state government and local governments in financing public projects.

The Authority's governing board is composed of eleven members including the Secretary of the Department of Finance and Administration; the Secretary of Economic Development; the Secretary of Energy, Minerals and Natural Resources; and the Secretary of the Environment Department. The Executive Director of the New Mexico Municipal League and the Executive Director of the New Mexico Association of Counties are ex-officio members of the Authority with voting privileges. The Governor, with the advice and consent of the Senate, appoints to the Authority Board, whose membership must include the chief financial officer of an institution of higher education and four other members who are residents of the State. The appointed members serve at the pleasure of the Governor.

The Authority issues loans to entities pursuant to the rules and regulations governing the Public Projects Revolving Loan Fund Program (PPRF). The PPRF provides low cost financing to local government entities for a variety of infrastructure projects throughout the State. The PPRF Program receives 75 percent of the Governmental Gross Receipts Tax of the State of New Mexico pursuant to section 7-1-6.1 NMSA, 1978, and may issue bonds in amounts deemed necessary to provide sufficient money for the purposes set forth by the New Mexico Finance Authority Act. Bonds are issued under a Master Indenture as well as individual Series Indentures, proceeds and covenants of which are administered through a trust relationship established by contract with a trust company or bank bearing trust powers (Trustee) and the Authority. The Authority may also serve as conduit issuer of revenue bonds for other governmental agencies.

The Authority manages the Drinking Water State Revolving Loan Program (DWRLF) and the Water Trust Board Program (WTB).

The DWSRF provides low cost financing for the construction of and improvements to drinking water facilities throughout New Mexico in order to protect drinking water quality and public health. This program is primarily funded through a federal capitalization grant which the State is required to match by 20 percent.

The WTB program provides grant and interest free loans to support water projects which support water use efficiency, resource conservation and protection and fair distribution and allocation of water.

Other significant programs administered by the Authority include:

- The Local Transportation Infrastructure Projects Program provides for grants and low-cost financial assistance for local governments transportation projects which are not eligible for federal funding and funding for which have not been set by the existing Local Government Road Fund.
- The Economic Development Program provides comprehensive financing tools to stimulate economic development projects statewide.
- The New Markets Tax Credit Program, whereby the Authority acts as the managing member in Finance New Mexico, LLC, a for-profit limited liability company which receives allocations of federal tax credits under Section 45D of the Internal Revenue Code.
- The Primary Care Capital Program is a revolving loan program which provides financial assistance to rural primary care health clinics for infrastructure, construction and capital equipment purchases. These loans provide 20 percent annual loan forgiveness if the borrower agrees to a contract-for-services to provide medical care free or at reduced prices to sick and indigent clients.
- The Water and Wastewater Project Grant Program provides grant funding for water and wastewater system projects authorized by legislation.
- The Local Government Planning Grant Program provides grants to qualified entities on a per project basis for water and wastewater related studies, long-term water management plans and economic development plans.
- The State Capital Improvement Financing Program accounts for the issuance of revenue bonds the proceeds of which were used to finance capital improvements to a state facility located adjacent to the State Capitol.
- The UNM Health Sciences Program administers the financing of several capital projects for UNM Health Sciences Center. The Authority issued bonds, secured by authorized distributions of cigarette excise taxes, for the purpose of designing, constructing, equipping and furnishing additions and improvements to the University of New Mexico Hospital and the Cancer Research and Treatment Center.
- The Colonias Infrastructure Act appropriates to the Authority 5% of the senior lien severance tax bond proceeds for loans and grants to certain communities in southern New Mexico that lack basic infrastructure for water and wastewater, solid waste disposal, flood and drainage control, roads and housing.
- Through a Memorandum of Understanding entered into with the New Mexico Economic Development Department, the Authority received $13.2 million of federal State Small Business Credit Initiative funds in 2011 to help increase the flow of

capital to small businesses by mitigating bank risk. The Authority uses the funds to buy loan participations from banks for economic development projects under a program marketed as the Collateral Support Participation.

The Authority is not subject to the supervision or control of any other board, bureau, department or agency of the State, except as specifically provided in the Act. Bonds and other obligations issued by the Authority under the provisions of the Act are not a debt or liability of the State or any subdivision thereof. The New Mexico Finance Authority Finance Committee was created by the Act and was appointed by the Legislative Council Service to provide legislative oversight.

The financial statements include the accounts of the Authority and its blended component unit, Finance New Mexico LLC (FNMLLC). All intercompany transactions and balances are eliminated. The condensed financial statements of FNMLLC are disclosed in Note 16.

2) Summary of Significant Accounting Policies

Accounting Principles
The financial statements of the Authority have been prepared in accordance with accounting principles generally accepted in the United States of America as applied to governmental units and funds. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting.

Basis of Presentation
The financial statements of the Authority have been prepared using the economic resources measurement focus and the accrual basis of accounting. All of the Authority's activities, except those in which the Authority acts as an agent, are reported as an enterprise fund. Enterprise funds are used for activities for which a fee is charged to external users for goods and services.

The Authority distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing financial services in connection with on-going operations. Primary operating revenues includes financing income and fees charged to program borrowers. Operating expenses include interest expense, program support, as well as funds granted to others in the form of loan forgiveness and other subsidies to governmental entities.

Nonoperating items consist primarily of governmental gross receipts and other tax distributions reported as appropriations, grant revenue, and transfers-out for excess distributions and reversions of prior year appropriated revenue.

Revenues from grants that are restricted for specific uses are recognized as revenues and as receivables when the related costs are incurred. When restricted resources meet the

criteria to be available for use and unrestricted resources are also available, it is the Authority's policy to use restricted resources first. Expenses are recorded when they are incurred. Expenses charged to federal programs are recorded utilizing the cost principles prescribed or permitted by the various funding sources.

Agency Funds
Agency Funds are used to report resources held by the Authority in a purely custodial capacity. These funds result from transactions associated with the Authority acting as fiscal agent for the New Mexico Department of Transportation (the "Department") on several of the Department's bond transactions. The amounts reported as agency funds do not belong to the Authority and are held in separate accounts on the Authority's books in the name of the Department. Accordingly, all assets held and reported in the Agency Funds are offset by a corresponding liability.

Cash, Cash Equivalents and Investments
The Authority considers all highly liquid financial instruments with a maturity of three months or less when purchased to be cash equivalents. Cash and cash equivalents consist of cash on deposit with Wells Fargo Bank and the Bank of Albuquerque which also acts as bond trustee. Certain proceeds of the Authority's bonds, as well as certain resources set aside for their repayment are invested in certain allowable securities.

Accounts Receivable
Accounts receivable consists of payments due from governmental entities, administrative fees due from projects, and other receivables arising from the normal course of operations.

Loans Receivable
Loans are carried at amounts advanced, net of collections and reserves for loan losses, if any. Loans that become past due as to principal and interest are evaluated for collectability. Generally, loans are not placed on nonaccrual status because they are insured, guaranteed, or collateralized.

The allowance for loan losses is maintained to cover possible losses inherent in the loan portfolio based on management's evaluation of the loan portfolio, giving consideration to various factors, including collateral value, past loan loss experience, current facts and economic conditions. The allowance is based on management's estimates, and ultimate losses may vary from the current estimates. These estimates are reviewed periodically and any necessary adjustments are reported in income in the period they become known.

Intergovernmental Receivables
Intergovernmental receivables consist of amounts due from the State based on legislated appropriation of specified taxes for repayment of certain bonds issued by the Authority on behalf of State entities. The related statute directs the Authority to issue bonds and make proceeds available to specified State entities to fund various projects. The statute

appropriates a portion of existing taxes or fees to fund the payment of the related bonds. No allowance has been established, as all such receivables are considered collectable.

Capital Assets
Capital assets are recorded at historical cost and depreciated over their estimated useful lives. Donated capital assets are recorded at their estimated fair value at the date of donation. Additions, improvements and other capital outlays individually exceeding $5,000 that significantly extend the useful life of an asset are capitalized.

Estimated useful life is management's estimate of how long the asset is expected to meet service demands. Straight-line depreciation is used, based on estimated useful lives ranging from three to seven years.

Deferred Outflows/Inflows of Resources
The statement of net position, where applicable, includes separate sections for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources represent consumption of net position that applies to future periods that will be recognized as an expense in future periods. Deferred inflows of resources represent an acquisition of net position that applies to future periods and will be recognized as revenues in future periods.

Bond Discounts and Premiums
Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount.

Compensated Absences
Full-time employees with ten years or less employment with the Authority are entitled to fifteen days' vacation leave. Employees with more than ten years' service receive twenty days. When employees terminate, they are compensated at their current hourly rate for accumulated unpaid vacation leave.

Full-time employees are entitled to twelve days of sick leave each fiscal year. When employees terminate, they are compensated at twenty-five (25%) of their current hourly rate of accumulated unpaid sick leave up to 300 hours. Part-time employees accrue vacation leave and sick leave on a prorated basis based on the number of hours they work. Accrued compensated absences are recorded and liquidated in the PPRF operating fund.

Undisbursed Loan Proceeds
Undisbursed loan proceeds represent loan amounts awaiting disbursement to loan recipients. Funds are not automatically disbursed in their entirety when a loan closes. Proceeds are disbursed as the related project costs are incurred. The accounts, in the majority, represent loans of the PPRF program.

<u>Net Position</u>
The difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources, is referred to as net position. Net position is categorized as net investment in capital assets (net of related debt), restricted and unrestricted, based on the following:

Net investment in capital assets is intended to reflect the portion of net position which is associated with capital assets less outstanding capital asset related debt. The net of related debt is the debt less the outstanding liquid assets and any associated unamortized cost. The Authority has no capital asset related debt.

Restricted net position has third-party (statutory, bond covenant or granting agency) limitations on their use. When there is an option, the Authority spends restricted resources first.

Management modified the net position presentation of the restricted and unrestricted categories. Comparative amounts in the fiscal year 2014 net position balances were reclassified for consistency with the fiscal year 2015 presentation. These reclassifications had no effect on the reported change in net position.

Program Restricting Statute, bond covenant or granting agency

PPRF	6-21-6 NMSA 1978; General and Subordinated Indentures of Trust
Child Care	24-24-4.0 NMSA 1978
Cig Tax	6-21-6.10 NMSA 1978; Bond Purchase Agreement
DWSRF	6-21A-4 NMSA 1978; EPA Capitalization Grant Agreements
Primary Care	24-1C-4 NMSA 1978
Local Road	6-21-6.8 NMSA 1978
NMTC	6-25-6.1 NMSA 1978; NMTC Allocation Agreement
UNM Health	6-21-6.7 NMSA 1978
State Capitol	Laws 1997, Ch. 178; Bond Resolution
State Office	6-21C-5, NMSA 1978; Bond Resolution
Equipment Loan	6-21-6 NMSA 1978
Water Trust Board	72-4A-9 NMSA 1978
WWWGF	6-21-6.3 NMSA 1978
Emerg Drought	Executive Order 2002-19, Executive Order 2012-006
LGPF	6-21-6.4 NMSA 1978
Econ Development	6-25-1 NMSA 1978
Local Transport	6-21-6.12 NMSA 1978
SSBCI	6-25-13 NMSA 1978; SSBCI Allocation Agreement
Colonias	6-30-1.0 NMSA 1978
Bio Mass	Laws 2006, Ch. 111, Sec. 55(2)

Unrestricted net position represents net position not otherwise classified as invested in capital assets or restricted net position.

Income Taxes
The Authority is a tax-exempt, quasi-governmental organization under Section 115 of the Internal Revenue Code. Accordingly, no provision for income taxes has been included in the accompanying financial statements. The Authority is subject to other Internal Revenue Code sections relating to the tax-exempt status of the bonds issued by the Authority.

Use of Estimates
The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

Budget
The Authority's budget represents a financial plan, not a legal constraint, therefore, budgetary comparison information is not presented in the financial statements or as required supplementary information.

Recently Issued Accounting Standards
In June 2012, GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions* (GASB 68). The objective of this Statement is to improve the information provided in government financial reports about pension related financial support provided by certain nonemployer entities that make contributions to pension plans that are used to provide benefits to the employees of other entities. The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2014. Adopting GASB 68 did not impact the Authority's financial statements.

In October 2013, GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68* (GASB 71). The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, Accounting and Financial Reporting for Pensions. The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2014. Adopting GASB 71 did not impact the Authority's financial statements.

In February 2015, GASB issued Statement No. 72, *Fair Value Measurement and Application* (GASB 72). The objective is to establish general principles for measuring fair value and standards of accounting and financial reporting for assets and liabilities measured at fair value. The provisions of this Statement are effective for financial

statements for periods beginning after June 15, 2015. The Authority has not completed the process of evaluating the impact of GASB 72 on its financial statements.

In June 2015, GASB issued Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68* (GASB 73). The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability. The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2016. The Authority has not completed the process of evaluating the impact of GASB 73 on its financial statements.

In June 2015, GASB issued Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* (GASB 74). The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2016. The Authority has not completed the process of evaluating the impact of GASB 74 on its financial statements.

In June 2015, GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (GASB 75). The objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2017. The Authority has not completed the process of evaluating the impact of GASB 75 on its financial statements.

In June 2015, GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments* (GASB 76). The objective of this Statement is to identify—in the context of the current governmental financial reporting environment—the hierarchy of generally accepted accounting principles (GAAP). The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2015. The Authority has not completed the process of evaluating the impact of GASB 76 on its financial statements.

In August 2015, GASB issued Statement No. 77, *Tax Abatement Disclosures* (GASB 77). The objective is to improve financial reporting by giving users of financial statements essential information that is not consistently or comprehensively reported to the public at present. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2015. The Authority has not completed the process of evaluating the impact of GASB 77 on its financial statements.

3) Cash and Cash Equivalents and Investments

The Authority follows GASB No. 40, *Deposit and Investment Risk Disclosures*. This statement requires the disclosure of applicable interest rate, credit, custodial credit, concentration of credit and foreign currency risks.

Investments conform to the provisions of the Statements of Investment Policies, Objectives and Guidelines adopted by the Board on March 26, 2008, as revised. The investment policy applies to all of the Authority's funds; including funds the Authority may manage for others, except for those funds where trust indentures, bond resolutions, or other documents or agreements control the investment of funds. This policy is the Authority master investment policy and may be amended or supplemented as applied to specific categories of funds by adoption of addenda by the Board applicable to specific categories of the Authority funds.

Except where prohibited by statute, trust indenture, or other controlling authority, the Authority consolidates cash and reserve balances from all funds to maximize investment earnings and to increase efficiencies with regard to investment pricing, safekeeping, and administration. Investment income is allocated to the various funds based on their respective participation. The primary objectives, in order of priority, of investment activity shall be safety, liquidity and yield.

Investments shall be undertaken in a manner that seeks to ensure the preservation and principal in the overall portfolio while mitigating credit risk and interest rate risk.

The Authority has Primary Care Capital Program funds invested in the New Mexico State Treasurer's Office investment pool. State law (Section 8-6-3 NMSA 1978) requires investments of these funds be managed by the New Mexico State Treasurer's Office.

<u>Credit Risk</u>
The Authority minimizes credit risk (the risk of loss due to the failure of securities issuer or backer) by limiting investments, prequalifying financial institutions, broker/dealers, intermediaries and advisors with which the Authority will do business and diversifying the investment portfolio so that the impact of potential losses from any one type of security or from any one individual issuer will be minimized.

The New Mexico State Treasurer pools are not rated.

Finance NM LLC cash balances are maintained in several accounts in several banks. At times, these balances may exceed the federal insurance limits; however, Finance NM LLC has not experienced any losses with respect to its bank balances in excess of government provided insurance. Management believes that no significant concentration of credit risk exists with respect to these cash balances at June 30, 2015 and 2014.

Interest Rate Risk

The Authority minimizes interest rate risk (the risk that the market value of securities in the portfolio will decline due to changes in market interest rates) by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market prior to maturity and by investing operating funds primarily in short-term securities limiting the average maturity of the portfolio.

For the Primary Care Capital program funds invested in the New Mexico State Treasurer's Office investment pool, the New Mexico State Treasurer's Office has an investment policy that limits investment maturities to five years or less on allowable investments. This policy is a means of managing exposure to fair value losses arising from increasing interest rates. This policy is reviewed and approved annually by the New Mexico State Board of Finance.

For additional GASB 40 disclosure information regarding cash held by the New Mexico State Treasurer, the reader should refer to the separate audit report for the New Mexico State Treasurer's Office for the fiscal years ended June 30, 2015 and 2014.

State General Fund Investment Pool

The Authority, as required by Section 24-1C-4, NMSA 1978, administers the Primary Care Capital Fund (PCC Fund), which was created as a revolving fund in the State Treasurer's Office (STO). PCC Funds are deposited into the State General Fund Investment Pool (SGFIP), as are funds of state agencies, and as of the end of fiscal year 2015 totaled $529,786, representing less than 1% of total Authority funds.

During the period from July 2006 – January 2013, draws by agencies, including the Authority, against the SGFIP were not reconciled by the STO against the State's centralized accounting system (SHARE), causing uncertainty as to the validity of the draws and the ability of the STO to fulfill the withdrawals. The State has pledged that any draws will be honored in their entirety.

It is important to note that all other funds of the Authority, including Public Project Revolving Funds that are subject to the General and Subordinated Indentures of Trust, are held outside of the STO with a Trustee and are secured in accordance with the Authority's Investment Policy. Furthermore, the Authority operates an independent accounting system separate from SHARE. The PCC Funds are the only Authority funds entered as transaction entries into SHARE.

Permitted Investments

As provided in Sections 6-21-6 and 6-21-2 of the Act, money pledged for or securing payment of bonds issued by the Authority shall be deposited and invested as provided in the bond resolution, trust indenture or other instrument under which the bonds were issued. The following table identifies the investment types permitted by the investment policy:

	Description	Maximum Percentage of Authority Funds [1]
A	Direct and general U.S. Government Obligations (Treasury Bills, Treasury Notes, Treasury Bonds)	100%
B	U.S. Government Agencies (any federal agency or instrumentality notes, bonds, debentures, with implicit guarantee of the United States of America)	75%
C	SEC-registered money market funds with total assets at time of deposit in excess of $100,000,000[2]	100%
E	Certificates of deposits and bank deposits[3]	20%
F	Commercial paper issued by corporations organized and operating on the United States and rated A1 P1 or equivalent by two or more rating services.	10%
G	Bonds or notes issued by any municipality, county or school district of the State	10%
H	Overnight repurchase agreements[4]	25%
I	Investment contracts (guaranteed investment contracts (GIC's) and flexible repurchase agreements)[1]	N/A
J	State Treasurer's Short-term Investment Fund	50%

Investment of Bond Proceeds

All or any portion of the proceeds of bonds or other obligations of the Authority may be invested in a GIC or flexible repurchase agreement without regard to the investment allocation ranges set forth in the investment policy, if the GIC or repurchase agreement provides for disbursement upon request of the Authority in amounts necessary to meet expense requirements for the bonds or other obligations.

[1] Limits do not apply to cash invested by trustee per bond indenture.

[2] Money markets must be rated AAA by Standards & Poor or Aaa by Moody and in compliance with the diversification, quality and maturity requirements 2a-7 of the U.S. Securities and Exchange Commission applicable to money markets with no sales load or deferred sales charge.

[3] Interest bearing certificates of deposit or bank deposits must be in banks having a branch location in New Mexico, and all principal and interest must be fully insured by the Federal Deposit Insurance Corporation or secured by obligations described in A) and B) above, registered in the name of the Authority and held by a third party safe-keeping agent, or collateralized as required by 6.10.16 NMSA at 102% of the value of the deposit that is not FDIC insured.

[4] Investment contracts and repurchase agreements investments must be fully secured by obligations described in A) and B) above with all collateral held by an independent third party safekeeping agent.

Cash and equivalents at June 30, 2015 and 2014 were as follows:

Description	Balance at June 30, 2015	Rated	Percentage of Authority Funds [1]
Bank deposits, collateralized, at the Bank of Albuquerque in the name of the State Treasurer	$ -	N/A	<1%
Finance NM LLC cash accounts	657,456	N/A	<1%
Wells Fargo deposit account	307,072	N/A	<1%
Wells Fargo Repurchase agreement -fully secured[2]	374,361	N/A	<1%
Government money market funds	133,684,304	AAA	32%
Total cash and equivalents	$ 135,023,193		
Cash held in agency fund	$ 91,017,251[3]		

Description	Balance at June 30, 2014	Rated	Percentage of Authority Funds
Bank deposits, collateralized, at the Bank of Albuquerque in the name of the State Treasurer	$ 1,023	N/A	<1%
Finance NM LLC cash accounts	532,300	N/A	<1%
Wells Fargo deposit account	213,482	N/A	<1%
Wells Fargo Repurchase agreement -fully secured[4]	248,028	N/A	<1%
Government money market funds	131,677,922	AAA	42%
Total cash and equivalents	$ 132,672,755		
Cash held in agency fund	$ 109,039,841		

Maturity Restrictions

It is the policy of the Authority to diversify investment maturities based on cash flow requirements. Unless matched to a specific cash flow, the Authority will invest in securities maturing five years or less from date of purchase.

Investments consist of bond proceeds which are restricted to uses specified in the related bond indentures. Such restricted investments at June 30, 2015 and 2014 are comprised of the following:

[1] Limits described in the "permitted investments" section above do not apply to cash invested by trustee per bond indenture.
[2] Wells Fargo accounts FDIC insured for $250,000. Remaining $317,867 as of June 30, 2015 is secured by a pledge of Agency securities in the name of the State of New Mexico monitored by the New Mexico State Treasurer's Office.
[3] All cash held as agent by the Authority is fully collateralized by securities held in the name of the Authority.
[4] Wells Fargo accounts FDIC insured for $250,000. Remaining $308,490 as of June 30, 2014 is secured by a pledge of Agency securities in the name of the State of New Mexico monitored by the New Mexico State Treasurer's Office.

Description	Fair Value at June 30, 2015	Average Years to Maturity	Percentage of Authority Funds
U.S. Treasury notes	$ 224,598,139	1.36	54%
Primary Care Capital Program funds held with the State Treasurer Fund Investment Pool	529,786	1 day to 5 years	<1%
Federal Home Loan Mortgage Corporation bonds	55,033,304	0.50	13%
Total restricted investments	$ 280,161,229		

Description	Fair Value at June 30, 2014	Average Years to Maturity	Percentage of Authority Funds
U.S. Treasury notes	$ 120,084,268	.98	38%
Primary Care Capital Program funds held with the State Treasurer Fund Investment Pool	1,407,522	1 day to 5 years	<1%
Federal Home Loan Mortgage Corporation bonds	62,200,677	1.33	20%
Total restricted investments	$ 183,692,467		

4) Loans Receivable

Loans receivable activity for the fiscal year ending June 30, 2015 and 2014, respectively, were as follows:

Program Description	Term (Years)	Rates	2014	Increases	Decreases	2015
Public Projects Revolving Loan Fund	1 to 30	0% to 6%	$ 1,082,705,619	$ 120,023,720	$ 143,441,622	$ 1,059,287,717
Drinking Water State Revolving Loans	1 to 30	0% to 4%	64,933,358	20,656,717	3,962,953	81,627,122
Drinking Water State Revolving Loans-ARRA	1 to 20	1%	2,305,678	-	1,070,063	1,235,615
Primary Care Capital Fund Loans	10 to 20	3%	3,584,307	600,000	304,529	3,879,778
Water Projects Fund Loan Grants	10 to 20	0%	21,222,996	5,808,843	2,101,398	24,930,441
Smart Money Participation Loans	3 to 20	2% to 5%.	4,681,764	38,133	867,086	3,852,811
Behavioral Health Care Loan	15	3%	174,605	-	174,605	-
Cigarette Tax - Behavioral Health Care Capital Loans	15	3%	993,698	32,770	53,159	973,309
Pooled Equipment Certificates of Participation Loans	5 to 20	4% to 6.4%	53,000	-	25,000	28,000
Colinias Infrastructure Fund Loans	10 to 20	3%	661,350	1,046,924	157,468	1,550,806
SSBCI Loans	10 to 20	3%	3,312,527	1,346,316	130,872	4,527,971
Child Care Revolving Loans	8	3%	19,810	-	6,350	13,460
			1,184,648,712	149,553,423	152,295,105	1,181,907,030
Less allowance for loan losses			(5,482,347)	-	2,370,845	(3,111,502)
Totals			$ 1,179,166,365	$ 149,553,423	$ 154,665,950	$ 1,178,795,528

Program Description	Term (Years)	Rates	2013	Increases	Decreases	2014
Public Projects Revolving Loan Fund	1 to 30	0% to 6%	$ 1,140,530,507	$ 104,821,188	$ 162,646,076	$ 1,082,705,619
Drinking Water State Revolving Loans	1 to 30	0% to 4%	63,341,227	5,662,622	4,070,491	64,933,358
Drinking Water State Revolving Loans-ARRA	1 to 20	1%	2,616,809	-	311,131	2,305,678
Primary Care Capital Fund Loans	10 to 20	3%	4,216,376	-	632,069	3,584,307
Water Projects Fund Loan Grants	10 to 20	0%	18,336,546	7,301,228	4,414,778	21,222,996
Smart Money Participation Loans	3 to 20	2% to 5%.	4,161,711	576,000	55,947	4,681,764
Behavioral Health Care Loan	15	3%	198,512	-	23,907	174,605
Cigarette Tax - Behavioral Health Care Capital Loans	15	3%	441,272	587,230	34,804	993,698
Pooled Equipment Certificates of Participation Loans	5 to 20	4% to 6.4%	108,000	-	55,000	53,000
Colinias Infrastructure Fund Loans	10 to 20	3%	202,731	546,253	87,634	661,350
SSBCI Loans	10 to 20	3%	2,461,746	2,127,931	1,277,150	3,312,527
Child Care Revolving Loans	8	3%	25,970	-	6,160	19,810
			1,236,641,407	121,622,452	173,615,147	1,184,648,712
Less allowance for loan losses			(5,409,364)	(895,092)	822,109	(5,482,347)
Totals			$ 1,231,232,043	$ 120,727,360	$ 174,437,256	$ 1,179,166,365

The following is a summary of scheduled payments to be collected on loans receivable as of June 30, 2015:

	Principal	Interest	Total
Fiscal year ending June 30			
2016	$ 96,135,492	$ 40,173,592	$ 136,309,084
2017	90,097,345	37,936,651	128,033,996
2018	88,522,295	35,519,614	124,041,909
2019	87,765,040	32,902,304	120,667,344
2020	78,548,431	30,221,993	108,770,424
2021 – 2025	344,927,763	115,904,758	460,832,521
2026 – 2030	236,181,161	57,324,074	293,505,235
2031 – 2035	128,283,537	21,402,520	149,686,057
2036 – 2040	27,449,687	2,899,196	30,348,883
2041 – 2045	3,996,279	422,892	4,419,171
Subtotals	1,181,907,030	$ 374,707,594	$ 1,556,614,624
Less allowance for loan losses	(3,111,502)		
Loans receivable net	$ 1,178,795,528		

5) Intergovernmental Receivables

The Authority has agreements with various state entities relating to the issuance of bonds. Pursuant to the underlying legislation and resolutions, the bond proceeds financed various state projects. Pursuant to the legislation, the debt service on these bonds is payable solely from revenues from the State and state entities. Intergovernmental receivables represent amounts due to the Authority under these agreements.

Intergovernmental receivables activity during the year ended June 30, 2015 and 2014, respectively, were as follows:

State Entity	Revenue Pledge	Rates	Maturity	2014	Increases	Decreases	2015	Due in One Year
Administrative Office of the Courts	Court Facilities fees	3.05% to 5.00%	6/15/2025	$ 37,560,000	$ -	$ 37,560,000	$ -	$ -
Administrative Office of the Courts	Court Facilities fees	1.25% to 5.0%	6/15/2025	-	30,685,000	490,000	30,195,000	2,390,000
University of New Mexico Health Sciences Center	Cigarette excise tax	3.88% to 5.00%	6/15/2025	23,445,000	-	125,000	23,320,000	480,000
General Services Department - State of New Mexico	State Gross Receipts tax	4.25% to 5.00%	6/1/2036	43,520,000	-	900,000	42,620,000	945,000
University of New Mexico Health Sciences Center	Cigarette excise tax	2.25% to 5.00%	4/1/2019	8,850,000	-	1,955,000	6,895,000	1,920,000
University of New Mexico Health Sciences Center	Cigarette excise tax	2.13% to 3.94%	4/1/2019	3,828,921	-	766,438	3,062,483	764,184
General Services Department - State of New Mexico	Income from Land Grant Permanent Fund	7.00%	3/15/2015	945,000	-	945,000	-	-
			Totals	$ 118,148,921	$ 30,685,000	$ 42,741,438	$ 106,092,483	$ 6,499,184

State Entity	Revenue Pledge	Rates	Maturity	2013	Increases	Decreases	2014	Due in One Year
Administrative Office of the Courts	Court Facilities fees	3.05% to 5.00%	6/15/2025	$ 40,085,000	$ -	$ 2,525,000	$ 37,560,000	$ 2,650,000
University of New Mexico Health Sciences Center	Cigarette excise tax	3.88% to 5.00%	6/15/2025	23,565,000	-	120,000	23,445,000	125,000
General Services Department - State of New Mexico	State Gross Receipts tax	4.25% to 5.00%	6/1/2036	44,375,000	-	855,000	43,520,000	900,000
University of New Mexico Health Sciences Center	Cigarette excise tax	2.25% to 5.00%	4/1/2019	10,825,000	-	1,975,000	8,850,000	1,955,000
University of New Mexico Health Sciences Center	Cigarette excise tax	2.13% to 3.94%	4/1/2019	4,599,549	-	770,628	3,828,921	766,438
General Services Department - State of New Mexico	Income from Land Grant Permanent Fund	7.00%	3/15/2015	1,825,000	-	880,000	945,000	945,000
			Totals	$ 125,274,549	$ -	$ 7,125,628	$ 118,148,921	$ 7,341,438

The following is a summary of scheduled payments to be collected on the receivables from state entities as of June 30, 2015:

	Principal	Interest	Total
Fiscal year ending June 30			
2016	$ 6,499,184	$ 5,227,638	$ 11,726,822
2017	6,668,814	4,941,892	11,610,706
2018	6,855,443	4,622,647	11,478,090
2019	7,159,042	4,293,575	11,452,617
2020	7,385,000	3,953,945	11,338,945
2021-2025	41,845,000	13,906,005	55,751,005
2026-2030	11,505,000	6,290,750	17,795,750
2031-2035	14,755,000	3,142,500	17,897,500
2036-2040	3,420,000	171,000	3,591,000
Intergovernmental receivables	$ 106,092,483	$ 46,549,952	$ 152,642,435

6) Capital Assets

A summary of changes in capital assets during the fiscal year 2015 and 2014, respectively, was as follows:

	Balance at June 30, 2014	Increases	Decreases	Balance at June 30, 2015
Depreciable assets				
Furniture and fixtures	$ 28,665	$ -	$ -	$ 28,665
Computer hardware and software	731,618	2,675	-	734,293
Leasehold improvement	8,241	-	-	8,241
	768,524	2,675	-	771,199
Accumulated depreciation				
Furniture and fixtures	(28,665)	-	-	(28,665)
Computer hardware and software	(627,240)	(102,186)	-	(729,426)
Leasehold improvement	(8,241)	-	-	(8,241)
	(664,146)	(102,186)	-	(766,332)
Net total	$ 104,378	$ (99,511)	$ -	$ 4,867

	Balance at June 30, 2013	Increases	Decreases	Balance at June 30, 2014
Depreciable assets				
Furniture and fixtures	$ 28,665	$ -	$ -	$ 28,665
Computer hardware and software	731,618	-	-	731,618
Leasehold improvement	8,241	-	-	8,241
	768,524	-	-	768,524
Accumulated depreciation				
Furniture and fixtures	(28,665)	-	-	(28,665)
Computer hardware and software	(510,846)	(116,394)	-	(627,240)
Leasehold improvement	(8,241)	-	-	(8,241)
	(547,752)	(116,394)	-	(664,146)
Net total	$ 220,772	$ (116,394)	$ -	$ 104,378

Depreciation expense for the fiscal year ending June 30, 2015 and 2014, respectively, was $102,187 and $116,394.

7) Bonds Payable

Bonds have been issued to provide financing for various Authority programs and are collateralized as follows:

- Loan Agreements and securities executed and delivered by governmental units in consideration for the financing of all or a portion of their respective projects by the Authority.
- Amounts held in the Agreement Reserve Accounts.
- Additional pledged loans.
- Revenues received by the Authority from the allocation of the Authority's portion of the Governmental Gross Receipts tax.
- Revenues pledged through legislation as security for the payment of principal and interest on bonds. These revenues include Court Facilities Fees, Cigarette Excise Tax, State Gross Receipts Tax, Workers' Compensation Fees and Income from Land Grant Permanent Fund.

Bonds payable consist of the following at June 30, 2015 and 2014:

Bond Series	Rate	Maturities	Original Amount	Outstanding Amount June 30, 2015	Outstanding Amount June 30, 2014
Public Project Revolving Fund Revenue Bonds - Senior Lien Debt					
2005 A	3.750% to 5.000%	June 1, 2013 to June 1, 2025	$ 19,015,000	$ 5,795,000	$ 6,980,000
2005 B	3.500% to 4.500%	June 1, 2013 to June 1, 2020	13,500,000	3,490,000	4,365,000
2006 B	4.250% to 5.000%	June 1, 2013 to June 1, 2036	38,260,000	24,440,000	26,265,000
2006 D	4.250% to 5.000%	June 1, 2013 to June 1, 2036	56,400,000	44,975,000	46,015,000
2007 E	4.250% to 5.000%	June 1, 2013 to June 1, 2032	61,945,000	37,085,000	40,030,000
2008 A	3.000% to 5.000%	June 1, 2013 to June 1, 2038	158,965,000	124,400,000	129,605,000
2008 B	4.000% to 5.250%	June 1, 2013 to June 1, 2035	36,545,000	24,195,000	25,780,000
2008 C	4.250% to 6.000%	June 1, 2013 to June 1, 2033	29,130,000	19,385,000	21,150,000
2009 A	2.250% to 5.000%	June 1, 2013 to June 1, 2038	18,435,000	13,265,000	14,230,000
2009 C	2.500% to 5.250%	June 1, 2013 to June 1, 2029	55,810,000	43,630,000	45,795,000
2009 D-1	3.000% to 4.500%	June 1, 2013 to June 1, 2030	13,570,000	8,385,000	9,370,000
2009 D-2	2.320% to 6.070%	June 1, 2013 to June 1, 2036	38,845,000	35,605,000	36,290,000
2009 E	3.000% to 4.500%	June 1, 2013 to June 1, 2019	35,155,000	16,480,000	19,945,000
2010 A-1	3.000% to 4.500%	June 1, 2013 to June 1, 2034	13,795,000	13,795,000	7,555,000
2010 A-2	3.777% to 6.406%	June 1, 2016 to June 1, 2039	15,170,000	6,110,000	13,795,000
2010 B-1	2.000% to 5.000%	June 1, 2013 to June 1, 2035	38,610,000	26,035,000	28,450,000
2010 B-2	2.236% to 6.230%	June 1, 2013 to June 1, 2035	17,600,000	17,120,000	17,285,000
2011 A	2.000% to 4.000%	June 1, 2013 to June 1, 2016	15,375,000	3,270,000	6,425,000
2011 B-1	2.000% to 4.000%	June 1, 2013 to June 1, 2036	42,735,000	28,850,000	32,500,000
2011 B-2	2.000% to 4.950%	June 1, 2013 to June 1, 2031	14,545,000	11,435,000	12,225,000
2011 C	3.000% to 5.000%	June 1, 2013 to June 1, 2036	53,400,000	42,800,000	46,025,000
2012 A	1.500% to 5.500%	June 1, 2013 to June 1, 2038	24,340,000	21,265,000	22,445,000
2013 A	2.000% to 5.000%	June 1, 2013 to June 1, 2038	44,285,000	37,910,000	41,245,000
2013 B	2.000% to 5.000%	June 1, 2014 to June 1, 2036	16,360,000	14,175,000	15,455,000
2014 B	2.000% to 5.000%	June 1, 2016 to June 1, 2035	58,235,000	54,970,000	-
2015 B	2.250% to 5.000%	June 1, 2016 to June 1, 2045	45,325,000	45,325,000	-
			975,350,000	724,190,000	669,225,000
Public Project Revolving Fund Revenue Bonds - Subordinate Lien Debt					
2005 C	3.625% to 5.000%	June 15, 2013 to June 15, 2025	50,395,000	-	36,410,000
2005 E	3.875% to 5.000%	June 15, 2013 to June 15, 2025	23,320,000	23,320,000	23,445,000
2005 F	4.000% to 5.000%	June 15, 2013 to June 15, 2025	21,950,000	-	16,245,000
2006 A	4.000% to 5.000%	June 15, 2013 to June 15, 2035	49,545,000	2,040,000	42,525,000
2006 C	4.000% to 5.000%	June 15, 2013 to June 15, 2026	39,860,000	26,135,000	27,845,000
2007 A	4.000% to 5.000%	June 15, 2013 to June 15, 2027	34,010,000	15,680,000	18,260,000
2007 B	4.250% to 5.000%	June 15, 2013 to June 15, 2034	38,475,000	22,340,000	24,050,000
2007 C	4.250% to 5.250%	June 15, 2013 to June 15, 2027	131,860,000	89,445,000	96,700,000
2013 C-1	2.000% to 4.000%	June 15, 2014 to June 15, 2028	3,745,000	3,050,000	3,325,000
2013 C-2	.950% to 5.000%	June 15, 2014 to June 15, 2029	10,550,000	8,520,000	9,350,000
2014 A-1	2.000% to 5.000%	June 15, 2014 to June 15, 2033	15,135,000	14,605,000	15,135,000
2014 A-2	.250% to 4.491%	June 15, 2014 to June 15, 2034	16,805,000	15,295,000	16,805,000
2015 A	3.000% to 5.000%	June 15, 2016 to June 15, 2035	63,390,000	62,355,000	-
			499,040,000	282,785,000	330,095,000
		Subtotal - PPRF Bonds	1,474,390,000	1,006,975,000	999,320,000

Bond Series	Rate	Maturities	Original Amount	Outstanding Amount June 30, 2015	Outstanding Amount June 30, 2014
Pooled Equipment Certificates of Participants					
1995 A	6.30%	October 1, 2015	4,288,000	19,000	36,000
1996 A	5.80%	April 1, 2016	1,458,000	9,000	17,000
			5,746,000	28,000	53,000
State Capitol Building Improvement Revenue Bonds					
1996	7.0%	Sept. 15, 2012 to Mar. 15, 2015	9,315,000	-	945,000
Cigarette Tax Revenue Bonds - UNM Health Sciences Center Project					
2004A	4.0% to 5.0%	April 1, 2012 to April 1, 2019	39,035,000	6,895,000	8,850,000
Cigarette Tax Revenue Bonds - Behavioral Health Projects					
2006	5.51%	May 1, 2012 to May 1, 2026	2,500,000	1,375,000	1,500,000
Total bonds outstanding			$ 1,530,986,000	1,015,273,000	1,010,668,000
Add net unamortized premium				41,630,674	37,473,351
Total bonds payable, net				1,056,903,674	1,048,141,351
Less current portion of bonds payable				(75,943,000)	(70,430,000)
Noncurrent portion of bonds payable				$ 980,960,674	$ 977,711,351

Maturities of bonds payable and interest are as follows:

	Principal	Interest	Total
Fiscal year ending June 30,			
2016	$ 75,943,000	$ 48,997,460	$ 124,940,460
2017	74,440,000	43,923,067	118,363,067
2018	76,025,000	40,617,409	116,642,409
2019	77,580,000	37,234,823	114,814,823
2020	67,495,000	33,823,636	101,318,636
2021-2025	332,345,000	120,955,873	453,300,873
2026-2030	179,355,000	54,570,990	233,925,990
2031-2035	107,390,000	20,508,143	127,898,143
2036-2040	21,140,000	2,351,709	23,491,709
2041-2045	3,560,000	426,600	3,986,600
	1,015,273,000	$ 403,409,710	$ 1,418,682,710
Add unamortized premium	41,630,674		
Bonds payable, net	$ 1,056,903,674		

The bonds payable activity for the fiscal years were as follows:

Activity for Fiscal Year 2015

	Balance at June 30, 2014	Increases	Decreases	Balance at June 30, 2015	Due within One Year
Bonds payable	$ 1,010,668,000	$ 166,950,000	$ (162,345,000)	$ 1,015,273,000	$ 75,943,000
Add unamortized premium	37,473,351	19,634,472	(15,477,149)	41,630,674	-
Total	$ 1,048,141,351	$ 186,584,472	$ (177,822,149)	$ 1,056,903,674	$ 75,943,000

Activity for Fiscal Year 2014

	Balance at June 30, 2013, as restated	Increases	Decreases	Balance at June 30, 2014	Due within One Year
Bonds payable	$ 1,145,326,000	$ 62,595,000	$ (197,253,000)	$ 1,010,668,000	$ 70,430,000
Add unamortized premium	36,378,109	3,666,745	(2,571,503)	37,473,351	-
Total	$ 1,181,704,109	$ 66,261,745	$ (199,824,503)	$ 1,048,141,351	$ 70,430,000

Current and Advance Refunding of Debt

The PPRF Refunding Revenue Bonds Subordinate Lien 2015A series, issued in the total par amount of $63,390,000, refunded the outstanding portions of the PPRF Refunding Revenue Bonds Subordinate Lien 2005C series and PPRF Revenue Bonds Subordinate Lien 2006C series. The PPRF 2005C series bonds were originally issued to fund a loan to the Metro Courts and that loan was refunded simultaneously with the issuance of the 2015A series bonds. The PPRF 2006A series bonds were originally issued to fund a loan to the City of Santa Fe and that loan was refunded simultaneously with the issuance of the 2015A series bonds. The purpose of the refinancing was financial savings for both bonds. The PPRF 2005C series bonds resulted in a reduction in debt service expense for Metro Courts over the remaining life of the loan of $5,621,486 converted for comparison purposes to a Net Present Value (NPV) savings of $4,741,519. The PPRF 2006A series bonds resulted in a reduction in debt service expense for the City of Santa Fe over the remaining life of the loan of $5,800,337 converted for comparison purposes to a NPV savings of $4,351,828. Portions of the PPRF 2006A bonds were used to fund other loans. In total, the PPRF 2015A series bonds produced debt service savings over the remaining life of the loan of $16,591,573 converted for comparison purposes to a NPV savings of $13,834,690. The NPV rate used was 2.873%, the rate calculated for IRS Arbitrage Yield purposes.

8) Advanced Loan Payments

Advanced loan payments represent the amounts received from loan recipients which have not been applied as a payment against their loan as well as debt service reserve accounts funded from the loan proceeds. The Authority applies loan payments semi-annually, therefore, any payments received prior to being applied to the loan are held in an account which earns interest and the interest is credited to the borrower. These funds are held by the trustee and in accounts at the State Treasurer's office. The balance of advanced loan payments was $74,332,049 and $72,189,707 at June 30, 2015 and 2014.

9) Line of Credit

The Authority maintains a credit facility with Wells Fargo for the PPRF which provides for a borrowing limit of up to $100,000,000 for the purpose of obtaining necessary funding, on an interim basis, to make loans to qualified entities prior to the issuance, sale and delivery of certain Public Project Revolving Fund Revenue Bonds and to reimburse the Authority for such loans that have been made. The terms of the credit facility require payment in full of any outstanding balance from the proceeds of the next PPRF bond issuance. Interest is due monthly on the outstanding balance, and accrues at 70% of U.S. dollar monthly LIBOR plus 75 basis points. The LIBOR rate at June 30, 2015, was .154. The Authority pays a 15 basis point fee on the unused portion of the facility. A summary of changes in the line of credit follows:

Activity for Fiscal Year 2015

	Balance June 30, 2014	Increases	Decreases	Balance, June 30, 2015	Due within One Year
PPRF line of credit	$ 12,006,298	$ 30,573,802	$ (42,580,100)	$ -	$ -
Total	$ 12,006,298	$ 30,573,802	$ (42,580,100)	$ -	$ -

Activity for Fiscal Year 2014

	Balance June 30, 2013	Increases	Decreases	Balance, June 30, 2014	Due within One Year
PPRF line of credit	$ -	$ 17,536,712	$ (5,530,414)	$ 12,006,298	$ 12,006,298
Total	$ -	$ 17,536,712	$ (5,530,414)	$ 12,006,298	$ 12,006,298

10) Operating Lease Commitment

The Authority is committed under various lease agreements for office space, a vehicle, and office equipment. These leases are classified as operating leases. Lease expenditures for the years ended June 30, 2015 and 2014, were $316,250 and $362,044. Future minimum lease payments are as follows:

Fiscal year ending June 30		
2016	$	361,663
2017		368,896
2018		376,274
2019		383,800
2020		259,255
Total	$	1,749,888

11) Retirement Plans

The Authority's retirement plan was organized under Section 408(k) of the Internal Revenue Code. The retirement plan is not subject to the general claims of the creditors of the Authority. Each eligible employee participating in the plan must contribute 3% of their compensation. The Authority makes a contribution of 15% of their compensation. Employees can make an additional, voluntary contribution of up to 4% of their compensation. The Authority also makes a 50% matching contribution on voluntary contributions. Employee contributions are 100% vested, and the Authority contributions will vest 100% to the employee over five years. The contributions are invested in various mutual funds selected by the employee. The Authority's contributions for this retirement plan for the year ended June 30, 2015 and 2014, respectively, were $484,916 and $479,948. Additionally, employee contributions for the retirement plan for the year ended June 30, 2015 and 2014, respectively, were $149,634 and $148,347. Substantially all full-time employees participate in this plan.

The Authority maintains a retirement plan in accordance with an "eligible deferred compensation plan" pursuant to Section 457 of the Internal Revenue Code for its Executive Director and its Chief Operating Officer. The contributions are made regardless of the number of hours worked or the employment status on the last day of the plan year. Employer contributions are limited by IRS Code Section 457(e)(15)(A). The employee is fully vested at all times. The executive plan was in effect for the years ended June 30, 2015 and 2014.

12) Compensated Absences

The following changes occurred during the fiscal year in the compensated absences liabilities:

Balance at June 30, 2014	$	273,440
Additions		201,740
Deletions		(189,257)
Balance at June 30, 2015	$	285,923
Due within one year	$	285,923
Balance at June 30, 2013	$	274,077
Additions		193,745
Deletions		(194,382)
Balance at June 30, 2014	$	273,440
Due within one year	$	273,440

13) Agency Transactions

The Authority was authorized in 2003 to issue bonds as agent for the New Mexico Department of Transportation (NMDOT). Approximately $1.4 billion of such bonds are outstanding at June 30, 2015 and 2014.

Debt service for the bonds is payable solely from certain revenues of the Department of Transportation. In the opinion of legal counsel, there is no claim that could be asserted against the Authority's assets for payment of debt service on the bonds; therefore, these bonds are not reflected in the Authority's financial statements. The Authority receives a biannual fee from the Department of Transportation equal to its overhead costs for management of the bond issues. The fee is recognized on a cost reimbursement basis.

14) Contingencies

Litigation

In the normal course of operations, the Authority is involved in certain litigation and arbitration proceedings involving former employee complaints and subcontractor claims.

Management and legal counsel believe the outcomes will not have a materially adverse impact on the financial position of the Authority.

Loan Prepayment and Bond Call Provisions

Certain loans included in loans receivable contain provisions that allow for prepayment of the loan after one year whereas the related bonds used to fund the loans cannot be called for up to 10 years. In the event of a loan prepayment prior to the tenth year, the Authority's bond indentures require the substitution of a loan with similar cash flow characteristics or the defeasance of the related bond.

If interest rates at the time of prepayment are lower than the rates on the related bonds, as is currently the case, both loan substitution and defeasance will result in the Authority earning less on the substituted loan or the defeasance escrow than it will pay on the related bond, resulting in a negative cash flow. The Authority has other funding sources available to pay the shortfall, including the proceeds of the loan payoff, reserve funds, and operating cash. Management does not believe this condition will have a material adverse impact on the financial statements. The variance in prepayment and call periods was eliminated through a Board resolution in 2008 so that this condition is eliminated by 2018. The loans containing the shortened call provision total approximately $349 million and the related bonds total approximately $419 million at June 30, 2015. Loans exercising this call provision consisted of $83.8 million and $63.8 million in FY 2015 and FY 2014, respectively.

The Authority is exposed to various risks of loss related to torts; theft of, damages to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority participates in the State of New Mexico self-insurance program (Risk Management Program). Under this program, the Authority pays an annual premium to the State for the following types of insurance coverage:

- Workers' compensation insurance
- General liability insurance
- Civil rights
- Blanket property insurance
- Boiler and machinery insurance
- Auto physical damage insurance
- Crime insurance

The Authority also carries commercial insurance to cover losses to which it may be exposed related to their leased office space.

During the year, there were no significant reductions in commercial insurance coverage. For the past five years, no insurance settlements exceeded commercial insurance coverage.

15) Related Party Transactions

The Authority has issued bonds or purchased securities for several other state entities to finance the construction of certain capital projects. Representatives of two of these entities (the Secretary of the New Mexico Department of Finance and Administration and the Secretary of the New Mexico Department of Energy, Minerals and Natural Resources) are members of the Authority's Board of Directors. Additionally, a representative serving on the Board holds a position as Cabinet Secretary of the NM Environmental Department in which the Authority assists the Department in the administration of the State's Drinking Water federal program.

16) Finance New Mexico, LLC and Restatement

The Authority has invested in and is the managing member of, Finance New Mexico, LLC (FNMLLC) which was formed on June 19, 2006, under the laws of the State of New Mexico. FNMLLC is an approved Community Development Entity (CDE) that holds New Market Tax Credits (NMTC) allocation authority to be used for investment in Qualified Active Low-Income Community Businesses (QALICB) pursuant to Section 45D of the Internal Revenue Code (IRC).

The principal business objective of FNMLLC is to provide nontraditional investment capital to underserved markets and enhance the return on such investments by providing its members with new market tax credits. In general, under Section 45D of the Internal Revenue Code, a qualified investor in a CDE can receive the tax credits to be used to reduce Federal taxes.

In accordance with the operating agreement of FNMLLC, 99% of profits, losses and cash flows are allocated to the Authority, the managing member, and 1% to New Mexico Community Capital, the nonmanaging member.

In 2015, management re-evaluated how to report the Authority's interest in FNMLLC for financial statement purposes. Management evaluated a number of criteria as stated in GASB Statements Number 39 and 61, amendments of GASB Statement Number 14. The basic, but not the only criterion, is FNMLLC's financial accountability to the Authority. Financial accountability is measured through the degree to which the Authority can appoint a voting majority of the governing body, impose its will, ascertain a potential financial benefit, or face a potential financial burden with regard to the potential component unit. Based on the above criterion, it was determined that the FNMLLC is a blended component unit of the Authority. As such, the Authority has consolidated the FNMLLC's financial statement amounts within the Authority's New Market Tax Credit program. The condensed component unit information for FNMLLC and subsidiaries, for the year ended June 30, 2015 and 2014 were as follows:

	2015	2014
Statements of Net Position		
Assets		
Cash	$ 657,456	$ 532,300
Due from affiliates	935,345	838,737
Investment in limited liability companies	13,506	13,569
Total assets	$ 1,606,307	$ 1,384,606
Liabilities		
Accounts payable	$ 59,078	$ 30,756
Due to affiliate	647,193	493,938
Total liabilities	706,271	524,694
Net Position		
Restricted	900,036	859,912
Total liabilities and net position	$ 1,606,307	$ 1,384,606

Statements Revenues, Expenses and Changes in Net Position	2015	2014
Operating Income		
Interest income	$ 114	$ 597
Sponsor fee income	-	810,000
Asset management fee income	629,603	612,203
Total operating income	629,717	1,422,800
Operating Expense		
Sponsor fee expense	-	743,681
Management fee expense	372,729	377,035
Professional fees	162,460	80,835
Gross receipt tax	45,555	110,104
Miscellaneous administrative expenses	8,972	2,506
Total operating expenses	589,716	1,314,161
Net operating income	40,001	108,639
Nonoperating Income		
Share of income from investment in limited liability companies	123	64
Increase in net position	$ 40,124	$ 108,703

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Statement of Cash Flows	2015	2014
Cash flows from operating activities		
Increase in net position	$ 40,124	$ 108,703
Adjustments to reconcile net income to net cash provided by operating activities		
Share of income from investment in limited liability companies	(123)	(64)
Increase in assets		
Due from affiliate	(96,608)	(115,716)
Increase in liabilities		
Accounts payable	28,322	3,002
Due to affiliate	153,255	78,155
Net cash provided by operating activities	124,970	74,080
Cash flows from investing activities		
Investment in limited liability companies	-	(145)
Return of capital from limited liability companies	-	155
Distributions from limited liability companies	186	190
Net cash provided by investing activities	186	200
Net increase in cash	125,156	74,280
Cash, beginning of year	532,300	458,020
Cash, end of year	$ 657,456	$ 532,300

In previous years, the Authority reported its interest in FNMLLC as an investment in the Statement of Net Position. The financial statements for the fiscal year ending June 30, 2014 have been restated as follows:

	June 30, 2014 Amounts Previously Reported	Restatement	**June 30, 2014 as Restated**
Statement of Net Position			
Current assets			
Restricted cash and equivalents	$ 51,834,915	$ 532,300	**$ 52,367,215**
Grants and other receivable	1,788,239	852,306	**2,640,545**
Investment in Finance NM LLC	99,110	(99,110)	**-**
Current liabilities			
Accounts payable	262,198	30,756	**292,954**
Other liabilities	80,694	493,938	**574,632**
Net position	458,552,499	760,802	**459,313,301**
Statement of Revenues, Expenses and Changes in Net Position			
Operating revenues			
Administrative fees revenue	2,819,302	380,537	**3,199,839**
Interest on investments	488,080	661	**488,741**
Operating expenses			
Other operating costs	1,484,748	272,495	**1,757,243**
Increase in net position	33,242,621	108,703	**33,351,324**
Net position, beginning of year	425,309,878	652,099	**425,961,977**
Net position, end of year	458,552,499	760,802	**459,313,301**

APPENDIX B

EXTRACTS OF CERTAIN PROVISIONS OF THE INDENTURE

The following statements are extracts, supplementing the information in the body of the Official Statement, of certain defined terms in and provisions of the Indenture. These extracts do not purport to be complete. Please refer to the Indenture itself for a full and complete statement of such provisions. During the offering period of the Series 2016A Bonds, copies of the Indenture will be available at the principal office of the Municipal Advisor. Subsequent to the offering of the Series 2016A Bonds, copies of the Indenture may be obtained from the Trustee. See "ADDITIONAL INFORMATION."

CERTAIN DEFINITIONS

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

"Act" means the New Mexico Finance Authority Act, being Sections 6-21-1 through 6-21-31, inclusive, NMSA 1978, as amended and as the same may hereafter be amended and supplemented.

"Additional Bonds" means any Bonds of the NMFA, authorized and issued under the Indenture, in compliance with the Indenture, except for the Series l995A-B Bonds.

"Additional Pledged Loans" means any additional loans or securities which (i) were made or purchased by the NMFA from amounts on deposit in the Public Project Revolving Fund and (ii) the payments of principal and interest on which have been specifically pledged by the NMFA to the payment of the Bonds and other amounts due under the Indenture. No such loans or securities will be deemed to be Additional Pledged Loans unless the Trustee has received written notice from the NMFA that a specific loan or security will be included under the Indenture.

"Aggregate Annual Debt Service" means, for any given Bond Fund Year, the sum of the principal and interest payable on all Bonds Outstanding or to be Outstanding or any portion thereof.

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

"Agreement Pledged Revenues" means the pledged revenues designated by a Governmental Unit for payments to be made pursuant to the respective Loan Agreement, Security Documents or Securities.

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

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

"Annual Common Debt Service Reserve Deposit Amount" means the lesser of (a) the positive difference, if any, between the Required Common Debt Service Reserve Funding Level and the amount then on deposit in the Common Debt Service Reserve (and if there is no positive difference, then the amount under this clause (a) shall be deemed to be zero), and (b) twenty-five percent (25%) of the remaining NMFA Portion of the Governmental Gross Receipts Tax for a given Bond Fund Year that was distributed to the NMFA by the trustee under the Subordinated Indenture on June 16, being the day after the end of the applicable bond fund year under the Subordinated Indenture, through the process described in the Indenture.

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

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

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

"Authorized Denominations" means, with respect to the Series 2016A Bonds, $5,000 or any integral multiple thereof and means, with respect to the Loans that are subject to the Eighty-Ninth Supplemental Indenture, $1 or any integral multiple thereof.

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

"Beneficial Owner" means, while DTC or its nominee is the registered owner of the Series 2016A Bonds, any person entitled to receive payment of principal of, premium, if any, and interest on Series 2016A Bonds and otherwise exercise ownership rights with respect to Series 2016A Bonds.

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

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

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

"Bond Fund Year" shall, with respect to each Series of Bonds, have the meaning set forth in the related Supplemental Indenture.

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

"Bonds" means all Bonds issued and secured under the Indenture.

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

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

(A) the amount of NMFA Portion of the Governmental Gross Receipts Tax to be received in each such Bond Fund Year and to be available to make debt service payments on the Bonds;

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

(C) the Aggregate Annual Debt Service for each such Bond Fund Year on all Bonds reasonably expected to be Outstanding;

and (b) showing that in each such Bond Fund Year, the aggregate of the amount set forth in clause (A) of the definition divided by 1.35, plus the aggregate amount set forth in clause (B) of the definition, exceeds one hundred percent (100%) of the aggregate of the amounts set forth in clause (C) of the definition.

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

(i) NMFA Portion of the Governmental Gross Receipts Tax in any future Bond Fund Year will be assumed to be the greatest amount received by the NMFA in any consecutive 12-month period in the 24 months next preceding the delivery of the Cash Flow Statement;

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

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

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

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

"Category III Loans and Additional Pledged Loans" means Loan Agreements, Securities and Additional Pledged Loans the underlying obligations of which, at the time in question, are not designated or rated or are designated or rated below the fourth highest full rating category by the Rating Agencies, but excluding Category IV Loans and Additional Pledged Loans.

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

"Cede" means Cede & Co. and any substitute nominee of DTC who becomes the Registered Owner of any Series 2016A Bonds.

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

"Common Debt Service Reserve Fund" means the fund by that name which is created and established by the Indenture.

"Continuing Disclosure Agreement" means that certain Continuing Disclosure Agreement between the NMFA and the Trustee dated the date of issuance and delivery of the Series 2016A Bonds, as originally executed as it may be amended from time to time in accordance with the terms thereof.

"Covenant Default" has the meaning, if any, given in any Loan Agreement, Securities or Additional Pledged Loan.

"DTC" means The Depository Trust Company, New York, New York, a limited purpose trust company organized under the laws of the State of New York.

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

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

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

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

"Grant Agreements" means a grant or other similar financing agreement and any amendment thereto, which is entered into by and between the NMFA and a Governmental Unit and which provides for the financing of a Project with proceeds of Bonds and does not require payments by the Governmental Unit to be made thereunder.

"Grants" means collectively, the Grants made pursuant to the Grant Agreements.

"Indenture" means the General Indenture of Trust and Pledge and all Supplemental Indentures thereto as the same may be amended and supplemented.

"Interest Component" means the portion of each Loan Payment representing interest on the related Loan.

"Interest Payment Date" means, with respect to the Series 2016A Bonds, each June 1 and December 1, commencing June 1, 2016.

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

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

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

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

"Maximum Debt Service Year" means the Bond Fund Year in which the aggregate annual Principal Component and Interest Component due in relation to all Loans is at its greatest, less any reserves, sinking fund redemption deposits or other funds deposited with the Trustee to the extent such reserves, sinking fund redemption deposits or funds may be used as a matter of right for such payments (as opposed to other reserves that are available for the payment of debt service solely in the event of non-performance of a party), for the payment of the Principal Component and Interest Component due, provided, however, amounts within the Agreement Reserve Fund shall in no event be accounted for in any calculation of the Maximum Debt Service Year.

"NMFA" means the New Mexico Finance Authority.

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

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

"Original Issue Date" means, with respect to the Series 2016A Bonds, the date of delivery thereof.

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

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

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

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

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

"Participants" means underwriters, securities brokers and dealers, banks and trust companies, clearing corporations and other persons from time to time for which DTC or any successor Securities Depository holds Series 2016A Bonds as Securities Depository.

"Paying Agent," when used with respect to the Series 2016A Bonds, means the person or persons authorized by the NMFA to pay the principal of, premium, if any, and interest on, the Series 2016A Bond on behalf of the NMFA, and initially is the Trustee.

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

(a) Governmental Obligations;

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

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

(ii) Federal Housing Administration (FHA) Debentures;

(iii) General Services Administration Participation certificates;

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

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

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

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

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

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

(iii) Federal National Mortgage Association (FNMA or "Fannie Mae") Mortgage-backed securities and senior debt obligations (excluded are stripped mortgage securities which are valued greater than par on the portion of unpaid principal);

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

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

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

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

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

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

(g) Commercial paper rated "Prime-1" by Moody's and "A-1+" or better by S&P;

(h) Bonds or notes issued by any state or municipality which are rated by Moody's and S&P in one of the two highest long-term rating categories assigned by such agencies;

(i) Federal funds or bankers acceptances with a maximum term of one year of any bank which has an unsecured, uninsured and unguaranteed obligation rating of "Prime-1" or "A-3" or better by Moody's and "A-1+" by S&P;

(j) Repurchase agreements providing for the transfer of securities from a dealer bank or securities firm (seller/borrower) to a municipal entity (buyer/lender), and the transfer of cash from a municipal entity to the dealer bank or securities firm with an agreement that the dealer bank or securities firm will repay the cash plus a yield to the municipal entity in exchange for the securities at a specified date; provided, however, that the repurchase agreement must satisfy certain criteria articulated in writing to the NMFA by the Rating Agencies;

(k) Investment contracts with providers the long term, unsecured debt organization of which are rated at least "Aaa" by the Rating Agencies; and

(l) deposits with the Treasurer of the State for investment in obligations described above.

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

"Principal Component" means the portion of each Loan Payment representing principal on the related Loan.

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

"Program Costs" means the fees and expenses payable to the Trustee, any Paying Agent and the NMFA.

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

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

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

"Rating Agencies" means Moody's Investors Service, Standard & Poor's Ratings Group and Fitch Ratings or their successors and assigns and any other nationally recognized rating service designated by the NMFA and then maintaining a rating on the Bonds.

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

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

"Rebate Requirement" means the amount of arbitrage profits earned from the investment of gross proceeds of the Bonds in nonpurpose investments described in Section 148(f)(2) of the Code and defined as "Rebate Amount"

in Section 1.148-3 of the Treasury Regulations, which are payable to the United States at the times and in the amounts specified in Section 148(f)(3) of the Code and Section 1.148-3 of the Treasury Regulations.

"Register" means the record of ownership of the Series 2016A Bonds maintained by the Registrar.

"Registered Owner" or "Bondowner" or "Owner" or "Bondholder" or "holder" means the person or persons in whose name or names a Bond will be registered on the books of the Trustee kept for that purpose in accordance with provisions of the Indenture.

"Regular Record Date" means the fifteenth (15th) day immediately preceding each Interest Payment Date (or the Business Day immediately preceding such fifteenth (15th) day, if such fifteenth (15th) day is not a Business Day).

"Representation Letter" means the blanket representations letter from the NMFA to DTC.

"Required Common Debt Service Reserve Funding Level" means an amount (unless amended pursuant to the provisions of this definition of Required Common Debt Service Reserve Funding Level), rounded up to the nearest thousand dollars, equal to the sum of:

(i) 0% of maximum annual Principal Component and Interest Component payable in the Maximum Debt Service Year of Loans secured by revenue pledges classified by the NMFA as fire protection fund, law enforcement protection fund, governmental gross receipts tax, or state gross receipts tax (collectively, "Risk Group One");

(ii) 20% of maximum annual Principal Component and Interest Component payable in the Maximum Debt Service Year of Loans outstanding secured by revenue pledges classified by the NMFA as general obligation, limited mill levy (limited general obligation), or gross receipts tax (other than governmental gross receipts tax, or state gross receipts tax) (collectively, "Risk Group Two");

(iii) 35% of maximum annual Principal Component and Interest Component payable in the Maximum Debt Service Year of Loans outstanding secured by revenue pledges classified by the NMFA as enterprise system revenues, special assessments or a local special tax such as a lodgers' tax, cigarette tax, gasoline tax, special fuel excise tax, pari-mutuel tax, or court facilities fees (collectively, "Risk Group Three," and together with Risk Group One and Risk Group Two, "Risk Groups").

Pursuant to the following provisions, the NMFA may revise the method of calculating the Required Common Debt Service Reserve Funding Level. The NMFA may, from time to time pursuant to an indenture supplemental to the Indenture and without obtaining the consent of the Owners, add or revise revenue pledge categories in addition to those included above. New revenue pledge categories either may be included in one of the three Risk Groups identified above or included in a new Risk Group established using a different Risk Group calculation percentage (a "Factor"). The NMFA may, from time to time pursuant to an indenture supplemental to the Indenture and without obtaining the consent of the Owners, adjust the funding percentages of the Risk Group Factors, adjust the Risk Group in which a revenue pledge is categorized and add or revise revenue pledge categories within Risk Groups as to any future Bond issuances. As to any Bonds outstanding at the time a supplemental indenture as described above is entered into, the Risk Groups and Risk Group Factors as they existed prior to the supplemental indenture shall continue to be applied to such Bonds. In the event of any adjustment pursuant to a supplemental indenture whereby the Required Common Debt Service Reserve Level is decreased over time below the amount that is currently on deposit in the Common Debt Service Reserve Fund, then as provided in the Indenture, the excess amount shall remain on deposit in the Common Debt Service Reserve Fund unless used for shortfalls in any Governmental Unit's Account of the Debt Service Fund, or to redeem or defease Bonds. The NMFA's and the Trustee's ability to enter into supplemental indentures for the foregoing purposes without the consent of the Owners is an integral term and condition of subjecting the Common Debt Service Reserve Fund to the Indenture, and the Trustee is authorized to execute any such supplemental indentures, and the provisions of Article XIII of the Indenture shall not apply to such supplemental indentures as long as such supplemental indentures comply with the terms of this definition of "Required Common Debt Service Reserve Funding Level." In conjunction with executing such supplemental

indentures, the Trustee shall not be required to make any determination as to whether such a supplemental indenture is materially adverse to the interests of the Owners or any other party; whether such a supplemental indenture otherwise is permitted pursuant to Article XIII of the Indenture; or any other determination.

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

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

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

"Securities Depository" means the person who operates the computerized book entry system through which ownership interest in the Series 2016A Bonds may be recorded. Such entity shall at all times be a registered clearing agency under the Securities Exchange Act of 1934, as amended, or other applicable statute or regulation, and in good standing thereunder.

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

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

"Series 2016A Bonds" means the New Mexico Finance Authority Senior Lien Public Project Revolving Fund Revenue Bonds, Series 2016A.

"Special Record Date" means a special record date established pursuant to the Indenture. "State" means the State of New Mexico.

"Subordinated Indenture" means that certain Subordinated General Indenture of Trust and Pledge between the NMFA and BOKF, N.A., Albuquerque, New Mexico, dated as of March 1, 2005, and all supplemental indentures supplementing or amending such Subordinated Indenture.

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

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

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

THE INDENTURE

Registration and Exchange of Bonds

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

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

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

Nonpresentment of Bonds

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

Covenants of the NMFA

The NMFA will faithfully perform and abide by all of the covenants, undertakings and provisions contained in the Indenture or Supplemental Indenture or in any Bond, including the following covenants and agreements:

Covenant Against Creating or Permitting Liens. Except for the pledge of the Trust Estate to secure payment of the Bonds, the Trust Estate is and will be free and clear of any pledge, lien, charge or encumbrance thereon or with respect thereto; provided, however, that (i) nothing contained in the Indenture will prevent the NMFA from issuing, if and to the extent permitted by law, indebtedness having a lien on the Trust Estate subordinated to that of the Bonds and (ii) Revenues constituting NMFA Portion of the Governmental Gross Receipts Tax and payments of Additional Pledged Loans not needed for payments under the Indenture in any Bond Year may be released to the NMFA free and clear of the lien as provided in the Indenture.

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

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

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

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

Bonds to be Tax-Exempt Obligations. The NMFA covenants and agrees to and for the benefit of the Owners of Bonds that the NMFA (i) will not take any action that would cause interest on the Bonds to become subject to federal income taxation, (ii) will not omit to take or cause to be taken, in timely manner, any action, which omission would cause the interest on the Tax-exempt Bonds to become subject to federal income taxation, and (iii) will, to the extent possible, comply with any other requirements of federal tax law applicable to the Bonds in order to preserve the exemption from federal income taxation of interest on the Bonds. The provisions of this paragraph do not apply to Bonds designated in the related Supplemental Indenture as bearing or accruing interest intended to be subject to Federal income taxation.

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

Deposit and Advance of Funds

The NMFA and the Trustee will deposit the proceeds of the Bonds to the Accounts created under the Indenture and will make the advances of funds thereunder to fund the Program and the NMFA will enter into the Loan Agreements and Grant Agreements with the Governmental Units and purchase and receive the Securities and Security Documents from the Governmental Units on the terms and conditions and upon submission of the documents as provided in the Indenture.

Loan Agreement and Securities - Loan Payments

The Loan Payments will be governed by the following provisions:

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

(b) Loan Agreement and Securities Term. The "Term" of a Loan Agreement or Securities will be defined in the Loan Agreement or Securities. The Term will not exceed the useful life of the Project financed pursuant to the related Loan Agreement or Securities.

(c) Agreement Payment. Each Loan Agreement and Security will provide that the related Governmental Unit will pay Loan Payments directly to the NMFA on or before Loan Payment Dates for remittance to the Trustee (less a portion of the interest rate, if any, retained by the NMFA in lieu of an upfront payment as an administrative fee for the payment of Program Costs. The administrative fee is calculated as .015% of the loan amount, capped at $75,000, or the NPV equivalent of .015% if the administrative fee is included in the interest rate) prior to each Interest Payment Date. In the case of Securities, the Securities will be registered in the name of the Trustee or properly assigned to the Trustee on the books of any registrar for such Securities or, if in bearer form delivered to and held by the Trustee.

(d) Prepayments. The Loan Agreements and Securities may contain a provision permitting the Governmental Unit to prepay the Principal Component of the Loan Payments, in accordance with the provisions of the Loan Agreement and Securities by payment of Prepayments in whole on any date or in

part on any Interest Payment Date, at any time when the related Series of Bonds are or are about to become subject to optional redemption upon not less than forty-five (45) days' prior written notice to the Trustee and subject to any other conditions set forth in the related Supplemental Indenture, Loan Agreement or Securities. Partial prepayments of the Principal Component of Loan Payments will be made in multiples of the minimum Authorized Denomination. Each Prepayment will include interest to the date upon which the Trustee has scheduled a related redemption of Bonds as provided in the related Supplemental Indenture.

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

Establishment of Funds and Accounts

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

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

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

(c) a Bond Fund;

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

(e) an Expense Fund;

(f) a Rebate Fund and within such fund a separate Account for each Agreement;

(g) a Governmental Gross Receipts Tax, Additional Pledged Loan Revenue and Tax Subsidy Revenue Fund (the "Revenue Fund") established as an account of the Public Project Revolving Fund; and

(h) a Common Debt Service Reserve Fund.

In addition to the foregoing, with respect to Additional Pledged Loans the Trustee will, if directed in a Supplemental Indenture, establish subaccounts within the Program Fund, the Agreement Reserve Fund or the Debt Service Fund for such Additional Pledged Loans.

Flow of Funds

All Funds will be accounted for and maintained by the NMFA in the Funds and Accounts established in the Indenture. Each Fund and Account will be kept separate and apart from all other Funds and Accounts of the NMFA, except that Accounts may be consolidated within one or more special trust accounts within funds. Any amount deposited pursuant to a consolidation shall remain traceable and sufficiently distinguishable in relation to each Agreement and Governmental Unit to permit any applicable arbitrage, yield restriction or similar calculations to be made. The Funds will be expended and used by the Trustee and the NMFA only in the manner of order and priority specified below:

Program Fund. Upon the issuance of a Series of Bonds the Trustee will deposit an amount specified in the related Supplemental Indenture in the Program Fund and will allocate such amount to the respective Accounts within the Program Fund as provided in each Agreement. Disbursements from each Account within the Program Fund may be made in stages or in a single disbursement for the purpose of funding a Governmental Unit's capital projects account to the extent permitted by the Indenture, and upon acknowledgment of the Governmental Units of its obligation to comply with the provisions of the Indenture. Disbursements from each Account within the Program

Fund with respect to an Agreement with a Governmental Unit will (except for amounts to be used for capitalized interest on the Loan and as may be directed in a Supplemental Indenture with respect to Grants) only be made upon the delivery to the Trustee of a requisition substantially in the form attached to each Agreement signed by an Authorized Officer of the Governmental Unit.

Application of Loan Payments. The flow of funds is discussed in the forepart of this Official Statement under the heading "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Flow of Funds." The following paragraphs supplement that discussion.

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

In the event that the Trustee receives Prepayments under a Loan Agreement or Securities, the Trustee will apply such Prepayments to the mandatory redemption of the Bonds or portions thereof in accordance with the related Supplemental Indenture, except with respect to the Series 2004B and each series of Bonds issued thereafter, which are subject to the provisions of the Indenture discussed in the forepart of this Official Statement under the caption "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Application of Loan Prepayments."

At least once a year the Trustee will determine the amount necessary (i) to be transferred to the Bond Fund from each Debt Service Account on Interest Payment Dates for the Bonds from payments relating to a Governmental Unit's Agreement, (ii) to replenish the Governmental Unit's Account in the Agreement Reserve Fund, and (iii) to pay the Governmental Unit's share of Program Costs for the year, and will return any excess which the Trustee does not expect to be required for such payments to the related Governmental Unit or will credit such excess to the Loan Payments next coming due under the Governmental Unit's Agreement; provided, however, that (a) any excess attributable to earnings on funds and accounts for the Governmental Unit will be returned to the Governmental Unit or will be credited to the Loan Payments next coming due under the Governmental Unit's related Loan Agreement, Grant Agreement or Securities; and (b) any excess attributable to the difference in interest rates on the Governmental Unit's Loan and the relevant Outstanding Series of Bonds will be deposited into the Revenue Fund.

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

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

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

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

All moneys held by the Trustee in the Bond Fund will be applied in accordance with the Indenture to pay the principal or redemption price of Bonds as they mature or become due, upon surrender thereof, and the interest on Bonds as it becomes payable. There will be deposited into the Bond Fund all accrued interest received, if any, at the time of the execution, sale and delivery of the Bonds.

Amounts remaining on deposit in the Bond Fund at the end of each Bond Fund Year and after payment of all amounts due on the Bonds for such Bond Fund Year will be transferred to the Revenue Fund.

Common Debt Service Reserve Fund

Pursuant to a Supplemental Indenture, the NMFA has established the Common Debt Service Reserve Fund, which is currently funded in the amount of $30,295,117 (as of December 9, 2015). The NMFA will determine, as of the end of each Bond Fund Year, the Required Common Debt Service Reserve Funding Level. The NMFA will deposit the Annual Common Debt Service Reserve Deposit Amount with the Trustee in the Common Debt Service Reserve Fund within three (3) business days of receipt by the NMFA of the disbursement of the NMFA Portion of the Governmental Gross Receipts Tax distributed to the NMFA by the trustee under the Subordinated Indenture on June 16, being the day after the end of the applicable bond fund year under the Subordinated Indenture. The disbursement of the NMFA Portion of the Governmental Gross Receipts Tax becomes available to the NMFA pursuant to the following process: (i) at the end of each Bond Fund Year, amounts remaining in the Revenue Fund are disbursed to the NMFA pursuant to the Indenture, (ii) pursuant to the Subordinated Indenture, the NMFA is obligated to transfer such amounts to the trustee under the Subordinated Indenture on June 1 of each year, (iii) the trustee under the Subordinated Indenture applies such amounts as required under the Subordinated Indenture, and (iv) the trustee under the Subordinated Indenture transfers the remaining balance of the revenue fund under the Subordinated Indenture to the NMFA on June 16 of each year.

If amounts on deposit in the Common Debt Service Reserve Fund are greater than the Required Common Debt Service Reserve Funding Level for a given Bond Fund Year, then no additional deposit will be made to the Common Debt Service Reserve Fund for such Bond Fund Year. Any such excess amount may be used during the subsequent Bond Fund Year, at the discretion of the NMFA, for the redemption of Bonds prior to maturity by depositing the amount into the Bond Fund or the defeasance of any Bonds. If the NMFA has deposited the entirety of the available Annual Common Debt Service Reserve Deposit Amount as of a Bond Fund Year end, but the amount in Common Debt Service Reserve Fund is less than the Required Common Debt Service Reserve Funding Level, then the NMFA will not be required to fund from any other source any such difference in excess of the Annual Common Debt Service Reserve Deposit Amount; provided, however, if a funding difference remains (based on the annual recalculation of the Required Common Debt Service Reserve Funding Level), then the next year's available Annual Common Debt Service Reserve Deposit Amount will be applied to that difference.

If the amounts on deposit in any Governmental Unit's Account of the Debt Service Fund are insufficient for payments coming due under the related Loan Agreement or Securities on the next Loan Payment Date, after applying any applicable Agreement Reserve Account or other source for the payment of Debt Service, on the third day preceding a Loan Payment Date (or, if such third day is not a Business Day, on the Business Day next preceding such third day), the Trustee will transfer from the Common Debt Service Reserve Fund, an amount sufficient, together with amounts in the related Debt Service Account, to pay the Principal Component and the Interest Component due under such Loan Agreement or Securities on such Loan Payment Date. Amounts on deposit in the Common Debt Service Reserve Fund may not be applied toward payment of the Bonds, except to the extent that amounts are due and owing under the Bonds and amounts are not otherwise available for such payments in the Debt Service Fund.

If all of the following are true: (i) amounts in the Common Debt Service Reserve Fund have been disbursed to pay Principal Component or and Interest Component due under a Loan Agreement or in relation to Securities, (ii) at a Bond Fund Year end following such disbursement, a portion of the Annual Common Debt Service Reserve Deposit Amount that was funded into the Common Debt Service Reserve Fund was attributable to disbursements that should have been restored by a Governmental Unit prior to such Bond Fund Year end (a "CDSR Restorative Funding"), (iii) the relevant Governmental Unit later came into compliance as to certain delinquent payments that had been covered by Common Debt Service Reserve Fund disbursements (a "CDSR Compliance Restoration"), and (iv) the amount in the Common Debt Service Reserve Fund exceeds the Required Common Debt Service Reserve Funding Level; then no more frequently than every three months, the Trustee, upon the written request of the NMFA (which written request will also certify that the foregoing conditions have been satisfied) will disburse to the NMFA the amount by which aggregate CDSR Compliance Restoration amounts exceed the aggregate CDSR Restorative Funding amounts.

If no Bonds remain outstanding (or all Bonds have been defeased), then upon the request of the NMFA, any amount remaining in the Common Debt Service Reserve Fund will be disbursed by the Trustee to the NMFA, and the disbursed amounts may be used by the NMFA for any purpose described in the Indenture.

Investment of Moneys

Any moneys held as part of a Governmental Unit's Account in any of the Funds established under the Indenture will be invested and reinvested by the Trustee at the direction of the related Governmental Unit in Permitted Investments in accordance with the following provisions.

Any such investments will be held by or under the control of the Trustee. The Trustee will sell and reduce to cash a sufficient amount of such investments whenever the cash balance in the related Debt Service Account is insufficient to pay the principal of and premium, if any, and interest on the related Loan Agreement or Securities when due. In the absence of an appropriate direction from a Governmental Unit as to investment of funds, the Trustee will invest and reinvest such amounts in a daily money market fund which invests only in United States Government Obligations.

Any moneys held (i) as part of a Governmental Unit's Account in any of the Funds established under the Indenture or (ii) by the NMFA as agent for the Trustee will be invested and reinvested by the NMFA or the Trustee, as the case may be, at the direction of the related Governmental Unit in Permitted Investments as directed by the Loan Agent or the Securities and in accordance with the following provisions.

The Trustee or the NMFA will sell and reduce to cash a sufficient amount of such investments whenever the cash balance in the related Debt Service Account is insufficient to pay the principal of and premium, if any, and interest on the related Loan Agreement or Securities when due.

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

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

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

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

(i) all interest, income, and profits received in respect of the investment of the amounts on deposit in a Governmental Unit's Account in any of the Funds established under the Indenture will (after deduction of any losses) be retained in the applicable Governmental Unit's Account from which the investment was derived (except as otherwise required with respect to the Agreement Reserve Fund and deposits to be made to the Rebate Fund); and

(ii) all interest, income, and profits received in respect of the investment of the amounts on deposit in the Revenue Fund, the Rebate Fund, the Bond Fund or the Common Debt Service Reserve Fund will (after deduction of any losses) be retained in such Fund; and

(iii) whenever any other transfer or payment is required to be made from any particular Fund or Account, such transfer or payment will be made from such combination of

maturing principal, redemption, or repurchase prices, liquidation proceeds, and withdrawals of principal as the Trustee deems appropriate for such purpose, after taking into account such factors as future transfers or payments from the Fund or Account in question, the reinvestment opportunities for maturing principal, the current yield on any permitted investments to be redeemed, withdrawn, or sold, and any penalties, gains, or losses to be realized upon any such redemption, withdrawal, or sale.

The Trustee will not be accountable for any depreciation in the value of the Permitted Investments or any losses incurred upon any authorized disposition thereof.

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

Defeasance

When there has been paid, or provisions for payment have been made to or for the holders and Owners of the Bonds, the principal of and premium, if any, and interest due or to become due on the Bonds at the times and in the manner stipulated therein, and if there has been paid to the Trustee and any paying agents all sums of money due or to become due according to the provisions of the Indenture, then the estate and rights granted by the Indenture will cease, determine and be void, whereupon the Trustee will cancel and discharge the lien of the Indenture and on demand of the NMFA will execute such documents to evidence such release as will be reasonably required by the NMFA and will turn over to the NMFA all balances held by the Trustee under the Indenture (other than amounts required for return to the Governmental Units as provided in the Indenture).

Any Bond will be deemed to be paid within the meaning of and for all purposes of the Indenture when (a) payment of the principal of and the applicable premium, if any, on such Bond, whether at maturity or prior redemption plus interest thereon to the due date thereof, either (i) has been made or caused to be made in accordance with the terms thereof, or (ii) has been provided by irrevocably depositing with the Trustee or other escrow agent, in trust, and the Trustee or other escrow agent has irrevocably set aside exclusively for such payment, (1) moneys sufficient to make such payment, and/or (2) noncallable Governmental Obligations maturing as to principal and interest in such amount and at such times as will insure the availability of sufficient moneys to make such payment, and (3) all necessary and proper fees, compensation and expenses of the Trustee and any paying agents pertaining to the Bonds with respect to which such deposit is made have been paid or the payment thereof provided for to the satisfaction of the Trustee. At such time as a Bond is deemed to be paid under the Indenture, as aforesaid, it will no longer be secured by or entitled to the benefits of the Indenture, except for the purposes of any such payment from such moneys or noncallable Governmental Obligations.

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

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

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

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

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

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

Default Provisions and Remedies of the Trustee and Owners

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

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

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

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

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

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

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

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

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

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

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

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

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

(c) intervene in judicial proceedings that affect the Bonds, the Agreements, or the security therefor; or

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

(e) cause the NMFA or any related Governmental Unit to account as if it were the Trustee of an express trust for all of the Revenues or Agreement Pledged Revenues, pledged under the Indenture or pursuant to the Agreements and any Security Documents.

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

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

Remedies Not Exclusive. No remedy conferred upon or reserved to the Trustee or the Owners under the Indenture is intended to be exclusive of any other remedy, and each such remedy is cumulative and is in addition to

every other remedy given under the Indenture or now or hereafter existing in law or in equity or by statute or otherwise and may be extended without exhausting and without regard to any other remedy conferred by any law.

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

Limitation of Owners' Right to Bring Suit. No Owner of any Bond has any right to institute any proceeding, judicial or otherwise, under or with respect to the Indenture, for the appointment of a receiver or Trustee or for any other remedy, at law or in equity, unless:

(a) such Owner has previously given written notice to the Trustee of a continuing Event of Default;

(b) the Owners of not less than a majority of the aggregate principal amount of the Bonds Outstanding have made written request to the Trustee to institute proceedings in respect of such Event of Default in its own name as Trustee under the Indenture;

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

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

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

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

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

(a) Unless the principal of all Bonds shall have become due and payable, all such moneys will be applied, as follows:

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

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

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

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

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

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

SUPPLEMENTAL INDENTURES

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

(a) To provide for the issuance of Additional Bonds in accordance with the provisions of the Indenture;

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

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

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

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

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

(g) To make any amendments with the prior written confirmation from of the Rating Agency that such amendments will not result in the rating on the Bonds following such amendment being lower than the rating on the Bonds immediately prior to such amendment; and

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

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

If at any time the NMFA requests the Trustee to enter into any such supplemental indenture for any of the purposes of this section, the Trustee will, upon being satisfactorily indemnified with respect to expenses, cause notice of the proposed execution of such supplemental indenture to be given by registered or certified mail to the owner of each Bond shown by the list of Owners kept at the office of the Trustee. Such notices will briefly set forth the nature of the proposed supplemental indenture and will state that copies thereof are on file at the principal office of the Trustee for inspection by all Owners. If, within one hundred twenty (120) days or such longer period as the

holders of not less than a majority in aggregate principal amount of the Bonds outstanding at the time of the execution of any such supplemental indenture have consented to and approved the execution thereof as provided in the Indenture, no Owner of any Bond will have any right to object to any of the terms and provisions contained therein, or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Trustee or the Governmental Units from executing the same or from taking any action pursuant to the provisions thereof. Upon the execution of any such supplemental indenture as permitted and provided, the Indenture will be and be deemed to be modified and amended in accordance therewith.

Amendment of Agreements and Security Documents.

(a) The NMFA will have the right to amend an Agreement and any existing Security Documents with the Consent of the Trustee and the related Governmental Unit without Bond Owners' consent, for one or more of the following purposes:

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

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

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

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

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

Fees, Charges and Expenses of the Trustee

Upon an Event of Default, but only upon an Event of Default, the Trustee will have a right of payment prior to payment on account of interest or principal of, or premium, if any, on any Bond for the Trustee's advances, fees, costs and expenses incurred.

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APPENDIX C

CERTAIN ECONOMIC AND DEMOGRAPHIC INFORMATION RELATING TO THE STATE

The following economic and demographic descriptions are furnished for information only. The Series 2016A Bonds do not constitute a general obligation of the State and are special limited obligations of Finance Authority payable solely from the Trust Estate. THE FINANCE AUTHORITY HAS NO TAXING POWERS. The principal of and interest and premium, if any, on the Series 2016A Bonds do not constitute or give rise to a personal liability on the part of the directors and officers of the Finance Authority. No breach of any pledge, obligation or agreement of the Finance Authority will impose a pecuniary liability or a charge upon the general credit of the State, the Finance Authority or any political subdivision of the State, or upon the taxing power of the State or any political subdivision of the State.

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

Generally

The State, admitted as the forty-seventh state on January 6, 1912, is the fifth largest state, containing approximately 121,593 square miles. The estimated 2014 population of the State was 2,085,572. The State has a semiarid subtropical climate with light precipitation. Its climate is characterized by sunshine and bright skies in both winter and summer. Every part of the State receives no less than 70 percent sunshine year-round. Humidity ranges from 60 percent (mornings) to 30 percent (afternoons). Thunderstorms in July and August bring most of the moisture. December to March snowfalls vary from 2 inches (lower Rio Grande Valley) to 300 inches (north central mountains).

Governmental Organization

The Executive Branch of State government consists of a Governor, Lieutenant Governor, Secretary of State, State Auditor, State Treasurer, Attorney General, and Commissioner of Public Lands. These officials are elected to four-year terms beginning January 1 after their election. An elected Executive Branch officer may succeed himself or herself in office once. The primary functions of the Executive Branch are currently carried out by the offices of each elected Executive Branch officeholder, in addition to approximately 22 cabinet departments, each headed by a cabinet secretary appointed by the Governor and approved by the Legislature, and approximately 9 cabinet-level agencies. Elections for all executive branch statewide offices were held on November 4, 2014.

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

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

The Legislature consists of 112 members and is divided into a Senate and a House of Representatives. Senators are elected for four-year terms and members of the House are elected for two-year terms. The Legislature

convenes in regular session annually on the third Tuesday in January. Regular sessions are constitutionally limited in length to 60 calendar days in odd-numbered years and 30 calendar days in even-numbered years. Special sessions of the Legislature may be convened by the Governor. Extraordinary sessions may be convened by the Legislature under certain limited circumstances. Legislators do not receive any salary, but do receive per diem and mileage allowances while in session or performing official State business.

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

Economic and Demographic Characteristics

New Mexico is the 36th largest state by population and the fifth largest in land area. The population of the State as of July 1, 2014 was 2,085,572.

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

POPULATION
NEW MEXICO AND THE UNITED STATES
2003-2014

	Population		Annual Percentage Change	
Year	New Mexico	United States	New Mexico	United States
2003	1,868,121	290,242,027	1.0%	0.9%
2004	1,890,215	292,936,109	1.2	0.9
2005	1,914,699	295,618,454	1.3	0.9
2006	1,940,631	298,431,771	1.4	1.0
2007	1,966,357	301,393,632	1.3	1.0
2008	1,984,179	304,177,401	0.9	0.9
2009	2,007,315	306,656,290	1.2	0.8
2010 (Census)	2,059,179	308,745,538	2.6	0.7
2011 (est.)	2,078,407	311,721,632	0.9	1.0
2012 (est.)	2,084,594	314,112,078	0.3	0.8
2013 (est.)	2,086,895	316,497,531	0.1	0.8
2014 (est.)	2,085,572	318,857,056	(0.1)	0.7

(Source: U.S. Census Bureau, Population Division. Last revised March 2015.)

Major industries in the State include oil and natural gas production, manufacturing, service, tourism, services, arts and crafts, agribusiness, government and mining. Major federally funded scientific research facilities at Los Alamos, Albuquerque and White Sands are also a notable part of the State's economy. The following table sets forth information on employment by industry over the period of 2003 through 2012.

TOTAL FULL-TIME AND PART-TIME EMPLOYMENT BY INDUSTRY

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	Growth 2012-2013	Growth 2004-2013
Total employment	1,025,878	1,049,6539	1,079,061	1,104,526	1,107,0002	1,074,126	1,059,188	1,062,869	1,067,241	1,079,067	1.1%	5.2%
Wage and salary employment	830,075	845,476	868,518	878,592	881,856	849,122	837,320	837,281	842,188	849,701	0.9	2.4
Proprietors employment	195,803	204,163	201,543	225,934	225,146	225,004	221,868	225,588	225,053	229,366	1.9	17.1
Farm proprietors employment	15,632	15,588	15,255	18,193	17,745	17,752	18,664	19,791	20,332	20,424	0.5	30.7
Nonfarm proprietors employment	180,171	188,575	195,288	207,741	207,401	207,252	203,204	205,797	204,721	208,942	2.1	16.0
Farm employment	22,618	23,262	22,829	25,804	24,406	24,710	25,211	26,399	27,461	28,310	3.1	25.2
Nonfarm employment	1,003,260	1,026,377	1,056,232	1,078,722	1,082,596	1,049,416	1,033,977	1,036,470	1,039,780	1,050,757	1.1	4.7
Private employment	785,654	807,678	841,900	868,783	869,301	833,198	816,542	822,659	827,901	839,397	1.4	6.8
Forestry, fishing, related activities and other[1]	5,171	5,229	5,135	5,172	5,311	5,307	5,215	5,237	5,156	5,219	1.2	0.9
Mining[2]	19,059	21,116	23,528	24,891	28,295	24,432	27,022	28,356	34,188	36,824	7.7	93.2
Utilities	4,042	4,074	4,122	4,451	4,564	4,801	4,565	4,508	4,542	4,612	1.5	14.1
Construction[3]	68,299	73,895	79,675	80,478	77,887	67,177	61,238	59,293	58,116	59,519	2.4	(12.9)
Manufacturing	40,611	41,175	42,745	42,810	40,595	36,422	34,537	35,613	35,670	35,431	(0.7)	(12.8)
Durable goods manufacturing[4]	27,903	28,502	29,863	29,772	28,038	24,371	23,033	23,610	23,108	22,401	(3.1)	(19.7)
Nondurable goods manufacturing[5]	12,708	12,673	12,882	13,038	12,557	12,051	11,504	12,003	12,562	13,030	3.7	2.5
Wholesale trade	26,800	27,878	28,863	28,749	28,606	26,582	26,801	26,373	26,100	26,392	1.1	(1.5)
Retail trade[6]	113,899	115,813	116,478	118,682	117,897	113,809	110,226	111,331	111,781	113,064	1.1	(0.7)
Transportation and warehousing[7]	24,888	25,271	25,875	27,380	26,629	24,279	23,351	24,281	25,336	25,419	0.3	2.1
Information[8]	17,151	17,289	18,424	18,805	18,942	17,457	17,114	16,469	16,477	16,035	(2.7)	(6.5)
Finance and insurance[9]	31,532	31,907	32,185	33,693	34,628	35,848	34,550	35,451	35,053	35,651	1.7	13.1
Real estate and rental and leasing[10]	34,836	38,266	40,436	42,998	42,557	40,380	39,916	39,833	38,407	39,024	1.6	12.0
Professional and technical services	65,996	66,766	74,267	81,912	82,032	80,366	78,331	77,473	76,106	75,906	(0.3)	15.0
Management of companies and enterprises	5,347	6,349	6,428	6,073	5,906	5,587	5,406	5,504	5,456	5,553	1.8	3.9
Administrative and waste services[11]	54,534	55,159	58,410	60,352	60,260	55,817	54,266	54,742	53,420	54,433	1.9	(0.2)
Educational services	14,862	15,349	15,869	15,714	15,908	16,263	16,734	16,208	16,101	16,002	(0.6)	7.7
Health care and social assistance[12]	103,494	104,958	107,797	111,692	114,683	118,041	119,378	121,489	123,288	124,570	1.0	20.4
Arts, entertainment and recreation[13]	20,933	21,404	21,792	22,840	23,229	23,212	22,981	23,007	23,592	24,247	2.8	15.8
Accommodation and food services[14]	80,463	81,317	84,409	85,075	83,953	81,660	81,122	82,309	83,203	85,309	2.5	6.0
Other services, except public administration[15]	53,737	54,463	55,462	57,016	57,419	55,758	53,789	55,182	55,909	56,187	0.5	4.6
Government and government enterprises[16]	217,606	218,699	214,332	209,939	213,295	216,218	217,435	213,811	211,879	211,360	(0.2)	(2.9)

(1) The "Forestry, fishing, related activities and other" category includes: forestry and logging; fishing, hunting and trapping; agriculture and forestry support activities.
(2) The "Mining" category includes: oil and gas extraction; mining (except oil and gas); and support activities for mining.
(3) The "Construction" category includes: construction of buildings; heavy and civil engineering construction; and specialty trade contractors.
(4) The "Durable goods manufacturing" category includes: wood product manufacturing; nonmetallic mineral product manufacturing; primary metal manufacturing; fabricated metal product manufacturing; machinery manufacturing; computer and electronic product manufacturing; electrical equipment and appliance manufacturing; motor vehicles, bodies and trailers, and parts manufacturing; other transportation equipment manufacturing; furniture and related product manufacturing; and miscellaneous manufacturing.
(5) The "Nondurable goods manufacturing" category includes: food manufacturing; beverage and tobacco product manufacturing; textile mills; textile product mills; apparel manufacturing; leather and allied product manufacturing; paper manufacturing; printing and related support activities; petroleum and coal products manufacturing; chemical manufacturing; and plastics and rubber products manufacturing.
(6) The "Retail trade" category includes: motor vehicle and parts dealers; furniture and home furnishings stores; electronics and appliance stores; building material and garden supply stores; food and beverage stores; health and personal care stores; gasoline stations; clothing and clothing accessories stores; sporting goods, hobby, book and music stores; general merchandise stores; miscellaneous store retailers; and nonstore retailers.
(7) The "Transportation and warehousing" category includes: air transportation; rail transportation; water transportation; truck transportation; transit and ground passenger transportation; pipeline transportation; scenic and sightseeing transportation; support activities for transportation; couriers and messengers; and warehousing and storage.
(8) The "Information" category includes: publishing industries, except Internet; motion picture and sound recording industries; broadcasting, except Internet; Internet publishing and broadcasting; telecommunications; ISPs, search portals and data processing; and other information services.
(9) The "Finance and insurance" category includes: monetary authorities-central bank; credit intermediation and related activities; securities, commodity contracts, investments; insurance carriers and related activities; and funds, trusts and other financial vehicles.
(10) The "Real estate and rental and leasing" category includes: real estate; rental and leasing services; and lessors of nonfinancial intangible assets.
(11) The "Administrative and waste services" category includes: administrative and support services; and waste management and remediation services.
(12) The "Health care and social assistance" category includes: ambulatory health care services; hospitals; nursing and residential care facilities; and social assistance.
(13) The "Arts, entertainment and recreation" category includes: performing arts and spectator sports; museums, historical sites, zoos and parks; and amusement, gambling and recreation.
(14) The "Accommodation and food services" category includes: accommodation; and food services and drinking places.
(15) The "Other services, except public administration" category includes: repair and maintenance; personal and laundry services; membership associations and organizations; and employment in private households.
(16) The "Government and government enterprises" category includes: federal, civilian; military; state and local; and state government and local government.
(Source: Regional Economic Information System, Bureau of Economic Analysis, Last updated November 2014, including revised estimates for 2004-2012.)

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

EMPLOYMENT AND LABOR FORCE
NEW MEXICO AND THE UNITED STATES
2005-2014

Year	Civilian Labor Force (Thousands) New Mexico[1]	Civilian Labor Force (Thousands) United States[1]	Number of Employed (Thousands) New Mexico[1]	Number of Employed (Thousands) United States[1]	Unemployment Rate New Mexico	Unemployment Rate United States	Unemployment Rate N.M. as % of U.S. Rate
2005	918	149,320	871	141,730	5.1%	5.1%	100%
2006	928	151,428	889	144,427	4.2	4.6	91
2007	934	153,124	899	146,047	3.8	4.6	83
2008	945	154,287	902	145,362	4.5	5.8	78
2009	940	154,142	869	139,877	7.5	9.3	81
2010[2]	936	153,889	860	139,064	8.1	9.6	84
2011[2]	930	153,617	860	139,869	7.6	8.9	85
2012[2]	928	154,975	862	142,469	7.1	8.1	88
2013[2]	923	155,389	859	143,929	6.9	7.4	93
2014[2]	918	155,922	858	146,305	6.5	6.2	105

(1) Figures rounded to nearest thousand.
(2) Estimates for 2010-2014 are subject to revision. All figures were benchmarked January 2014 and revised April 2015.
(Source: U.S. Department of Commerce, Bureau of Business & Economic Research, April 2015.)

PERSONAL INCOME
NEW MEXICO AND THE UNITED STATES
2005-2014

Year	Personal Income (000) New Mexico	Personal Income (000) United States	Annual Percentage Change New Mexico	Annual Percentage Change United States
2005	$56,233,308	$10,605,595,000	n/a	n/a
2006	60,090,836	11,376,405,000	6.9%	7.3%
2007	63,643,408	11,990,104,000	5.9	5.4
2008	67,188,091	12,429,234,000	5.6	3.7
2009	66,241,297	12,080,223,000	(1.4)	(2.8)
2010	68,505,892	12,417,659,000	3.4	2.8
2011	72,234,158	13,189,935,000	5.4	6.2
2012	74,601,613	13,873,161,000	3.3	5.2
2013	74,996,363	14,151,427,000	0.5	2.0
2014	78,428,001	14,708,582,165	4.6	3.9

(Source: U.S. Department of Commerce, Bureau of Economic Analysis, Regional Data. Last revised: March 2015.)

PER CAPITA PERSONAL INCOME
NEW MEXICO AND THE UNITED STATES
2005-2014

	Per Capita Income			Annual Percentage Change	
Year	New Mexico	United States	N.M. as a % of U.S.	New Mexico	United States
2005	$29,102	$35,888	81%	n/a	n/a
2006	30,625	38,127	80	5.2%	6.2%
2007	31,980	39,804	80	4.4	4.4
2008	33,416	40,873	82	4.5	2.7
2009	32,522	39,379	83	(2.7)	(3.7)
2010	33,175	40,144	83	2.0	1.9
2011	34,763	42,332	82	4.8	5.5
2012	35,805	44,200	81	3.0	4.4
2013	35,965	44,765	80	0.4	1.3
2014	37,605	46,129	82	4.6	3.0

(Sources: U.S. Department of Commerce, Bureau of Economic Analysis, Regional Data. Last revised: March 2015.)

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WAGES AND SALARIES BY INDUSTRY SECTOR
2002-2012

NAICS Earnings by Place of Work[1] Applicable to 2002-2012	New Mexico (Dollars in Thousands)[2]		United States (Dollars in Millions)[2]		Percent Change 2002–2012		Distribution of 2012 Wages & Salaries	
	2012	2002	2012	2002	N.M.	U.S.	N.M.	U.S.
Farm Wage and Salary	$203,903	$199,942	$19,903	$17,911	1.98%	11.12 %	0.58%	0.29%
Nonfarm Wage and Salary	34,865,280	24,128,541	6,897,283	4,975,028	44.50	38.64	99.42	99.71
Total Wages and Salaries	$35,069,183	$24,328,483	$6,917,186	$4,992,939			100.00%	100.00%
Private Nonfarm Wage and Salary	$25,420,163	$16,823,304	$5,717,937	$4,112,705	51.10	39.03	72.49%	82.66%
Forestry, Fishing, related activities	*69,877*	*50,025*	*14,902*	*10,198*	*39.68*	*46.13*	*0.20*	*0.22*
Mining	*1,769,807*	*674,052*	*76,944*	*30,664*	*162.56*	*150.93*	*5.05*	*1.11*
Utilities	*334,125*	*219,348*	*52,694*	*39,882*	*52.33*	*32.12*	*0.95*	*0.76*
Construction	*1,817,255*	*1,440,836*	*306,788*	*274,011*	*26.13*	*11.96*	*5.18*	*4.44*
Manufacturing	*1,698,615*	*1,490,240*	*735,422*	*680,068*	*13.98*	*8.14*	*4.84*	*10.63*
Wholesale Trade	*1,109,476*	*872,515*	*393,753*	*282,485*	*27.16*	*39.39*	*3.16*	*5.69*
Retail Trade	*2,489,637*	*1,974,693*	*427,935*	*359,201*	*26.08*	*19.14*	*7.10*	*6.19*
Transportation and Warehousing	*960,324*	*663,354*	*219,353*	*165,204*	*44.77*	*32.78*	*2.74*	*3.17*
Information	*646,380*	*544,653*	*224,806*	*190,239*	*18.68*	*18.17*	*1.84*	*3.25*
Finance and Insurance	*1,273,142*	*886,039*	*538,403*	*371,169*	*43.69*	*45.06*	*3.63*	*7.78*
Real Estate and Rental and Leasing	*361,315*	*308,089*	*98,161*	*72,316*	*17.28*	*35.74*	*1.03*	*1.42*
Professional, Scientific, and Technical Services	*3,855,410*	*2,059,084*	*673,895*	*401,538*	*87.24*	*67.83*	*10.99*	*9.74*
Management of Companies and Enterprises	*339,340*	*249,444*	*221,010*	*120,576*	*36.04*	*83.30*	*0.97*	*3.20*
Administrative and Waste Services	*1,441,093*	*1,051,499*	*289,634*	*196,003*	*37.05*	*47.77*	*4.11*	*4.19*
Educational Services	*336,759*	*197,053*	*127,948*	*75,036*	*70.90*	*70.52*	*0.96*	*1.85*
Health Care and Social Assistance	*4,274,627*	*2,329,095*	*785,889*	*469,766*	*83.53*	*67.29*	*12.19*	*11.36*
Arts, Entertainment, and Recreation	*199,282*	*136,946*	*73,885*	*52,583*	*45.52*	*40.51*	*0.57*	*1.07*
Accommodations and Food Services	*1,390,185*	*955,239*	*240,823*	*161,901*	*45.53*	*48.75*	*3.96*	*3.48*
Other Services, Except Public Administration	*1,053,514*	*721,100*	*215,692*	*159,865*	*46.10*	*34.92*	*3.00*	*3.12*
Government and Government Enterprises	$9,445,117	$7,305,237	$1,179,346	$862,323	29.29	36.76	26.93%	17.05%

(1) The estimates of wage and salary disbursements for 2002 are based on the 2002 North American Industry Classification System (NAICS). The estimates for 2013 forward are based on the 2012 NAICS.

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

(Source: Bureau of Economic Analysis, last updated September 2013.)

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APPENDIX D

FORM OF OPINION OF BOND COUNSEL

[Form of Opinion of Sherman & Howard L.L.C.]

__________, 2016

New Mexico Finance Authority
207 Shelby Street
Santa Fe, New Mexico 87501

New Mexico Finance Authority

$52,070,000
Senior Lien Public Project
Revolving Fund Revenue Bonds
Series 2016A

Ladies and Gentlemen:

We have acted as bond counsel to the New Mexico Finance Authority (the "Finance Authority"), in connection with the issuance of its New Mexico Finance Authority Senior Lien Public Project Revolving Fund Revenue Bonds, Series 2016A, in the aggregate principal amount of $52,070,000 (the "Bonds"). The Bonds are authorized to be issued under and secured by a General Indenture of Trust and Pledge dated June 1, 1995, as previously amended and supplemented (the "General Indenture"), and as further amended and supplemented by the Eighty-Ninth Supplemental Indenture of Trust dated as of February 1, 2016 (together with the General Indenture, the "Indenture"), by and between the Finance Authority and BOKF, NA, Albuquerque, New Mexico, as successor trustee (the "Trustee"). Capitalized terms not otherwise defined herein shall have the meanings set forth in the Indenture.

The Bonds are being issued for the purpose of providing funds to (i) originate Loans to or purchase Securities from, or reimburse the Finance Authority for monies used to originate Loans to or purchase Securities from, certain governmental entities (the "Governmental Units"), the proceeds of which were or will be used to finance or refinance certain Projects for such Governmental Units, some of which Loans or Securities will result in the current refunding of the outstanding Series 2004A Cigarette Tax Bonds and the current refunding of the outstanding Series 2005 Cigarette Tax Bonds, which will also result in the current refunding of the outstanding Subordinate Lien Series 2005E Bonds, and (ii) pay costs incurred in connection with the issuance of the Bonds.

In our capacity as bond counsel to the Finance Authority, we have examined the Finance Authority's certified proceedings, the Indenture, and such other documents and such law of the State of New Mexico (the "State") and of the United States of America as we have deemed necessary to render this opinion letter.

Regarding questions of fact material to our opinions, we have relied upon the Finance Authority's certified proceedings and other representations and certifications of the Finance Authority, the Trustee and of public officials and others furnished to us without undertaking to verify the same by independent investigation.

Based upon such examination, it is our opinion as bond counsel that:

1. The Finance Authority is a public body politic and corporate, separate and apart from the State, constituting a governmental instrumentality, duly organized and validly existing under the New Mexico Finance Authority Act, Sections 6-21-1 et seq., NMSA 1978, as amended and supplemented, and has lawful authority to issue the Bonds and to execute and deliver the Indenture.

2. The Bonds have been duly and validly authorized, are issued in accordance with law and the Indenture, and constitute valid and binding special limited obligations of the Finance Authority, payable solely from the Trust Estate, and do not constitute an obligation, debt or liability of the State, or (except as expressly provided in an Agreement or Securities) any Governmental Unit, within the meaning of any constitutional or statutory debt limitation.

3. The Indenture has been duly authorized, executed and delivered by the Finance Authority, and assuming due authorization, execution and delivery by the Trustee, constitutes a valid and binding obligation of the Finance Authority and creates a valid lien on the Trust Estate pledged under the Indenture to secure the payment of the principal of and interest on the Bonds, subject to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth in the Indenture.

4. Interest on the Bonds is excluded from gross income under federal income tax laws pursuant to Section 103 of the Internal Revenue Code of 1986, as amended to the date hereof (the "Tax Code"), and interest on the Bonds is excluded from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code, except that such interest is required to be included in calculating the adjusted current earnings adjustment applicable to corporations for purposes of computing the alternative minimum taxable income of corporations. The opinions expressed in this paragraph assume continuous compliance with the covenants and continued accuracy of the representations contained in the Finance Authority's certified proceedings and in certain other documents and certain other certifications furnished to us.

5. Interest on the Bonds is exempt from taxation by the State, except for estate or gift taxes and taxes on transfers.

The opinions expressed in this opinion letter are subject to the following:

The obligations of the Finance Authority pursuant to the Bonds and the Indenture are subject to the application of equitable principles, to the reasonable exercise in the future by the State and its governmental bodies of the police power inherent in the sovereignty of the State, and to the exercise by the United States of America of the powers delegated to it by the Federal Constitution, including without limitation, bankruptcy powers.

In this opinion letter issued in our capacity as bond counsel, we are opining only upon those matters set forth herein, and we are not passing upon the accuracy, adequacy or completeness of the Official Statement or any other statements made in connection with any offer or sale of the Bonds or upon any federal or state tax consequences arising from the receipt or accrual of interest on or the ownership or disposition of the Bonds, except those specifically addressed herein.

This opinion letter is issued as of the date hereof and we assume no obligation to revise or supplement this opinion letter to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Respectfully submitted,

APPENDIX E

BOOK-ENTRY ONLY SYSTEM

The information in this section concerning DTC and DTC's book-entry only system has been obtained from sources that the Finance Authority and the Municipal Advisor believe to be reliable, but the Finance Authority and the Municipal Advisor take no responsibility for the completeness or accuracy thereof. The following description of the procedures and record keeping with respect to beneficial ownership interests in the Series 2016A Bonds, payment of principal, premium, if any, interest on the Series 2016A Bonds to DTC Participants or Beneficial Owners, confirmation and transfers of beneficial ownership interests in the Series 2016A Bonds and other related transactions by and between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC.

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Series 2016A Bonds. The Series 2016A Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Series 2016A Bond certificate will be issued for each maturity of the Series 2016A Bonds, each in the aggregate principal amount of such issue, and will be deposited with DTC.

DTC and its Participants. DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Series 2016A Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2016A Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2016A Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2016A Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Series 2016A Bonds, except in the event that use of the book-entry system for the Series 2016A Bonds is discontinued.

To facilitate subsequent transfers, all Series 2016A Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2016A Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2016A Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2016A Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

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

Redemption notices will be sent to DTC. If less than all of the Series 2016A Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Series 2016A Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Finance Authority as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2016A Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions and dividend payments on the Series 2016A Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Finance Authority or the Trustee, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC or its nominee, the Trustee or the Finance Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Finance Authority or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Series 2016A Bonds at any time by giving reasonable notice to the Finance Authority or the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, Bond certificates are required to be printed and delivered.

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

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

The Finance Authority does not have any responsibility or obligation to the DTC Participants or the Beneficial Owners with respect to (a) the accuracy of any records maintained by DTC or any DTC Participant; (b) the payment by DTC or any DTC Participant of any amount due to any Beneficial Owner in respect of the principal of and premium, if any, and interest on the Series 2016A Bonds; (c) the selection of the Beneficial Owners to receive payment in the event of any partial redemption of the Series 2016A Bonds; (d) any consent given or other action taken by DTC, or its nominee, Cede & Co., as Bond Owner; or (e) the distribution by DTC to DTC Participants or Beneficial Owners of any notices received by DTC as registered owner of the Series 2016A Bonds.

APPENDIX F

2016A GOVERNMENTAL UNITS; LARGEST REPAYMENT OBLIGATIONS

2016A Governmental Units

As previously stated, a portion of the proceeds of the Series 2016A Bonds is being used to originate Loans to be made to the 2016A Governmental Units or to reimburse the Finance Authority, in whole or in part, for Loans made to 2016A Governmental Units. The 2016A Governmental Units, the amount of their respective Loans, the agreement reserve amounts and the maturity dates of the Loans are listed in the following table:

Governmental Unit	Original Loan Amount	Agreement Reserve Amount[(1)]	Loan Maturity Date
Cuba, Village of	$176,323	-	05/01/26
Lordsburg Municipal School District	2,000,000	-	10/01/29
Texico Municipal School District	2,000,000	-	08/01/28
Pojoaque Valley Public School District	2,000,000	-	08/01/25
Cloudcroft Municipal School District	1,875,000	-	08/01/27
Hatch Valley Public Schools	800,000	-	08/01/25
Bosque Farms, Village of	1,224,161	$81,509	06/01/39
Colfax County	199,559	-	05/01/26
Socorro Consolidated School District	1,385,000	-	08/01/29
Dexter Consolidated School District	300,000	-	08/01/24
NMSU-Grants-Cibola Co College District	7,000,000	-	08/01/35
Hagerman Municipal Schools	300,000	-	08/01/25
Carlsbad	5,710,429	-	05/01/30
Taos County	3,291,151	212,467	05/01/37
Las Vegas	2,801,121	280,112	05/01/25
UNM Health Sciences Center	6,860,000 [(2)]	-	06/01/19
UNM Health Sciences Center	20,900,000 [(2)]	-	06/01/25
Total	$58,822,744		

(1) The Finance Authority has adopted a policy which does not require an Agreement Reserve Account for certain types of Loans including those that have an "A/A2" credit rating, Loans secured by a pledge of the fire protection or state law enforcement funds that produce a debt service coverage ratio of two times, and Loans secured by a general obligation pledge of the respective Governmental Unit. Each of the Loans listed that does not have an Agreement Reserve Account either falls into one of the aforementioned categories or a waiver to the applicable policy has been obtained.

(2) Represents proceeds of the 2016A Bonds that will be applied to the refinancing of the Finance Authority's Refinanced Obligations.

(Source: The Finance Authority.)

Agreements Generating Largest Amount of Agreement Revenues

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

State of New Mexico General Services Department

The Finance Authority issued a series of Bonds and used a portion of the proceeds thereof to purchase bonds for the benefit of the State of New Mexico General Services Department (the "GSD Bonds"). The General Services Department applied proceeds from the sale of the GSD Bonds to fund building projects in Santa Fe for use by the state government. The GSD Bonds are payable from and secured by a portion of gross receipts tax revenues received by the State of New Mexico and appropriated by the State Legislature or transferred to the State Building Bond Fund. As of January 1, 2016, the GSD Bonds were outstanding in the aggregate principal amount of $82,674,812 and are scheduled to mature on June 1, 2039.

New Mexico Spaceport Authority

The Finance Authority has previously issued a series of bonds and has applied certain Prepayments of Loans for the purpose of purchasing securities from the New Mexico Spaceport Authority (the "Spaceport Authority Securities"), the proceeds from which are being used to finance the costs of planning, designing, engineering and constructing a regional spaceport. The Spaceport Authority Securities are payable from and secured by a portion of the county regional spaceport gross receipts tax revenues received by the New Mexico Regional Spaceport District from gross receipts taxes imposed by Dona Aña and Sierra Counties which are pledged by the Regional Spaceport District and the Spaceport Authority to pay the Spaceport Authority Securities. As of January 1, 2016, the Spaceport Authority Securities were outstanding in the aggregate principal amount of $61,755,000 and are scheduled to mature on June 1, 2029.

Albuquerque-Bernalillo County Water Utility Authority

In the 2003 Regular Session, the New Mexico Legislature adopted legislation (Laws 2003, Chapter 437, codified as NMSA 1978, Section 72-1-10) creating the Albuquerque-Bernalillo County Water Utility Authority (the "ABCWUA") as a joint agency of the City of Albuquerque, New Mexico (the "City") and Bernalillo County. The ABCWUA has jurisdiction over certain water facilities and properties and certain sanitary sewer facilities and properties.

Pursuant to various loan agreements (the "ABCWUA Loan Agreements") between the ABCWUA and the Finance Authority totaling $171,815,000 in initial principal amount, the ABCWUA pledged to the Finance Authority, on a parity basis with other obligations of ABCWUA, water and sewer systems revenues for the purpose of: acquiring, constructing, extending, enlarging, bettering, repairing, replacing, equipping or otherwise improving the water and wastewater system, including expenses related to: regular system improvements, expansion, maintenance and upgrades to operate a water and wastewater utility pursuant to the basic capital program and diversion of surface water from the Rio Grande River under the San Juan Chama Project, delivering it for use by current and future users of the system.

The Finance Authority has issued various series of Bonds and used proceeds from those Bonds to provide the funding for the ABCWUA Loan Agreements. The latest scheduled maturity date of the ABCWUA Loan Agreements is June 1, 2036. As of January 1, 2016, the outstanding principal amount of the ABCWUA Loan Agreements was $42,800,000.

Jicarilla Apache Nation

The Finance Authority has previously issued bonds to purchase securities from the Jicarilla Apache Nation (the "Jicarilla Apache Nation Securities"), the proceeds from which were used to finance the costs of a wastewater treatment plant and a community center for the Jicarilla Apache Nation. As of January 1, 2016, the Jicarilla Apache Nation Securities are outstanding in the principal amount of $33,390,000 and are payable from and secured by general revenues. The last of the Jicarilla Apache Nation Securities is scheduled to mature on May 1, 2035.

City of Santa Fe

The Finance Authority has previously entered into various obligations with the City of Santa Fe (the "Santa Fe Gross Receipts Tax Obligations"). The Santa Fe Gross Receipts Tax Obligations have been and are being used to finance or refinance certain infrastructure projects in the City of Santa Fe. As of January 1, 2016, the Santa Fe Gross Receipts Tax Obligations were outstanding in the principal amount of $33,349,259 and are payable from and secured by certain gross receipt taxes. The last of the Santa Fe Gross Receipts Tax Obligations is scheduled to mature on June 1, 2037.

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New Mexico FINANCE AUTHORITY

NEW MEXICO FINANCE AUTHORITY • SENIOR LIEN PUBLIC PROJECT REVOLVING FUND REVENUE BONDS, SERIES 2016A

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NEW ISSUE – BOOK-ENTRY ONLY

Ratings: S & P "AAA"
Moody's "Aa1"
(See "RATINGS" herein.)

In the opinion of Ballard Spahr LLP, Bond Counsel to the Finance Authority, interest on the Series 2016C Bonds is excludable from gross income for purposes of federal income tax, assuming continuing compliance with the requirements of the federal tax laws. Interest on the Series 2016C Bonds is not a preference item for purposes of either individual or corporate federal alternative minimum tax ("AMT"); however, interest paid to corporate holders of the Series 2016C Bonds may be indirectly subject to AMT under circumstances described under "TAX MATTERS" herein. Bond Counsel is also of the opinion that under currently existing laws, interest on the Series 2016C Bonds is excluded from net income of the owners thereof for State of New Mexico income tax purposes. See "TAX MATTERS" herein.

$67,540,000
SENIOR LIEN PUBLIC PROJECT
REVOLVING FUND REVENUE AND REFUNDING BONDS, SERIES 2016C

Dated: Date of Initial Delivery **Due: June 1, as shown on inside front cover**

The New Mexico Finance Authority Senior Lien Public Project Revolving Fund Revenue and Refunding Bonds, Series 2016C (the "Series 2016C Bonds") are being issued as fully-registered bonds in denominations of $5,000 or any integral multiple of $5,000. The Depository Trust Company will act as securities depository of the Series 2016C Bonds through its nominee, Cede & Co. One fully registered bond in a denomination equal to the principal amount of each maturity of the Series 2016C Bonds will be registered in the name of Cede & Co. Individual purchases of Series 2016C Bonds will be made in book-entry form only, and beneficial owners of the Series 2016C Bonds will not receive physical delivery of bond certificates, except as described in this Official Statement. Upon receipt of payments of principal and interest, DTC will remit such payments to DTC participants for subsequent disbursement to the beneficial owners of the Series 2016C Bonds.

The Series 2016C Bonds will be issued under and secured by the Indenture (as defined herein). Interest on the Series 2016C Bonds accrues from the date of initial delivery of the Series 2016C Bonds and is payable on June 1 and December 1 of each year, commencing June 1, 2016. Principal of the Series 2016C Bonds is payable on the dates, and interest is payable at the rates, shown on the Maturity Schedule on the inside front cover.

SEE MATURITY SCHEDULE ON INSIDE FRONT COVER

The Series 2016C Bonds are subject to optional and mandatory sinking fund redemption prior to maturity.

Proceeds of the Series 2016C Bonds will be used by the New Mexico Finance Authority (the "Finance Authority" or "NMFA") for the purposes of (i) originating Loans to or purchasing Securities from or reimbursing the Finance Authority for moneys used to originate Loans to or purchase Securities from certain governmental entities, the proceeds of which will be or were used to finance or refinance certain Projects for such governmental entities, (ii) currently refunding the Refunded Obligations (as defined herein) to achieve debt service savings, and (iii) paying costs incurred in connection with the issuance of the Series 2016C Bonds. The principal of and premium, if any, and interest on the Series 2016C Bonds and additional bonds issued or to be issued are payable solely from and secured solely by the Trust Estate. The Finance Authority has issued or incurred and expects to issue or incur parity bonds and other obligations pursuant to the Indenture.

The Series 2016C Bonds are special limited obligations of the Finance Authority, payable, together with additional bonds issued or to be issued, solely from and secured solely by the Trust Estate. The Series 2016C Bonds will not constitute or create a general obligation or other indebtedness of the State of New Mexico, the Finance Authority or any Governmental Unit within the meaning of any constitutional or statutory debt limitation. No provision of the Series 2016C Bonds will be construed or interpreted as a donation by or lending of the credit of the Finance Authority, the State or any Governmental Unit within the meaning of the Constitution of the State. THE FINANCE AUTHORITY HAS NO TAXING POWERS. The Series 2016C Bonds do not constitute or give rise to personal liability on the part of the members, directors or officers of the Finance Authority. No breach of any pledge, obligation or agreement of the Finance Authority will impose a pecuniary liability or a charge upon the general credit of the State, the Finance Authority or any political subdivision of the State, or upon the taxing power of the State or any political subdivision of the State.

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

Certain legal matters concerning the legality of the Series 2016C Bonds will be passed on by Ballard Spahr LLP, Salt Lake City, Utah, Bond Counsel to the Finance Authority. Certain legal matters will be passed upon by the General Counsel of the Finance Authority. Certain matters relating to disclosure will be passed upon by Andrews Kurth LLP, Austin, Texas, Disclosure Counsel to the Finance Authority. Certain legal matters will be passed upon for the Underwriters by Hogan Lovells US LLP, Denver, Colorado, counsel to the Underwriters. Western Financial Group, LLC has acted as municipal advisor to the Finance Authority in connection with the issuance of Series 2016C Bonds. It is expected that a single certificate for each maturity of the Series 2016C Bonds will be delivered to DTC or its agent on or about May 24, 2016.

This Official Statement is dated April 28, 2016, and the information contained herein speaks only as of that date.

RBC Capital Markets

BofA Merrill Lynch **Hutchinson, Shockey, Erley & Co.**

NEW MEXICO FINANCE AUTHORITY

$67,540,000 SENIOR LIEN PUBLIC PROJECT REVOLVING FUND REVENUE AND REFUNDING BONDS, SERIES 2016C

MATURITY SCHEDULE

$50,800,000 Serial Bonds

Year (June 1)	Principal Amount	Interest Rate	Initial Yield	CUSIP No.[1]
2016	$ 815,000	2.00%	0.50%	64711N D69
2017	1,310,000	2.00%	0.62%	64711N D77
2018	1,345,000	4.00%	0.73%	64711N D85
2019	1,400,000	5.00%	0.86%	64711N D93
2020	1,475,000	5.00%	1.00%	64711N E27
2021	1,545,000	5.00%	1.16%	64711N E35
2022	1,630,000	5.00%	1.32%	64711N E43
2023	1,715,000	5.00%	1.45%	64711N E50
2024	2,175,000	5.00%	1.58%	64711N E68
2025	2,285,000	5.00%	1.72%	64711N E76
2026	2,400,000	5.00%	1.86%	64711N E84
2027	2,530,000	4.00%	2.06%[2]	64711N E92
2028	2,630,000	4.00%	2.21%[2]	64711N F26
2029	2,730,000	4.00%	2.36%[2]	64711N F34
2030	2,845,000	4.00%	2.46%[2]	64711N F42
2031	2,970,000	4.00%	2.57%[2]	64711N F59
2032	3,055,000	4.00%	2.63%[2]	64711N F67
2033	3,750,000	4.00%	2.69%[2]	64711N F75
2034	3,900,000	4.00%	2.75%[2]	64711N F83
2035	4,065,000	4.00%	2.81%[2]	64711N F91
2036	4,230,000	4.00%	2.87%[2]	64711N G25

$7,775,000 3.00% Term Bonds Due June 1, 2041; Price 95.740%; CUSIP No. 64711N G33[1]

$8,965,000 3.00% Term Bonds Due June 1, 2046; Price 94.129%; CUSIP No. 64711N G41[1]

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(1) The above referenced CUSIP numbers have been assigned by an independent company not affiliated with the parties to this bond transaction and are included solely for the convenience of the holders of the Series 2016C Bonds. None of the Finance Authority, the Trustee, or the Municipal Advisor, is responsible for the selection or uses of such CUSIP numbers, and no representation is made as to their correctness on the Series 2016C Bonds or as indicated above. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Series 2016C Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities.

(2) Yield to par call on June 1, 2026.

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

No dealer, broker, salesman or any other person has been authorized by the Finance Authority to give any information or to make any representations, other than those contained in this Official Statement, in connection with the offering contained herein, and, if given or made, such information or representations must not be relied upon. This Official Statement does not constitute an offer to sell or solicitation of an offer to buy nor shall there be any sale of the Series 2016C Bonds by any person in any jurisdiction in which it is unlawful for such offer, solicitation or sale.

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

The yields or prices at which the Series 2016C Bonds are offered to the public may vary from the initial reoffering yields or prices shown on the inside front cover page of this Official Statement. In connection with this offering, the Underwriters of the Series 2016C Bonds may engage in transactions that stabilize, maintain or otherwise affect market yields or prices of the Series 2016C Bonds. Such transactions, if commenced, may be discontinued at any time.

The Finance Authority maintains a website; however, the information presented there is not a part of this Official Statement and should not be relied upon in making an investment decision with respect to the Series 2016C Bonds.

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

THE SERIES 2016C BONDS WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR ANY STATE SECURITIES LAW AND WILL NOT BE LISTED ON ANY STOCK OR OTHER SECURITIES EXCHANGE. THE SERIES 2016C BONDS HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION, NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

NEW MEXICO FINANCE AUTHORITY

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Members*

John E. McDermott, Chair
William F. Fulginiti, Vice Chair
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Finance Authority General Counsel

Daniel C. Opperman

Municipal Advisor

Western Financial Group, LLC
Portland, Oregon

Bond Counsel

Ballard Spahr LLP
Salt Lake City, Utah

Disclosure Counsel

Andrews Kurth LLP
Austin, Texas

Trustee, Registrar and Paying Agent

BOKF, NA
Albuquerque, New Mexico

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

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OFFICIAL STATEMENT

RELATING TO

NEW MEXICO FINANCE AUTHORITY

$67,540,000
SENIOR LIEN PUBLIC PROJECT
REVOLVING FUND REVENUE AND REFUNDING BONDS, SERIES 2016C

INTRODUCTION

This Official Statement, which includes the cover page, the inside front cover page, and appendices, provides information in connection with the offer and sale of the $67,540,000 Senior Lien Public Project Revolving Fund Revenue and Refunding Bonds, Series 2016C (the "Series 2016C Bonds") being issued by the New Mexico Finance Authority (the "Finance Authority" or the "NMFA"). The Series 2016C Bonds, together with additional bonds the Finance Authority has issued or may issue in parity with them under the Indenture (defined below), are collectively referred to in this Official Statement as the "Bonds" or the "Parity Bonds." Capitalized terms used and not defined in the main body of this Official Statement have the meanings specified in the General Indenture of Trust and Pledge, dated as of June 1, 1995, as previously amended and supplemented (the "General Indenture"), and as further amended and supplemented by the Ninetieth Supplemental Indenture of Trust, dated as of May 1, 2016 (the "Ninetieth Supplemental Indenture" and together with the General Indenture, the "Indenture"), all between the Finance Authority and BOKF, NA, Albuquerque, New Mexico, as trustee (the "Trustee"), and are presented under the caption "Certain Definitions" in "APPENDIX B—EXTRACTS OF CERTAIN PROVISIONS OF THE INDENTURE."

New Mexico Finance Authority

The Finance Authority, established by the legislature of the State of New Mexico (the "State") in 1992, is a governmental instrumentality separate and apart from the State created to coordinate the planning and financing of State and local public projects. For additional information concerning the Finance Authority, see "NEW MEXICO FINANCE AUTHORITY" and the Finance Authority's financial statements for the fiscal year ended June 30, 2015 included as APPENDIX A hereto. See "FINANCIAL STATEMENTS."

Authority and Purpose

The Series 2016C Bonds are being issued under the authority of and pursuant to the laws of the State, including particularly the New Mexico Finance Authority Act, Section 6-21-1 et seq., NMSA 1978, as amended (the "Act"), and the Indenture. For a description of the Public Project Revolving Fund Program, see "NEW MEXICO FINANCE AUTHORITY—The Public Project Revolving Fund Program."

Proceeds from the sale of the Series 2016C Bonds will be used by the Finance Authority for the purposes of (i) originating Loans to or purchasing Securities from or reimbursing the Finance Authority for moneys used to originate Loans to or purchase Securities from certain governmental units, the proceeds of which will be or were used to finance or refinance certain Projects for such governmental units, (ii) currently refunding the Finance Authority's outstanding Senior Lien Public Project Revolving Fund Revenue Bonds, Series 2006D, maturing on or after June 1, 2017 (the "Refunded Obligations") to achieve debt service savings, and (iii) paying costs incurred in connection with the issuance of the Series 2016C Bonds. See "THE PLAN OF FINANCING" for more information with respect to the sources and uses of proceeds of the Series 2016C Bonds and APPENDIX F for a list of the Governmental Units and the amount of the Loans to be financed or refinanced with the proceeds of the Series 2016C Bonds. Such Governmental Units whose Loans are being financed or refinanced with proceeds of the Series 2016C Bonds are sometimes referred to herein as the "2016C Governmental Units."

Parity Obligations

Obligations, including Bonds, with a lien on the Trust Estate on a parity with the lien of the Series 2016C Bonds have been issued and may be issued to provide loans to Governmental Units, to reimburse the Public Project Revolving Fund for loans made to Governmental Units, and to purchase Securities from Governmental Units. For a description of the parity Bonds currently outstanding (the "Outstanding Parity Bonds"), see "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Outstanding Parity Bonds."

Subordinate Obligations

Obligations with a subordinate lien on the revenues from the NMFA Portion of the Governmental Gross Receipts Tax (as defined below) and Revenues from Additional Pledged Loans released from the lien of the Indenture have been issued and may be issued to provide loans to Governmental Units, to reimburse the Public Project Revolving Fund for loans made to Governmental Units, to purchase securities from Governmental Units and to retire borrowings incurred in anticipation of the issuance of such subordinate obligations. For a description of the subordinate obligations currently outstanding, see "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Outstanding Subordinate Lien Bonds."

The Series 2016C Bonds

The Series 2016C Bonds will be dated the date of their initial delivery. Interest on the Series 2016C Bonds is payable on June 1 and December 1 of each year, commencing June 1, 2016. The Series 2016C Bonds will mature on the dates and in the amounts and will bear interest at the rates shown on the inside front cover of this Official Statement. The Series 2016C Bonds are issuable in denominations of $5,000 or integral multiples of $5,000.

Individual purchases will be made in book-entry only form, and purchasers of the Series 2016C Bonds will not receive physical delivery of bond certificates except as more fully described in "APPENDIX E—BOOK-ENTRY ONLY SYSTEM." Payments of principal of and interest on the Series 2016C Bonds will be made directly to The Depository Trust Company ("DTC") or its nominee, Cede & Co., by the Paying Agent, so long as DTC or Cede & Co. is the sole registered owner. Upon receipt of such payments, DTC is to remit such payments to the DTC Participants (as defined below) for subsequent disbursement to the beneficial owners of the Series 2016C Bonds, all as more fully described in APPENDIX E. In reading this Official Statement, it should be understood that while the Series 2016C Bonds are in book-entry only form, references in other sections of this Official Statement to Owners should be read to include the person for whom the Participants and Indirect Participants acquire an interest in the Series 2016C Bonds, but (1) all rights of ownership must be exercised through DTC and the book-entry only system as described in APPENDIX E, and (2) except as otherwise provided in the Indenture, notices that are to be given to Owners by the Finance Authority, the Trustee, the Registrar or the Paying Agent will be given only to DTC.

Redemption

The Series 2016C Bonds are subject to optional and mandatory sinking fund redemption prior to maturity. See "THE SERIES 2016C BONDS—Redemption."

Security and Sources of Payment for the Bonds

Trust Estate. The Bonds, including the Series 2016C Bonds, are special limited obligations of the Finance Authority secured by and payable solely from the Trust Estate, which includes the Revenues described below and certain funds and accounts created and maintained pursuant to the Indenture. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Trust Estate."

The Bonds do not constitute or create a general obligation or other indebtedness of the State, the Finance Authority or any Governmental Unit within the meaning of any constitutional or statutory debt limitation. THE FINANCE AUTHORITY HAS NO TAXING POWERS. No provision of the Series 2016C Bonds will be construed or interpreted as a donation or lending of the credit of the Finance Authority, the State, or any Governmental Unit within the meaning of the Constitution of the State. The principal of and

interest and premium, if any, on the Series 2016C Bonds do not constitute or give rise to a personal liability on the part of the members, directors and officers of the Finance Authority. No breach of any pledge, obligation or agreement of the Finance Authority will impose a pecuniary liability or a charge upon the general credit of the State, the Finance Authority or any political subdivision of the State, or upon the taxing power of the State or any political subdivision of the State.

Common Debt Service Reserve Fund. The Finance Authority has established a Common Debt Service Reserve Fund under the Indenture to secure payment of debt service on any Bonds issued under the Indenture. The Common Debt Service Reserve Fund was initially funded on January 14, 2011, and as of March 24, 2016, the Common Debt Service Reserve Fund was funded in the amount of approximately $30,365,762. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Flow of Funds—Common Debt Service Reserve Fund."

Additional Bonds. The Finance Authority maintains an ongoing program to provide Loans and to purchase Securities from Governmental Units and expects to finance certain of those activities with the issuance of Additional Bonds on a parity with the Series 2016C Bonds. The Finance Authority must satisfy certain requirements set forth in the Indenture to issue such Additional Bonds. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Additional Bonds." The timing, amount and such other details of such Additional Bonds are not known as of the date of this Official Statement.

Continuing Disclosure Undertaking

The Finance Authority has undertaken for the benefit of the Series 2016C Bond Owners that, so long as the Series 2016C Bonds remain outstanding, the Finance Authority will provide certain annual financial information, operating data and audited financial statements with respect to the Finance Authority and each Governmental Unit expected by the Finance Authority to have loan repayment obligations in the then-current fiscal year constituting more than twenty percent (20%) of the estimated Revenues in the then-current fiscal year to the Municipal Securities Rulemaking Board (the "MSRB") in an electronic format prescribed by the MSRB and notice of certain material events to the MSRB in an electronic format prescribed by the MSRB in accordance with Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended (the "Rule"). The provisions of the Continuing Disclosure Undertaking may be amended under certain circumstances. See "CONTINUING DISCLOSURE UNDERTAKING."

Tax Considerations

In the opinion of Ballard Spahr LLP, Bond Counsel to the Finance Authority, interest on the Series 2016C Bonds is excludable from gross income for purposes of federal income tax, assuming continuing compliance with the requirements of the federal tax laws. Interest on the Series 2016C Bonds is not a preference item for purposes of either individual or corporate federal alternative minimum tax ("AMT"); however, interest paid to corporate holders of the Series 2016C Bonds may be indirectly subject to AMT under circumstances described under "TAX MATTERS" herein. Bond Counsel is also of the opinion that under the currently existing laws of the State of New Mexico, interest on the Series 2016C Bonds is excluded from net income of the owners thereof for State of New Mexico income tax purposes. See "TAX MATTERS" herein. Bond Counsel expresses no opinion regarding any other tax consequences relating to ownership or disposition of or the accrual or receipt of interest on the Series 2016C Bonds.

Professionals Involved in the Offering

At the time of the issuance and sale of the Series 2016C Bonds, Ballard Spahr LLP, Salt Lake City, Utah, as Bond Counsel to the Finance Authority, will deliver its opinion in the form included in APPENDIX D. Certain legal matters will be passed upon for the Finance Authority by its General Counsel. Certain matters relating to disclosure will be passed upon by Andrews Kurth LLP, Austin, Texas, Disclosure Counsel to the Finance Authority. Certain legal matters will be passed upon for the Underwriters by Hogan Lovells US LLP, Denver, Colorado, counsel to the Underwriters. Western Financial Group, LLC, Portland, Oregon has acted as municipal advisor to the Finance Authority (the "Municipal Advisor") in connection with its issuance of the Series 2016C Bonds. See "MUNICIPAL ADVISOR."

The Finance Authority's audited financial statements for the fiscal year ended June 30, 2015, included in APPENDIX A, have been audited by REDW, LLC, Certified Public Accountants, Albuquerque, New Mexico. See "FINANCIAL STATEMENTS." REDW, LLC has not been asked to consent to the use of its name and audited financial reports of the Finance Authority in this Official Statement nor has REDW, LLC participated in the preparation of this Official Statement.

Offering and Delivery of the Series 2016C Bonds

The Series 2016C Bonds are offered when, as and if issued, subject to approval as to their legality by Bond Counsel and the satisfaction of certain other conditions. It is anticipated that a single certificate for each maturity of the Series 2016C Bonds will be delivered to DTC or its agent on or about May 24, 2016. The Series 2016C Bonds will be distributed in the initial offering by RBC Capital Markets, LLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated and Hutchinson, Shockey, Erley & Co. (collectively, the "Underwriters") for which RBC Capital Markets, LLC is acting as senior managing underwriter and representative of the Underwriters. See "UNDERWRITING."

Other Information

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

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the Finance Authority and any purchaser or holder of Series 2016C Bonds.

THE SERIES 2016C BONDS

General

The Series 2016C Bonds will be dated the date of their initial delivery and interest will accrue on the Series 2016C Bonds from such date at the rates presented on the inside front cover page of this Official Statement (calculated on the basis of a 360-day year consisting of twelve 30-day months), and is payable on June 1 and December 1 of each year, commencing June 1, 2016. The Series 2016C Bonds will be issued in the aggregate principal amounts and will mature on the dates and in the amounts shown on the inside front cover. The Series 2016C Bonds are issuable in denominations of $5,000 or integral multiples of $5,000 (the "Authorized Denominations").

Book-Entry Only System

DTC will act as securities depository for all of the Series 2016C Bonds through its nominee, Cede & Co. One fully-registered bond in a denomination equal to the principal amount and maturity of the Series 2016C Bonds will be registered in the name of Cede & Co. Individual purchases of Series 2016C Bonds will be made in book-entry only form, and beneficial owners of the Series 2016C Bonds will not receive physical delivery of bond certificates, except as described in APPENDIX E. Upon receipt of payments of principal and interest, DTC will remit such payment to DTC participants for subsequent disbursement to the beneficial owners of the Series 2016C Bonds. For a more complete description of the book-entry only system, see "APPENDIX E—BOOK-ENTRY ONLY SYSTEM."

Redemption

Optional Redemption. The Series 2016C Bonds maturing on and after June 1, 2027, are subject to optional redemption at any time on and after June 1, 2026, in whole or in part, in such order of maturity as may be selected by the Finance Authority and by lot within each maturity (if in part, in integral multiples of $5,000), at the option of the Finance Authority, upon notice as provided in the General Indenture and at the redemption price of 100% of the principal amount of the Series 2016C Bonds to be redeemed, but without premium, plus interest accrued to the redemption date.

Mandatory Sinking Fund Redemption. The Series 2016C Bonds maturing on June 1 in the years 2041 and 2046 (the "Term Bonds") are subject to mandatory sinking fund redemption on each of the dates set forth below, at a price equal to one hundred percent (100%) of the principal amount of each Series 2016C Bond so redeemed and accrued interest to the redemption date, in the following respective principal amounts:

Term Bonds Maturing June 1, 2041

Redemption Dates (June 1)	Principal to be Redeemed
2037	$1,495,000
2038	1,500,000
2039	1,545,000
2040	1,595,000
2041†	1,640,000

Term Bonds Maturing June 1, 2046

Redemption Dates (June 1)	Principal to be Redeemed
2042	$1,690,000
2043	1,740,000
2044	1,790,000
2045	1,845,000
2046†	1,900,000

† Final Maturity

If less than all of the Term Bonds of a stated maturity are redeemed in a manner other than pursuant to a mandatory sinking fund redemption, the principal amount so redeemed will be credited toward a part or all of any one or more of any mandatory sinking fund payments for such Term Bonds, in such order as may be directed by the Finance Authority.

Notice of Redemption. In the event any of the Series 2016C Bonds are to be redeemed, notice of such redemption is to be mailed by first class mail, postage prepaid, to all Registered Owners of Series 2016C Bonds to be redeemed at their addresses as they appear on the registration books of the Registrar at least 30 days, but not more than 60 days, prior to the redemption date.

In addition, further notice of any redemption of Series 2016C Bonds is to be given by the Trustee at least two Business Days in advance of the mailed notice to Registered Owners, by registered or certified mail or overnight delivery service, to all registered securities depositories then in the business of holding substantial amounts (as reasonably determined by the Trustee) of obligations of types comprising the Series 2016C Bonds and to at least two national information services that disseminate notices of redemption of obligations such as the Series 2016C Bonds. Failure to give all or any portion of such further notice will not in any manner defeat the effectiveness of a call for redemption.

If at the time of mailing of any notice of redemption there are not on deposit with the Trustee moneys sufficient to redeem all the Series 2016C Bonds called for redemption, such notice is to state that such redemption is subject to the deposit of the redemption moneys with the Trustee not later than the redemption date and that such notice will be of no effect unless such moneys are so deposited.

A second notice of redemption is to be given, not later than 90 days subsequent to the redemption date, to Registered Owners of Series 2016C Bonds or portions thereof redeemed but who failed to deliver Series 2016C Bonds for redemption prior to the 60th day following such redemption date. Any notice mailed will be conclusively presumed to have been duly given, whether or not the owner of such Series 2016C Bonds receives the notice. Receipt of such notice is not a condition precedent to such redemption and failure so to receive any such notice by any of such Registered Owners will not affect the validity of the proceedings for the redemption of the Series 2016C Bonds.

Partially Redeemed Bonds. In case any Series 2016C Bond is redeemed in part, upon the presentation of such Series 2016C Bond for such partial redemption, the Finance Authority will execute and the Trustee will authenticate and deliver or cause to be delivered to or upon the written order of the Registered Owner thereof, at the expense of the Finance Authority, a Series 2016C Bond or Series 2016C Bonds of the same interest rate and maturity and in an aggregate principal amount equal to the unredeemed portion of such Series 2016C Bond. A portion of any Series 2016C Bond of a denomination of more than $5,000 to be redeemed will be in the principal amount of $5,000 or an integral multiple of $5,000 and, in selecting portions of such Series 2016C Bonds for redemption, the Trustee will treat each such Series 2016C Bond as representing that number of Series 2016C Bonds of $5,000 denomination which is obtained by dividing the principal amount of such Series 2016C Bonds by $5,000.

Defeasance

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

SECURITY AND SOURCES OF PAYMENT FOR THE BONDS

Special Limited Obligations

The Bonds, including the Series 2016C Bonds, are special limited obligations of the Finance Authority payable solely from the Trust Estate. The Series 2016C Bonds do not constitute nor create a general obligation or other indebtedness of the State, the Finance Authority or any Governmental Unit within the meaning of any constitutional or statutory debt limitation. THE FINANCE AUTHORITY HAS NO TAXING POWERS. No provision of the Series 2016C Bonds will be construed or interpreted as a donation by or lending of the credit of the Finance Authority, the State or any Governmental Unit within the meaning of the Constitution of the State. The principal of and interest and premium, if any, on the Series 2016C Bonds do not constitute or give rise to a personal liability on the part of the members, directors and officers of the Finance Authority. No breach of any pledge, obligation or agreement of the Finance Authority will impose a pecuniary liability or a charge upon the general credit of the State, the Finance Authority or any political subdivision of the State, or upon the taxing power of the State or any political subdivision of the State.

Trust Estate

In the Indenture, the Finance Authority pledges and assigns the Trust Estate for the equal and ratable payment of the Bonds. The Trust Estate includes (i) Agreement Revenues (as defined below) and amounts in the Agreement Reserve Accounts subject to the uses provided for in the Indenture and described herein, (ii) Additional

Pledged Loans, (iii) revenues received by the Finance Authority from the allocation of the NMFA Portion of the Governmental Gross Receipts Tax, (iv) all federally provided interest subsidies actually delivered to or for the account of the Finance Authority in relation to the Bonds, and (v) other amounts in certain funds and accounts created and maintained pursuant to the Indenture, all as more fully described below.

Agreement Revenues. The Agreements consist of Loan Agreements and Securities executed and delivered by Governmental Units in consideration for the financing of all or a portion of their respective projects by the Finance Authority. Under each Loan Agreement or issue of Securities, the respective Governmental Unit pledges to the Finance Authority for payment of all amounts due under their respective Agreements (i) revenues of specific enterprise systems or revenues attributable to certain taxes (the "Agreement Revenues" or, as defined in the Indenture, the "Agreement Pledged Revenues") and (ii) moneys in certain funds and accounts held by the Trustee. Each Governmental Unit executing a Loan Agreement or issuing Securities agrees to pay principal of and interest on its Loan promptly from its Agreement Revenues and to continue such payments until its Loan is paid in full. Each Governmental Unit that has entered into a Loan Agreement or has issued Securities has pledged specific Agreement Revenues to the repayment of its Loan. It should be noted that each Governmental Unit that has entered into an Agreement with the Finance Authority has the ability to incur additional obligations that may be secured on a parity basis with the Agreement Revenues as long as certain conditions are satisfied. See APPENDIX F for a list of the 2016C Governmental Units and the allocable portions of the Loans financed with the proceeds of Series 2016C Bonds. Also, please see APPENDIX F for information relating to the largest repayment obligations. A Governmental Unit is not required to make up any Loan Payment not paid in full by another Governmental Unit or to make up any insufficiency in any other source of revenues. The Finance Authority reports that no Governmental Unit has failed to timely pay its obligations owing under its respective Agreement.

The following table lists the various types of revenues from which Agreement Revenues are derived based upon scheduled payments in fiscal year 2015-2016. The table also lists the amounts of those revenues and the percentage of the total Agreement Revenues of those revenues.

Type of Revenue	FY 2015-2016 Amounts	% of Total Agreement Revenues
Gross Receipts Tax	$ 31,920,942	30.8%
Enterprise System Revenues	25,959,981	25.0%
General Obligation (ad valorem taxes)	15,806,767	15.2%
Local Special Tax	14,925,981	14.4%
State Gross Receipts Tax	5,553,085	5.4%
Fire Protection Funds	4,310,838	4.2%
Governmental Gross Receipts Tax - State	2,503,153	2.4%
Special Assessment	2,400,482	2.3%
Mill Levy	164,713	0.2%
Law Enforcement Protection Funds	139,280	0.1%
Total	$103,685,222[(1)]	100.0%[(1)]

(1) Total may not add due to rounding. Assumes that the Loans financed or refinanced with proceeds of the Series 2016C Bonds are executed and delivered.

(Source: The Finance Authority.)

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The following table lists the ten Governmental Units (by revenue pledged) that, based on scheduled payments in fiscal year 2015-2016 and assuming no further prepayments of any Agreements, are expected to provide the largest amount of Agreement Revenues in fiscal year 2015-2016. The Agreement Revenues generated from such Agreements account for 39.418% of projected Agreement Revenues for fiscal year 2015-2016.

AGREEMENTS EXPECTED TO GENERATE THE LARGEST AGREEMENT REVENUES(1)(2)

Governmental Unit	FY 2015-2016 Debt Service	% of Total Pledged Agreement Revenues(1)(2)
City of Albuquerque (Enterprise System Revenues)	$ 6,615,350	6.380%
New Mexico Spaceport (Gross Receipts Tax)	5,646,444	5.446%
Albuquerque Bernalillo County Water Utility Authority (Enterprise System Revenues)	5,477,231	5.283%
General Services Department (State Gross Receipts Tax)	5,201,112	5.016%
Farmington Schools (Ad Valorem Taxes)	3,886,866	3.749%
City of Albuquerque (Gross Receipts Tax)	3,287,873	3.171%
UNM Health Sciences Center (Local Special Tax)	3,072,225	2.963%
City of Santa Fe (Gross Receipts Tax)	2,974,394	2.869%
Jicarilla Apache Nation (Local Special Tax)	2,373,192	2.289%
State Parks Division (Gross Receipts Tax)	2,336,168	2.253%
Total	$40,870,855	39.418%

(1) Reflects a percentage of total Agreement Revenues, and does not include the NMFA Portion of Governmental Gross Receipts Taxes.
(2) Assumes that the Loans financed or refinanced with proceeds of the Series 2016C Bonds are executed and delivered.
(Source: The Finance Authority.)

Although Agreement Revenues are received at various times throughout the year, they are held under the Indenture until June 1 of each year to be applied to pay debt service on the Bonds. For more information with respect to the Governmental Units with the largest repayment obligations, see "APPENDIX F—2016C GOVERNMENTAL UNITS, LARGEST REPAYMENT OBLIGATIONS."

The Finance Authority may require and has previously required the establishment and funding of an Agreement Reserve Fund in connection with certain Agreements. Amounts in a Governmental Unit's account of the Agreement Reserve Fund will be withdrawn by the Trustee and deposited into that Governmental Unit's account of the Debt Service Fund to the extent of any shortfall in payments by such Governmental Unit under its Agreement.

Additional Pledged Loans. The Finance Authority may make loans from or purchase securities with available funds in the Public Project Revolving Fund. At its option, the Finance Authority may designate such loans or securities as Additional Pledged Loans, and upon such designation, the principal and interest payments on such loans or securities become pledged by the Finance Authority to the payment of the Bonds. See "Flow of Funds" below under this caption.

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

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

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

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

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

Presented below is information from the New Mexico Taxation and Revenue Department concerning collections of the governmental gross receipts tax for the fiscal years 2010-2011 through 2014-2015.

GOVERNMENTAL GROSS RECEIPTS TAX COLLECTIONS
FISCAL YEARS 2010-2011 THROUGH 2014-2015[1]

	Fiscal Year 2010-2011	Fiscal Year 2011-2012	Fiscal Year 2012-2013	Fiscal Year 2013-2014	Fiscal Year 2014-2015
Total Net Receipts	$32,872,185	$34,939,052	$36,766,258	$36,396,929	$35,287,521
NMFA Portion of the Governmental Gross Receipts Tax	$24,518,214	$26,204,287	$27,451,329	$27,297,696	$26,465,641

(1) Collections for fiscal years shown above represent receipts for the period commencing May 1 of the preceding fiscal year through April 30 of the current fiscal year. See "ANNUAL DEBT SERVICE REQUIREMENTS—ESTIMATED REVENUES, ANNUAL DEBT SERVICE REQUIREMENTS AND PROJECTED COVERAGE RATIOS" for fiscal year 2015-2016 projected collections of the NMFA Portion of the Governmental Gross Receipts Tax.

(Source: State of New Mexico Taxation and Revenue Department.)

Based upon data provided by the State of New Mexico Taxation and Revenue Department, the payers of the governmental gross receipts tax whose payments accounted for at least 5% of the total net receipts from the governmental gross receipts tax were the Albuquerque Bernalillo County Water Utility Authority, the City of Albuquerque, the City of Santa Fe and the City of Las Cruces. Although the Finance Authority has not verified and

does not guarantee the accuracy of such information, the Finance Authority does not have any reason to believe that the list of entities providing at least 5% of the governmental gross receipts tax is incorrect.

Funds and Accounts

The Indenture creates a Revenue Fund, a Program Fund (with separate accounts for each Agreement or Project), a Bond Fund, a Debt Service Fund (with separate accounts for each Agreement), an Agreement Reserve Fund (with a separate account for each Agreement that has a reserve requirement), a Common Debt Service Reserve Fund, and an Expense Fund, all of which are part of the Trust Estate. Amounts on deposit in accounts in the Debt Service Fund and in each Agreement Reserve Account shall only secure repayment of the Loan made under the related Agreement. Amounts in the accounts of the Program Fund are held by the Finance Authority and, upon request and submission of proper documentation by the respective Governmental Unit, the Finance Authority will disburse funds directly to the provider of goods or services relating to the Project for which an account has been established in the Program Fund.

Flow of Funds

Loan Payments. All Loan Payments and other amounts paid by Governmental Units pursuant to the Loan Agreements and Securities are to be paid directly to the Finance Authority on or before Loan Payment Dates for remittance to the Trustee prior to each Interest Payment Date, and the Trustee is directed to deposit all such payments immediately upon receiving them, in the following accounts and in the following priority:

First: to the related Account in the Debt Service Fund in an amount required to cause the aggregate amount on deposit in that Fund to equal the amount then required to make the principal and interest payments due or to next become due with respect to the Loan;

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

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

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

On each Interest Payment Date for the Bonds, the Trustee is directed to transfer moneys in the respective Accounts of the Debt Service Fund to the Bond Fund to pay the interest on the related Bonds becoming due on such Interest Payment Date and to pay the principal of each related Bond due at maturity or by prior redemption, to the extent amounts are on deposit for such purpose. At least once each year, and more frequently if required pursuant to the provisions of a Supplemental Indenture, the Trustee must determine the amount necessary (i) to be transferred to the Bond Fund from each Debt Service Account on Interest Payment Dates for the Bonds from payments relating to a Governmental Unit's Agreement, (ii) to replenish the Governmental Unit's Account in the Agreement Reserve Fund and (iii) in certain cases, to pay the Governmental Unit's share of Program Costs for the year. The Trustee is directed to return any excess that the Trustee does not expect to be required for such payments to the related Governmental Unit or to credit such excess to the Loan Payments next coming due under the Governmental Unit's Agreement. In certain cases, any excess attributable to the difference in interest rates on the Governmental Unit's Loans and the related Bonds (including the Series 2016C Bonds) will be deposited into the Revenue Fund.

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

On the third day preceding a Loan Payment Date (or, if such third day is not a Business Day, on the next Business Day preceding such third day), if the amount on deposit in any Governmental Unit's account of the Debt Service Fund is insufficient, after applying any applicable Agreement Reserve Account or other source for the payment of Debt Service, the Trustee shall transfer the amount of such deficiency from the Common Debt Service Reserve Fund. See "Common Debt Service Reserve Fund" below under this caption.

Revenue Fund. During each Bond Fund Year, all Revenues constituting (i) receipts from the NMFA Portion of the Governmental Gross Receipts Tax, (ii) principal and interest payments from Additional Pledged Loans, and (iii) any Federally provided interest subsidies actually delivered to or for the account of the Finance Authority in relation to Bonds, including, but not limited to direct payments of the refundable interest credit (i.e., an interest subsidy) paid pursuant to Section 6431(b) of the Code in relation to "Build America Bonds" (as such term is defined in such section of the Code) are all required to be paid by the Finance Authority to the Trustee prior to each Interest Payment Date and shall be accounted for and maintained by the Trustee in the Revenue Fund. On each Interest Payment Date, the Trustee (except as otherwise provided in a Supplemental Indenture) is directed to transfer from the Revenue Fund (including any amounts in the separate account described in the next paragraph) to the Bond Fund (i) an amount equal to the principal and interest due on such Interest Payment Date on the portion of any Bonds, the proceeds of which were used to make Grants and (ii) if the amounts on deposit in the Bond Fund are insufficient for payments coming due with respect to the Bonds on such Interest Payment Date, an amount sufficient, together with amounts transferred from the Debt Service Account, to pay the principal and interest due on the Bonds on such Interest Payment Date.

At the conclusion of each Bond Fund Year, the Trustee is directed to retain in the Revenue Fund, in a separate account to be created therein (to the extent of amounts remaining in the Revenue Fund), the following:

- an amount equal to any deficiency in any account in the Agreement Reserve Fund;
- with respect to Agreements for which no Agreement Reserve Account was created in the Agreement Reserve Fund and a default in the payment of principal or interest under such Agreement has occurred and is continuing, an amount equal to the least of (i) ten percent (10%) of the proceeds of such Agreement, (ii) maximum annual debt service on such Agreement and (iii) 1.25 times average annual debt service on such Agreement; and
- with respect to Bonds issued to finance Grants and for which no other debt service reserve fund has been created, an amount equal to the least of (i) five percent (5%) of the proceeds of the Bonds issued to finance such Grant, (ii) one-half of maximum annual debt service on the Bonds issued to finance such Grants and (iii) 0.625 times average annual debt service on the Bonds issued to finance such Grant.

Pursuant to the Indenture, the Finance Authority is not required to contribute any amounts to fund the retention described in the preceding paragraph other than from amounts on deposit in the Revenue Fund at the end of each Bond Fund Year, and no default under the Indenture occurs solely by reason of any insufficiency of funds remaining in the Revenue Fund to fund such retention.

After making the foregoing deposits, at the conclusion of each Bond Fund Year, and after making the payments required by the Indenture during such Bond Fund Year, the Trustee is directed to transfer the balance on deposit in the Revenue Fund to the Finance Authority for deposit into the Subordinate Lien Revenue Fund. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Outstanding Subordinate Lien Bonds." After the moneys have been used for the purposes specified in the Subordinated Indenture (as defined below) and to make any deposits to the Common Debt Service Reserve Fund (as described below), the Finance Authority may use any remaining moneys for Public Project Revolving Fund purposes; redemption of Bonds prior to maturity by depositing the same into the Bond Fund; refinancing, refunding, purchasing or advance refunding of any Bonds; or any other lawful purpose.

The balance so transferred to the Subordinate Lien Revenue Fund is no longer pledged to the payment of debt service on the Bonds.

Common Debt Service Reserve Fund. The Finance Authority has established the Common Debt Service Reserve Fund under the Indenture to secure payment of debt service on any Bonds issued under the Indenture. The Common Debt Service Reserve Fund was initially funded on January 14, 2011, and, as of March 24, 2016, the Common Debt Service Reserve Fund was funded in the amount of approximately $30,365,762.

The Finance Authority shall determine, as of the end of each Bond Fund Year, the Required Common Debt Service Reserve Funding Level. The Finance Authority shall deposit the Annual Common Debt Service Reserve Deposit Amount with the Trustee in the Common Debt Service Reserve Fund within three (3) business days of receipt by the Finance Authority of the disbursement of the NMFA Portion of the Governmental Gross Receipts Tax distributed to the Finance Authority by the trustee under the Subordinated Indenture on June 16.

If amounts on deposit in the Common Debt Service Reserve Fund are greater than the Required Common Debt Service Reserve Funding Level for a given Bond Fund Year, then no additional deposit shall be made to the Common Debt Service Reserve Fund for such Bond Fund Year. Any such excess amount may be used during the subsequent Bond Fund Year, at the discretion of the Finance Authority, for the redemption of Bonds prior to maturity by depositing the amount into the Bond Fund or the defeasance of any Bonds. If the Finance Authority has deposited the entirety of the available Annual Common Debt Service Reserve Deposit Amount as of a Bond Fund Year end, but the amount in Common Debt Service Reserve Fund is less than the Required Common Debt Service Reserve Funding Level, then the Finance Authority shall not be required to fund from any other source any such difference in excess of the Annual Common Debt Service Reserve Deposit Amount; provided, however, if a funding difference remains (based on the annual recalculation of the Required Common Debt Service Reserve Funding Level), then the next year’s available Annual Common Debt Service Reserve Deposit Amount shall be applied to that difference.

If the amounts on deposit in any Governmental Unit’s Account of the Debt Service Fund are insufficient for payments coming due under the related Loan Agreement or Securities on the next Loan Payment Date, after applying any applicable Agreement Reserve Account or other source for the payment of Debt Service, on the third day preceding a Loan Payment Date (or, if such third day is not a Business Day, on the Business Day next preceding such third day), the Trustee shall transfer from the Common Debt Service Reserve Fund, an amount sufficient, together with amounts in the related Debt Service Account, to pay the Principal Component and the Interest Component due under such Loan Agreement or Securities on such Loan Payment Date. Amounts on deposit in the Common Debt Service Reserve Fund may not be applied toward payment of the Bonds, except to the extent that amounts are due and owing under the Bonds and amounts are not otherwise available for such payments in the Debt Service Fund.

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

Application of Loan Prepayments

Covenants Applicable to the Series 2016C Bonds. The Finance Authority covenants pursuant to the Ninetieth Supplemental Indenture, for the purpose of matching, to the extent practicable, (i) the revenues received from Loan Payments received pursuant to the Loans reimbursed or originated with proceeds of the Series 2016C Bonds with debt service payable on the Series 2016C Bonds, and (ii) the overall debt service requirements on the Outstanding Bonds and the Series 2016C Bonds with revenues received from Loan Payments on all outstanding Loans, to take any one or more of the following actions separately or in combination, within 365 days following the receipt of a Prepayment of a Loan financed with proceeds of the Series 2016C Bonds:

For Prepayments funded with proceeds of bonds or another financing transaction, the interest on which is intended by the Governmental Unit to be exempt from inclusion in gross income under the Internal Revenue Code (a "Tax-Exempt Financing"), the Finance Authority must either, to the extent practicable, (i) originate or reimburse one or more new Loans in an aggregate principal amount equal to or greater than the amount of the portion of the Prepayment to be applied, and with a final maturity date and debt service requirements approximating, to the extent practicable, the final maturity date and debt service requirements for the portion of the Loan pursuant to which the Prepayment was made (or a pro rata portion thereof if a portion of the Prepayment is to be used to originate a new Loan or Loans), or (ii) call for optional redemption the Series 2016C Bonds from which the Loan relating to the Prepayment was initially funded and which Series 2016C Bonds are subject to redemption in an aggregate principal amount equal to or greater than the amount of the Prepayment (or a pro rata portion thereof if a portion of the Prepayment is to be applied), and with a final maturity date and debt service requirements approximating the final maturity date and debt service requirements of the Loan pursuant to which the Prepayment was made (or a pro rata portion thereof if a portion of the Prepayment is to be applied). See "THE SERIES 2016C BONDS—Redemption."

The Finance Authority will recalculate the respective Loan Payments due under any Loan Agreement in the case of a partial Prepayment of Loan Payments under such Loan Agreement in a manner consistent with the actions taken.

Historical Prepayments. During the fiscal years indicated below, the Finance Authority has received prepayments (including Prepayments under the Indenture as well as prepayments of obligations under the Subordinated Indenture) in the numbers and aggregate principal amounts presented in the following table. Because prepayment of some Loans by Governmental Units is optional for certain Governmental Units and because the Loan Payments that Governmental Units may prepay vary greatly in amount, the occurrence and aggregate principal amount of Prepayments in past fiscal years are not an indication of Prepayments to be received by the Finance Authority in future fiscal years.

Fiscal Year	Number of Prepayments	Aggregate Principal Amount
2006-2007	9	$ 9,145,000
2007-2008	21	2,973,716
2008-2009	32	10,223,706
2009-2010	23	6,945,375
2010-2011(1)	58	124,271,480
2011-2012(1)	55	118,727,583
2012-2013(1)	33	54,407,892
2013-2014(1)	23	71,812,973
2014-2015(1)	18	87,924,017
2015-2016(1)(2)	10	31,163,590

(1) The large amount of prepayments is attributable to a favorable interest rate climate that made it cost effective or economically beneficial for Governmental Units to refinance their respective loans.

(2) Reflects prepayments received for the period of July 1, 2015 through March 1, 2016, including Prepayments under the Indenture as well as prepayments under the Subordinated Indenture. As discussed above under "Covenants Applicable to the Series 2016C Bonds," the NMFA may originate additional Loans, redeem Outstanding Bonds that related to the prepaid Loans, if such Bonds are subject to redemption, or defease Outstanding Bonds that relate to the prepaid Loans. As of the date of this Official Statement, the NMFA has applied $190,697 of the proceeds of such prepayments to originate additional loans which, pursuant to a Pledge Notification, have been pledged to the Indenture if the prepaid loan relates to Bonds issued under the Indenture or have been pledged to the Subordinated Indenture if the prepaid loan relates to bonds issued under the Subordinated Indenture. The NMFA has also applied $29,515,000 of such prepayments to redeem obligations under the Indenture or the Subordinated Indenture. There remains $1,457,893 of prepayments for which the NMFA is working to identify new loans.

(Source: The Finance Authority.)

Additional Bonds

Additional Bonds or other indebtedness, bonds or notes of the Finance Authority payable on a parity with the Bonds out of the Trust Estate may be issued or incurred, only if certain requirements have been met, including the following:

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

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

(c) The proceeds of the Additional Bonds or other indebtedness, bonds or notes must be used (i) to refund Bonds issued under the Indenture or other obligations of the Finance Authority (including the funding of necessary reserves and the payment of costs of issuance) or (ii) to make additional Loans or to purchase Securities (including the funding of necessary reserves and the payment of costs of issuance).

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

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

The Finance Authority maintains an ongoing program to provide loans and to purchase securities from Governmental Units and expects to finance certain of those activities with the issuance of Additional Bonds on a parity with the Series 2016C Bonds. The Finance Authority may issue Additional Bonds within the next two to three years. The issuance of such Additional Bonds depends on a variety of factors, including market conditions. No assurance can be given when, or if, such Additional Bonds will be issued. The timing, amount and other details of such other Additional Bonds are not known as of the date of this Official Statement.

No Obligations Senior to the Bonds

No additional indebtedness, bonds or notes of the Finance Authority payable on a priority senior to the pledge of the Revenues for payment of the Bonds will be created or incurred without the prior written consent of the Owners of one hundred percent (100%) of the Outstanding Bonds.

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Outstanding Parity Bonds

The following table presents the Series of Outstanding Parity Bonds that are expected to be outstanding under the Indenture as of May 1, 2016:

Series[(1)(2)]	Original Principal Amount Issued	Aggregate Principal Amount Outstanding as of 5/1/2016[(3)]
2006B	$ 38,260,000	$ 24,440,000
2006D[(4)]	56,400,000	44,975,000
2007E	61,945,000	37,085,000
2008A	158,965,000	124,400,000
2008B	36,545,000	24,195,000
2008C	29,130,000	13,315,000
2009A	18,435,000	13,265,000
2009C	55,810,000	43,630,000
2009D-1	13,570,000	8,385,000
2009D-2	38,845,000	35,605,000
2009E	35,155,000	16,480,000
2010A-1	15,170,000	6,110,000
2010A-2	13,795,000	13,795,000
2010B-1	38,610,000	26,035,000
2010B-2	17,600,000	17,120,000
2011A	15,375,000	3,270,000
2011B-1	42,735,000	28,850,000
2011B-2	14,545,000	11,435,000
2011C	53,400,000	42,800,000
2012A	24,340,000	21,265,000
2013A	44,285,000	37,910,000
2013B	16,360,000	14,175,000
2014B	58,235,000	54,970,000
2015B	45,325,000	45,325,000
2015C	45,475,000	45,475,000
2016A	52,070,000	52,070,000
Total	$1,040,380,000	$806,380,000

(1) The official statements for the various Series of Outstanding Parity Bonds are available at the Internet site of the Finance Authority, http://www.nmfa.net, under "Investors, Public Project Revolving Fund."
(2) Does not include the Series 2016C Bonds.
(3) All series of bonds have maturities on June 1.
(4) The Finance Authority expects to redeem all of the outstanding Series 2006D Bonds on June 1, 2016. See "THE PLAN OF FINANCING—General" and "ANNUAL DEBT SERVICE REQUIREMENTS."

(Source: The Finance Authority.)

See "ANNUAL DEBT SERVICE REQUIREMENTS" for Debt Service Requirements on the Outstanding Parity Bonds and aggregate payments under Agreements relating to the Bonds. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Trust Estate" for a listing of the Governmental Units that have Agreements with the same revenue pledge, based on scheduled payments in fiscal year 2015-2016 and assuming no further prepayment, expected to generate the highest percentages of estimated annual Revenues in fiscal year 2015-2016.

Outstanding Subordinate Lien Bonds

Pursuant to a Subordinated General Indenture of Trust and Pledge dated as of December 1, 2005 (the "Subordinated Indenture"), the Finance Authority may incur obligations (the "Subordinate Lien Bonds") that have a lien on the revenues from the NMFA Portion of the Governmental Gross Receipts Tax and the revenues from Additional Pledged Loans (collectively, the "Subordinate Lien Revenues") that is subordinate to the lien of the Indenture on those revenues. The Subordinate Lien Bonds are additionally secured by their own pool of loans and securities executed and delivered to the Finance Authority by governmental units of the State in consideration for the financing of all or a portion of projects for such governmental units. The revenues derived from such loans and securities are pledged as security solely for the Subordinate Lien Bonds and are not pledged as security for the Bonds.

Pursuant to the Subordinated Indenture, the Finance Authority has issued various series of Subordinate Lien Bonds. The following table sets forth the various series of Subordinate Lien Bonds, the original aggregate principal amount and the aggregate principal amount of Subordinate Lien Bonds that are expected to be outstanding as of May 1, 2016:

Series[1]	Original Principal Amount Issued	Aggregate Principal Amount Outstanding as of 5/1/2016[2]
2006A	$ 49,545,000	$ 2,040,000
2006C	39,860,000	26,135,000
2007A	34,010,000	15,680,000
2007B	38,475,000	22,340,000
2007C	131,860,000	89,445,000
2013C-1	3,745,000	3,050,000
2013C-2	10,550,000	8,520,000
2014A-1	15,135,000	14,605,000
2014A-2	16,805,000	15,295,000
2015A	63,390,000	62,355,000
2015D	29,355,000	29,355,000
2016B	8,950,000	8,950,000
Total	$441,680,000	$297,770,000

(1) The official statements for the various series of outstanding Subordinate Lien Bonds are available at the Internet site of the Finance Authority, http://www.nmfa.net, under "Investors, Public Project Revolving Fund."

(2) All series of bonds have maturities on June 15.

(Source: The Finance Authority.)

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

The Series 2016C Bonds have a lien on the Subordinate Lien Revenues senior to the lien securing the outstanding Subordinate Lien Bonds.

Supplemental Indentures and Amendments to Agreements; Rating Agency Discretion

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

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

THE PLAN OF FINANCING

General

The proceeds of the Series 2016C Bonds will be used by the Finance Authority for the purpose of (i) originating Loans to or purchasing Securities from or reimbursing the Finance Authority for moneys used to originate Loans to or purchase Securities from the 2016C Governmental Units, the proceeds of which will be or were used to finance or refinance certain Projects for such 2016C Governmental Units, (ii) currently refunding the Refunded Obligations to achieve debt service savings, and (iii) paying costs incurred in connection with the issuance of the Series 2016C Bonds. See "INTRODUCTION—Authority and Purpose." See APPENDIX F for a list of the 2016C Governmental Units and the amount of the Loans expected to be financed with proceeds of the Series 2016C Bonds.

The Refunded Obligations will be redeemed on June 1, 2016, with a portion of the proceeds of the Series 2016C Bonds. Upon the delivery of the Series 2016C Bonds, the Finance Authority will deposit funds (the "Defeasance Deposit"), including a portion of the proceeds of the sale of the Series 2016C Bonds, to the Refunded Obligation Redemption Account, in an amount sufficient to pay all unpaid principal of and interest on the Refunded Obligations, with the Trustee, and such funds shall be held in escrow by the Trustee in accordance with the terms of the Indenture. At such time the Refinanced Bonds will be deemed paid and will no longer be secured by or entitled to the benefits of the Indenture except for the purpose of payment from moneys on deposit in the Refunded Obligation Redemption Account held by the Trustee.

Estimated Sources and Uses of Funds

The following tables set forth the estimated sources and uses of funds in connection with the issuance of the Series 2016C Bonds.

<u>Sources of Funds</u>

Principal Amount	$67,540,000.00
Net Original Issue Premium	6,634,390.05
Finance Authority Contribution	2,730,535.73
Total Sources	$76,904,925.78

<u>Uses of Funds</u>

Deposit to Program Fund Accounts[(1)]	$31,102,418.00
Deposit to Refunded Obligation Redemption Account for the Refunded Obligations[(2)]	44,971,250.00
Costs of Issuance[(3)]	831,257.78
Total Uses	$76,904,925.78

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(1) Amounts in the Program Fund Account will be used to fund Loans to the 2016C Governmental Units, which will be used to finance Projects for such 2016C Governmental Units and, as applicable, fund an agreement reserve fund. See "APPENDIX F—2016C GOVERNMENTAL UNITS; LARGEST REPAYMENT OBLIGATIONS."

(2) A portion of the proceeds of the Series 2016C Bonds will be held in a segregated account by the Trustee and applied to redeem the Refunded Obligations on June 1, 2016. See "INTRODUCTION—Authority and Purpose."

(3) Costs of issuance include Underwriters' discount, legal fees (including legal fees of counsel to 2016C Governmental Units), rating agency fees, Trustee fees, financial advisory fees, and other miscellaneous costs.

ANNUAL DEBT SERVICE REQUIREMENTS

The following schedule shows the total debt service payable for the Series 2016C Bonds and all currently Outstanding Parity Bonds for each fiscal year through their respective final maturity dates.

ANNUAL DEBT SERVICE FOR THE BONDS[(1)]

Fiscal Year Ending 6/30	Series 2016C Bonds Principal	Series 2016C Bonds Interest	Outstanding Parity Bonds[(2)]	Total Annual Debt Service
2016	$ 815,000	$ 51,293	$ 89,282,190	$ 90,148,483
2017	1,310,000	2,621,650	83,650,954	87,582,604
2018	1,345,000	2,595,450	82,931,626	86,872,076
2019	1,400,000	2,541,650	79,313,901	83,255,551
2020	1,475,000	2,471,650	73,696,376	77,643,026
2021	1,545,000	2,397,900	72,136,840	76,079,740
2022	1,630,000	2,320,650	68,242,366	72,193,016
2023	1,715,000	2,239,150	66,500,009	70,454,159
2024	2,175,000	2,153,400	60,113,470	64,441,870
2025	2,285,000	2,044,650	57,056,246	61,385,896
2026	2,400,000	1,930,400	50,499,737	54,830,137
2027	2,530,000	1,810,400	45,040,982	49,381,382
2028	2,630,000	1,709,200	44,350,498	48,689,698
2029	2,730,000	1,604,000	37,543,870	41,877,870
2030	2,845,000	1,494,800	30,295,271	34,635,071
2031	2,970,000	1,381,000	27,221,633	31,572,633
2032	3,055,000	1,262,200	26,434,822	30,752,022
2033	3,750,000	1,140,000	24,623,024	29,513,024
2034	3,900,000	990,000	21,883,896	26,773,896
2035	4,065,000	834,000	22,481,216	27,380,216
2036	4,230,000	671,400	11,545,860	16,447,260
2037	1,495,000	502,200	3,721,071	5,718,271
2038	1,500,000	457,350	3,710,842	5,668,192
2039	1,545,000	412,350	885,936	2,843,286
2040	1,595,000	366,000	823,600	2,784,600
2041	1,640,000	318,150	827,400	2,785,550
2042	1,690,000	268,950	830,000	2,788,950
2043	1,740,000	218,250	826,400	2,784,650
2044	1,790,000	166,050	826,800	2,782,850
2045	1,845,000	112,350	676,000	2,633,350
2046	1,900,000	57,000	-	1,957,000
Total	$67,540,000	$39,143,493	$1,087,972,836	$1,194,656,330

(1) Assumes the Series 2016C Bonds are issued and Outstanding and the Refunded Obligations are defeased. Includes debt service for the Finance Authority's Senior Lien Public Project Revolving Fund Revenue Bonds, Series 2006D, maturing on June 1, 2016. Totals may not add due to rounding.

(2) Includes principal and interest.

(Source: Western Financial Group, LLC.)

The following table shows estimated available Revenues pledged to the payment of the Bonds, total debt service requirements for the Series 2016C Bonds and all other Outstanding Parity Bonds and the resulting estimated annual coverage ratios. Revenues estimated for current and future fiscal years are based upon monthly trends in collections of the NMFA Portion of the Governmental Gross Receipts Tax for the period from February 1, 2015 through January 31, 2016 and scheduled payments under the Agreements and Additional Pledged Loans, and do not reflect any future Prepayments or delinquencies. The estimated annual coverage ratios are based in part on assumptions that may not be realized. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Trust Estate—The Governmental Gross Receipts Tax,” “—Agreement Revenues” and “—Additional Pledged Loans” for descriptions of the Revenues presented in the table under the headings “NMFA Portion of the Governmental Gross Receipts Tax” and “Aggregate Pledged Borrower Payments.” See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Trust Estate” and “INVESTMENT CONSIDERATIONS” for a list of some factors which may affect Revenues.

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

Fiscal Year Ending 6/30	NMFA Portion of Governmental Gross Receipts Tax[(2)]	Aggregate Pledged Borrower Payments[(3)(4)]	Estimated Total Revenues	Total Annual Debt Service Requirement[(5)]	Estimated Annual Coverage Ratios
2016	$27,100,000	$ 103,685,223	$ 130,785,223	$ 90,148,483	1.45
2017	27,100,000	99,682,410	126,782,410	87,582,604	1.45
2018	27,100,000	96,059,112	123,159,112	86,872,076	1.42
2019	27,100,000	90,883,137	117,983,137	83,255,551	1.42
2020	27,100,000	87,219,948	114,319,948	77,643,026	1.47
2021	27,100,000	81,321,260	108,421,260	76,079,740	1.43
2022	27,100,000	77,735,195	104,835,195	72,193,016	1.45
2023	27,100,000	77,925,890	105,025,890	70,454,159	1.49
2024	27,100,000	70,298,455	97,398,455	64,441,870	1.51
2025	27,100,000	67,542,929	94,642,929	61,385,896	1.54
2026	27,100,000	58,779,921	85,879,921	54,830,137	1.57
2027	27,100,000	53,120,978	80,220,978	49,381,382	1.62
2028	27,100,000	53,241,964	80,341,964	48,689,698	1.65
2029	27,100,000	55,090,375	82,190,375	41,877,870	1.96
2030	27,100,000	37,338,371	64,438,371	34,635,071	1.86
2031	27,100,000	33,175,064	60,275,064	31,572,633	1.91
2032	27,100,000	31,293,345	58,393,345	30,752,022	1.90
2033	27,100,000	31,482,687	58,582,687	29,513,024	1.98
2034	27,100,000	28,498,874	55,598,874	26,773,896	2.08
2035	27,100,000	29,051,763	56,151,763	27,380,216	2.05
2036	27,100,000	17,842,835	44,942,835	16,447,260	2.73
2037	27,100,000	8,237,216	35,337,216	5,718,271	6.18
2038	27,100,000	7,495,797	34,595,797	5,668,192	6.10
2039	27,100,000	3,443,673	30,543,673	2,843,286	10.74
2040	27,100,000	2,977,137	30,077,137	2,784,600	10.80
2041	27,100,000	2,973,890	30,073,890	2,785,550	10.80
2042	27,100,000	2,978,367	30,078,367	2,788,950	10.78
2043	27,100,000	2,787,883	29,887,883	2,784,650	10.73
2044	27,100,000	2,787,288	29,887,288	2,782,850	10.74
2045	27,100,000	2,638,092	29,738,092	2,633,350	11.29
2046	27,100,000	1,957,000	29,057,000	1,957,000	14.85

(1) Assumes the Series 2016C Bonds are issued and Outstanding and the Refunded Obligations are defeased. Includes debt service for the Finance Authority's Senior Lien Public Project Revolving Fund Revenue Bonds, Series 2006D, maturing on June 1, 2016. See "INTRODUCTION—Authority and Purpose" and "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Outstanding Parity Bonds." Totals may not add due to rounding.

(2) Projected fiscal year 2015-2016 distribution of the NMFA Portion of the Governmental Gross Receipts Tax is based on monthly trends for the period from February 1, 2015 through January 31, 2016. Fiscal year collections represent receipts for the period commencing May 1 of the preceding fiscal year through April 30 of the current fiscal year. Assumes annual receipt of the NMFA Portion of the Governmental Gross Receipts Tax will remain the same over the life of the Bonds.

(3) Assumes Pledged Borrower Payments for Loans outstanding as of May 25, 2016, including the Loans financed with proceeds of the Series 2016C Bonds not yet closed as of the date hereof.

(4) Represents total Agreement Revenues pledged by Governmental Units to secure payments owed pursuant to Loan Agreements and included in the Trust Estate. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Trust Estate—Agreement Revenues."

(5) Includes debt service for all Outstanding Parity Bonds. Assumes that no Additional Bonds will be issued under the Indenture. See "ANNUAL DEBT SERVICE REQUIREMENTS."

(Sources: The Finance Authority and Western Financial Group LLC.)

NEW MEXICO FINANCE AUTHORITY

General Information

The Finance Authority is a public body politic and corporate, separate and apart from the State, constituting a governmental instrumentality of the State. The Finance Authority was created in 1992 pursuant to the Act to coordinate the planning and financing of State and local public projects, to provide for long-term planning and assessment of State and local capital needs and to improve cooperation among the executive and legislative branches of State government and local governments in financing public projects. Pursuant to the Act, the Finance Authority and its corporate existence will continue until terminated by law, provided that no such law will take effect so long as the Finance Authority has bonds or other obligations outstanding, unless provision has been made for the payment of all such obligations. The Finance Authority is comprised of 11 members who also constitute the Finance Authority's board of directors and currently employs 39 persons, including a Chief Executive Officer. The Chief Executive Officer directs the business and affairs of the Finance Authority, subject to the policies, control and direction of the Finance Authority.

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

Powers

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

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

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

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

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

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

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

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

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

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

Organization and Governance

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

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

The Executive Committee provides oversight and direction relating to the operations of the Finance Authority. Other committees include the Finance and Loan Committee, the Audit Committee, the Economic Development Committee, the Investment Committee, the Disclosure Committee, and the Contracts Committee. The committees typically meet monthly.

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

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Governing Body and Key Staff Members

Current members of the Finance Authority, and their respective occupations and term expiration dates, are presented below. One position on the governing body is currently vacant.

Name	Occupation	Term Expires
John E. McDermott (Chair)(1)	President, McDermott Advisory Services, LLC	01/01/2017
William F. Fulginiti (Vice Chair)(2)	Executive Director, New Mexico Municipal League	not applicable
David Martin (Secretary)(1)(2)	Cabinet Secretary, Energy, Minerals and Natural Resources Department, State of New Mexico	not applicable
Katherine Ulibarri (Treasurer)(1)	Vice President for Finance and Operations, Central New Mexico Community College	12/31/2018
Jon Barela(1)(2)	Cabinet Secretary, Economic Development Department, State of New Mexico	not applicable
Tom Clifford(1)(2)	Cabinet Secretary, Department of Finance and Administration	not applicable
Blake Curtis(1) (3)	Chief Executive Officer, Senior Vice President, Curtis & Curtis, Inc., Clovis, New Mexico	01/01/16
Ryan Flynn(1)(2)	Cabinet Secretary, Environment Department, State of New Mexico	not applicable
Steve Kopelman(2)	Executive Director, New Mexico Association of Counties	not applicable
Terry White(1)(3)	Chief Executive Officer of Sunwest Trust, Inc., Albuquerque, New Mexico	01/01/16

(1) Appointed by the Governor of the State and serves at the pleasure of the Governor.

(2) Ex officio member with voting privileges. An ex officio member may designate an alternate member. Alternate members may attend meetings and vote on all matters considered by the Finance Authority. Ex officio members that are cabinet secretaries are appointed to their cabinet positions by the Governor of the State and serve in those capacities at the pleasure of the Governor.

(3) Term has expired but continues to serve until replaced or reappointed.

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Presented below is certain information concerning key staff members of the Finance Authority involved in the issuance of the Series 2016C Bonds and the administration of the Finance Authority's financing programs.

Robert P. Coalter, Chief Executive Officer. Mr. Coalter began serving as the Chief Executive Officer of the Finance Authority in January 2014. Previously, Mr. Coalter served as Executive Director of the Texas Public Finance Authority (TPFA), one of the largest bond issuers in the State of Texas with over $5 billion in outstanding debt. Prior to his work at TPFA, Mr. Coalter served as Assistant Director of Treasury Operations for the Texas Comptroller of Public Accounts for 16 years. He has been employed in various positions within state government for over 20 years, working with senior officials and staff in the both the legislative and executive branches. Mr. Coalter holds a Masters of Business Administration in Finance and has been accountable for the issuance, payment, and compliance of over $90 billion dollars in various municipal instruments during his career.

Robert Brannon, Chief Financial Officer. Mr. Brannon joined the Finance Authority as an accountant in 2008, was promoted to Controller in 2012, and was appointed Interim Chief Financial Officer in 2014. Mr. Brannon has over 12 years of accounting experience, the majority of such time spent with nonprofit community and mission based organizations. Mr. Brannon has a Bachelor of Arts degree in Finance from Temple University, a Bachelor of Arts degree in Psychology from the University of New Mexico, and a Master of Business Administration degree from George Washington University.

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

Zach Dillenback, Chief Lending Officer. Mr. Dillenback joined the Finance Authority in February 2006, and was promoted to Chief Lending Officer in 2012. Mr. Dillenback has over 10 years of experience in the finance industry, the majority of such time being devoted to public finance. He holds a Bachelor of Arts degree in Finance from Florida State University and is in the process of obtaining an Executive Master of Business Administration degree from the University of New Mexico.

Marquita Russel, Chief of Programs. Ms. Russel joined the Finance Authority in September, 2000. Ms. Russel has approximately 20 years of experience in the financial services industry, in both marketing and financial analysis. Prior to joining the Finance Authority, Ms. Russel spent 10 years at the Illinois Development Finance Authority, where she held the positions of Marketing Director and Senior Program Administrator. During that time, Ms. Russel closed more than $1 billion of transactions, ranging from $5,000 microloans to $175 million tax-exempt hospital bonds. Ms. Russel earned her Bachelor of Science degree from Marquette University, Milwaukee, Wisconsin.

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

Legislative Oversight

The Act also provides for the creation of a legislative oversight committee, whose membership is determined by the State Legislative Council. The oversight committee is required to monitor and oversee the operation of the Finance Authority, and in that capacity it, among other things: (i) meets on a regular basis to receive and review reports from the Finance Authority and to review and approve regulations proposed for adoption pursuant to the Act; (ii) monitors and provides assistance and advice on the public project financing program of the

Finance Authority; (iii) oversees and monitors State and local government capital planning and financing; (iv) provides advice and assistance to the Finance Authority on planning, setting priorities for and financing of State and local capital projects; (v) undertakes an ongoing examination of the statutes, constitutional provisions, regulations and court decisions governing State and local government capital financing in the State; and (vi) reports its findings and recommendations, including recommended legislation or necessary changes, to the Governor and to each session of the State legislature (the "Legislature"), and makes available the report and proposed legislation.

The Public Project Revolving Fund Program

General. The Act created the Public Project Revolving Fund (the "PPRF") program of the Finance Authority in 1992 to pay the reasonably necessary costs of originating and servicing loans, grants or securities funded by the PPRF and to make loans or grants and to purchase or sell securities to assist qualified entities in financing the acquisition, construction, improvement, alteration or reconstruction of assets of a long-term capital nature, including land; buildings; water rights; water, sewerage and waste disposal systems; streets; airports; municipal utilities; public recreation facilities; public transportation systems; parking facilities; and machinery, furniture and equipment. Public projects financed through the PPRF in amounts in excess of $1 million per project require specific authorization by the Legislature. As of March 1, 2016, the Finance Authority had made 1,272 PPRF loans totaling approximately $2.66 billion. To implement the PPRF Program, the Finance Authority has been granted the following specific powers:

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

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

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

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

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

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

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

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

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

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

Contingent Liquidity Account. In an effort to pursue its policy of maintaining a sufficient cash balance to meet the borrowing needs of eligible entities and improving the fund and cash balances of the PPRF program, the Finance Authority established a contingency account (the "Contingent Liquidity Account"). Although it will not be pledged to the Series 2016C Bonds, or any other Finance Authority bonds, the Contingent Liquidity Account is intended to enhance the Finance Authority's ability to meet the cash-flow needs of the PPRF program. Funds from the Contingent Liquidity Account may be used to pay debt service on Finance Authority bonds; however, such use is within the sole discretion of the Finance Authority and such funds may also be used for other purposes, including but not limited to payments of unforeseen expenses of the Finance Authority, urgent economic development projects, loan originations, or addressing other purposes as determined by the Finance Authority. As of March 24, 2016, the Contingent Liquidity Account was funded to an amount of approximately $30,365,762. The debt management policy relating to the PPRF was revised on November 19, 2015 to provide that the Contingent Liquidity Account will be funded to an amount no greater than the funding level for the Common Debt Service Reserve Fund. See SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Flow of Funds—Common Debt Service Reserve Fund."

Temporary Borrowing. The Finance Authority has entered into an arrangement (the "Wells Fargo Short-Term Borrowing") with Wells Fargo Bank, National Association ("Wells Fargo") for Wells Fargo to provide to the Finance Authority an amount up to $100,000,000 to reimburse the Finance Authority for loans made to eligible entities that are incurred prior to the issuance of a series of bonds or to make loans to eligible entities by using funds drawn from the Wells Fargo Short-Term Borrowing. Once the amounts are advanced, the Finance Authority has up to 180 days to repay the advancement. The Wells Fargo Short-Term Borrowing is currently scheduled to expire on December 10, 2020. The Wells Fargo Short-Term Borrowing is secured by proceeds of bonds that are anticipated to be issued subsequent to the advances. The Finance Authority has entered into the Wells Fargo Short-Term Borrowing to assist it with its cash flows. The Wells Fargo Short-Term Borrowing is not secured by the Trust Estate. The Finance Authority does not have any current plans to draw upon the Wells Fargo Short-Term Borrowing by the end of the year. However, the Finance Authority reserves the right to draw upon the Wells Fargo Short-Term Borrowing if it is expedient to do so.

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Other Bond Programs and Projects

The Finance Authority also participates in or administers other bond programs designed to provide financing to local governmental entities and state agencies for public projects. Such programs are not secured by the Trust Estate but are secured by other sources of revenues. The following table sets forth the different types of bond programs and the amount of bonds expected to be outstanding under such programs as of May 1, 2016.

Program	Project	Original Principal Amount	Outstanding as of 5/1/2016	Scheduled Final Maturity
Cigarette Tax	UNM Health Sciences Center 2004B	$ 10,000,000	$ 2,410,000	4/1/2019
Transportation	Highways 2006A	150,000,000	7,770,000	12/15/2018
Transportation	Highways 2006B Subordinate	40,085,000	1,500,000	12/15/2016
Transportation	Highways 2008A Subordinate	115,200,000	35,200,000	6/15/2024
Transportation	Highways 2008B Subordinate	220,000,000	100,000,000	12/15/2026
Transportation	Highways 2009A	112,345,000	10,260,000	6/15/2017
Transportation	Highways 2010A-1	95,525,000	30,270,000	12/15/2024
Transportation	Highways 2010A-2 Subordinate	79,100,000	52,355,000	12/15/2021
Transportation	Highways 2010B	461,075,000	444,800,000	6/15/2024
Transportation	Highways 2011A-1 Subordinate	80,000,000	80,000,000	12/15/2026
Transportation	Highways 2011A-2 Subordinate	120,000,000	120,000,000	12/15/2026
Transportation	Highways 2011A-3 Subordinate	84,800,000	84,800,000	12/15/2026
Transportation	Highways 2012	220,400,000	216,555,000	6/15/2026
Transportation	Highways 2014A Subordinate	70,110,000	70,110,000	6/15/2032
Transportation	Highways 2014B-1	61,380,000	61,380,000	6/15/2027
Transportation	Highways 2014B-2 Subordinate	18,025,000	18,025,000	6/15/2027

(Source: The Finance Authority.)

LITIGATION

To the knowledge of the Finance Authority, there is no controversy or litigation known to be pending or threatened to restrain or enjoin the issuance, sale, execution or delivery of the Series 2016C Bonds, the execution, adoption or effectiveness of the Indenture or the levying or collecting of any Revenues the loss of which would materially adversely affect the ability of the Finance Authority to pay debt service on the Series 2016C Bonds, or in any way contesting or affecting the validity or enforceability of the Series 2016C Bonds, the Indenture, or any proceeding and authority of the Finance Authority taken with respect to the foregoing. The Finance Authority will deliver a non-litigation certification as to the foregoing prior to the issuance of the Series 2016C Bonds.

UNDERWRITING

Pursuant to a Bond Purchase Agreement dated April 28, 2016 (the “Bond Purchase Agreement”) between RBC Capital Markets, LLC, as representative of the Underwriters, and the Finance Authority, the Underwriters have agreed to purchase the Series 2016C Bonds from the Finance Authority at a purchase price equal to $73,968,979.32 (being the par amount of the Series 2016C Bonds plus a net original issue premium of $6,634,390.05, and less an underwriting discount of $205,410.73). The Bond Purchase Agreement provides that the Underwriters will purchase all of the Series 2016C Bonds if any are purchased, the obligation to make such purchase being subject to certain terms and conditions set forth in the Bond Purchase Agreement, including the approval of certain legal matters by counsel and certain other conditions.

The prices at which the Series 2016C Bonds are offered to the public (and the yields resulting therefrom) may vary from the initial public offering prices appearing on the inside front cover of this Official Statement. In addition, the Underwriters may allow commissions or discounts from such initial offering prices to dealers and others.

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

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

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

TAX MATTERS

Federal Income Tax

In the opinion of Ballard Spahr LLP, Bond Counsel to the Finance Authority, interest on the Series 2016C Bonds is excludable from gross income for purposes of federal income tax under existing laws as enacted and construed on the date of initial delivery of the Series 2016C Bonds, assuming the accuracy of the certifications of the Finance Authority and continuing compliance by the Finance Authority with the requirements of the Internal Revenue Code of 1986. Interest on the Series 2016C Bonds is not an item of tax preference for purposes of either individual or corporate federal alternative minimum tax ("AMT"); however, interest on Series 2016C Bonds held by a corporation (other than an S corporation, regulated investment company, or real estate investment trust) may be indirectly subject to federal AMT because of its inclusion in the adjusted current earnings of a corporate holder.

Original Issue Premium. Certain of the Series 2016C Bonds may be offered at a premium ("original issue premium") over their principal amount. For federal income tax purposes, original issue premium is amortizable periodically over the term of such Series 2016C Bond through reductions in the holder's tax basis for such Series 2016C Bond for determining taxable gain or loss from sale or from redemption prior to maturity. Amortization of premium does not create a deductible expense or loss. Holders should consult their tax advisors for an explanation of the amortization rules.

Original Issue Discount. Certain of the Series 2016C Bonds may be offered at a discount ("original issue discount") equal generally to the difference between public offering price and principal amount. Original issue discount on a Series 2016C Bond accrues as tax-exempt interest periodically over the term of the Series 2016C Bond. The accrual of original issue discount increases the holder's tax basis in the Series 2016C Bond for determining taxable gain or loss from sale or from redemption prior to maturity. Series 2016C Bondholders should consult their tax advisors for an explanation of the accrual rules.

State of New Mexico Income Tax

Bond Counsel is also of the opinion that under the currently existing laws of the State of New Mexico, interest on the Series 2016C Bonds is excluded from net income of the owners thereof for State of New Mexico income tax purposes.

No Further Opinion

Bond Counsel expresses no opinion regarding any other tax consequences relating to ownership or disposition of, or the accrual or receipt of interest on, the Series 2016C Bonds.

Changes in Federal and State Tax Laws

From time to time, there are Presidential proposals, proposals of various federal committees, and legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to herein or adversely affect the marketability or market value of the Series 2016C Bonds or otherwise prevent holders of the Series 2016C Bonds from realizing the full benefit of the tax exemption of interest on the Series 2016C Bonds. Further, such proposals may impact the marketability or market value of the Series 2016C Bonds simply by being proposed. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to Series 2016C Bonds issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value, marketability or tax status of the Series 2016C Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Series 2016C Bonds would be impacted thereby.

Purchasers of the Series 2016C Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Series 2016C Bonds, and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any proposed or pending legislation, regulatory initiatives or litigation.

LEGAL MATTERS

In connection with the issuance and sale of the Series 2016C Bonds, Ballard Spahr LLP, Salt Lake City, Utah, as Bond Counsel to the Finance Authority, will deliver its opinion in substantially the form included in APPENDIX D. Certain legal matters will be passed upon for the Finance Authority by its General Counsel. Certain matters relating to disclosure will be passed upon for the Finance Authority by Andrews Kurth LLP, Austin, Texas, Disclosure Counsel to the Finance Authority. Certain legal matters will be passed upon for the Underwriters by Hogan Lovells US LLP, Denver, Colorado, counsel to the Underwriters. The counsels involved in this transaction have not participated in any independent verification of the information concerning the financial condition or capabilities of the Finance Authority contained in this Official Statement.

MUNICIPAL ADVISOR

The Finance Authority has retained Western Financial Group, LLC, as municipal advisor in connection with the preparation of this Official Statement and with respect to the issuance of the Series 2016C Bonds. Western Financial Group, LLC is an independent advisory firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities.

FINANCIAL STATEMENTS

The financial statements of the Finance Authority for the year ended June 30, 2015, included in APPENDIX A of this Official Statement, have been audited by REDW, LLC, certified public accountants, Albuquerque, New Mexico, as set forth in its report thereon dated October 30, 2015. REDW, LLC has not been asked to consent to the use of its name and audited financial reports of the Finance Authority in this Official Statement nor has REDW, LLC participated in the preparation of this Official Statement.

In July 2012, the Finance Authority disclosed that what it believed was the audit of its financial statements for the fiscal year ended June 30, 2011 was not completed properly (the "Incomplete Audit"). Upon such discovery, the Finance Authority withdrew the Incomplete Audit. The Finance Authority then initiated an investigation and determined that its former controller had misrepresented the status of the Incomplete Audit and provided financial statements for use with third parties that he falsely represented as "audited." For additional information relating to the Incomplete Audit, see "2011 Audit Situation" at www.nmfa.net/investors/disclosures/.

CONTINUING DISCLOSURE UNDERTAKING

The Finance Authority will execute and deliver a Continuing Disclosure Undertaking in connection with the issuance of the Series 2016C Bonds pursuant to which it will agree to provide the following information:

- to the Municipal Securities Rulemaking Board ("MSRB") in an electronic format prescribed by the MSRB by March 31 of each fiscal year, or the next succeeding business day if March 31 is not a business day (and to the Trustee and to each holder of the Series 2016C Bonds who requests such information):

    1. annual financial information and operating data concerning the Revenues, such information to be of the type set forth in the tables under the caption "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Trust Estate–Agreement Revenues" and in the table captioned "Governmental Gross Receipts Tax Collections Fiscal Years 2010-2011 Through 2014-2015" under the caption "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Trust Estate—The Governmental Gross Receipts Tax–Collection and Distribution Information," in the Official Statement;

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

    3. audited financial statements for the Finance Authority, any Governmental Unit meeting the 20% Test and each additional Governmental Unit designated by the Finance Authority, or, if audited financial statements are not available by March 31 of each fiscal year, or the next succeeding business day if March 31 is not a business day, unaudited financial statements and audited financial statements as soon as such audited financial statements become available;

- in a timely manner to the MSRB in an electronic format prescribed by the MSRB, notice of a failure to provide the required annual financial information on or before the date specified in its written continuing disclosure undertaking;

- in a timely manner, but not more than ten business days after the occurrence of the event, to the MSRB in an electronic format prescribed by the MSRB, notice of the occurrence of any of the following events (if applicable) with respect to the Series 2016C Bonds:

    1. principal and interest payment delinquencies;

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

    3. unscheduled draws on credit enhancements reflecting financial difficulties;

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

5. adverse tax opinions or the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Series 2016C Bonds;

6. defeasances;

7. tender offers;

8. bankruptcy, insolvency, receivership or similar proceedings; and

9. rating changes.

- in a timely manner, but not more than ten business days after the occurrence of the event, to the MSRB in an electronic format prescribed by the MSRB, notice of the occurrence of any of the following events (if applicable) with respect to the Series 2016C Bonds, if material:

1. mergers, consolidations, acquisitions, the sale of all or substantially all of the assets of the obligated persons or their termination;

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

3. non-payment related defaults;

4. modification of rights of owners of the Series 2016C Bonds;

5. bond calls; and

6. release, substitution, or sale of property securing repayment of the Series 2016C Bonds.

The Finance Authority may from time to time choose to provide notice of the occurrence of certain other events, in addition to those listed above, if, in the judgment of the Finance Authority, such other event is material with respect to the Series 2016C Bonds. However, the Finance Authority does not undertake to commit to provide any such notice of the occurrence of any material event except those events listed above.

The Finance Authority reserves the right to modify from time to time the Continuing Disclosure Undertaking, including the specific types of information provided or the format of the presentation of such information, to the extent necessary or appropriate in the judgment of the Finance Authority; provided that, the Finance Authority has agreed that any such modification will be done in a manner consistent with the Rule as determined by an opinion of counsel experienced in federal securities law selected by the Finance Authority. The Finance Authority acknowledges that its undertaking pursuant to the Rule described under this heading is intended to be for the benefit of the Owners of the Series 2016C Bonds and will be enforceable by the Owners; provided that the right to enforce the provisions of this undertaking are limited to a right to obtain specific performance of the Finance Authority's obligations, and any failure by the Finance Authority to comply with the provisions of the undertaking will not be an event of default with respect to the Series 2016C Bonds.

None of the Governmental Units have represented annual Loan repayment obligations exceeding 20% of estimated Revenues in the first full year immediately following issuance of the Series 2016C Bonds. See APPENDIX F for a discussion of Loans to Governmental Units with the largest outstanding principal loan balances.

In July 2012, the Finance Authority disclosed that what it believed was the audit of its financial statements for the fiscal year ended June 30, 2011 was not properly completed (the "Incomplete Audit"). See "FINANCIAL STATEMENTS." Due to the Incomplete Audit, the Finance Authority was unable to file its audit for the fiscal year ended June 30, 2011 in a manner that was in material compliance with its previous undertakings. Eventually, the audit for fiscal year ended June 30, 2011 was completed and made available, and the Finance Authority filed such audit with the MSRB as specified in its disclosure undertakings. In addition, the Finance Authority reports that it did not provide notice to the MSRB of an upgrade on its Subordinate Lien Bonds by Moody's in April 2011 from Aa3 to Aa2. The Finance Authority has since filed notice of such upgrade with the MSRB.

RATINGS

S&P and Moody's have assigned ratings of "AAA" and "Aa1," respectively, to the Series 2016C Bonds. An explanation of the significance of such ratings may be obtained from S&P and Moody's, respectively.

Such ratings reflect only the views of such organizations. The ratings are not a recommendation to buy, sell or hold the Series 2016C Bonds and there is no assurance that such ratings will continue for any given period of time or that such ratings will not be revised downward or withdrawn entirely by the rating agencies if, in their judgment, circumstances so warrant. Any downward revision or withdrawal of the ratings given to the Series 2016C Bonds may have an adverse effect on the market price of the Series 2016C Bonds. The Municipal Advisor has not undertaken any responsibility to bring to the attention of the owners of the Series 2016C Bonds any proposed revision or withdrawal of the ratings on the Series 2016C Bonds, or to oppose any such proposed revision or withdrawal. The Finance Authority undertakes no responsibility to oppose any such revision or withdrawal. Any such downward revision or withdrawal of the ratings or other actions by a rating agency may have an adverse effect on the market price of the Series 2016C Bonds.

INVESTMENT CONSIDERATIONS

Availability of Revenues

The amount of Revenues actually received by the Finance Authority may be affected by several factors. Among other things, the amount of governmental gross receipts taxes that will be collected and distributed to the Finance Authority is subject to fluctuation based on the activities that generate those taxes, including general economic conditions. There can be no guarantee that the NMFA's Portion of the Governmental Gross Receipts Taxes collected in the future will be consistent with historical collection trends. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Trust Estate—The Governmental Gross Receipts Tax."

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

As previously stated, the Series 2016C Bonds are also payable from Agreement Revenues. Agreement Revenues are derived from a variety of different sources including enterprise system revenues, property taxes and specific taxes. Those sources of Agreement Revenues may be adversely affected by a variety of factors including, but not limited to, general economic conditions, the demand and cost of certain services and governmental actions. There can be no guarantee that future Agreement Revenues will be consistent with historical receipts.

The mandate from the Budget Control Act of 2011 that became effective in March 2013 requires a reduction of federal spending ("Sequestration"). The Finance Authority receives an insignificant amount of federal revenues including federally provided interest subsidies for the Finance Authority's Series 2010A-2 Bonds. In addition, various entities throughout the State of New Mexico have been receiving federal revenues. While some of those entities may experience a reduction in the receipt of federal revenues due to Sequestration, the Finance Authority does not believe that any such reductions will impact the ability of the Finance Authority to pay debt service on its Bonds.

ADDITIONAL INFORMATION

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

Any statements in this Official Statement involving matters of opinion, whether or not expressly stated as such, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the Finance Authority and the purchasers or holders of any of the Series 2016C Bonds.

NEW MEXICO FINANCE AUTHORITY

By /s/ John E. McDermott
John E. McDermott,
Chair

By /s/ Robert P. Coalter
Robert P. Coalter,
Chief Executive Officer

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APPENDIX A

AUDITED FINANCIAL STATEMENTS OF THE FINANCE AUTHORITY
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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New Mexico Finance Authority
(A Component Unit of the State of New Mexico)

Financial Statements, Supplemental Information
and
Independent Auditor's Report

June 30, 2015 and 2014

REDW LLC
CPAs | Business & Financial Advisors

New Mexico Finance Authority
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New Mexico Finance Authority

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New Mexico Finance Authority

Official Roster

Year Ended June 30, 2015

Governing Board
John E. McDermott, Chair
William Fulginiti, Vice Chair
David Martin, Secretary
Katherine Ulibarri, Treasurer
Steve Kopelman, Member
Ryan Flynn, Member
Tom Clifford, Member
Jon Barela, Member
Jerry L. Jones, Member
Blake Curtis, Member
Terry White, Member

Chief Executive Officer
Robert P. Coalter

Chief Financial Officer
Robert Brannon

REDW LLC
CPAs | Business & Financial Advisors
redw.com

Independent Auditor's Report

Governing Board
New Mexico Finance Authority
and
Mr. Timothy Keller
New Mexico Office of the State Auditor
Santa Fe, NM

Report on the Financial Statements

We have audited the accompanying financial statements of the New Mexico Finance Authority (the "Authority"), a component unit of the State of New Mexico, as of and for the years ended June 30, 2015 and 2014, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

Albuquerque
7425 Jefferson St NE
Albuquerque, NM 87109
P 505.998.3200
F 505.998.3333

Phoenix
5353 N 16th St, Suite 200
Phoenix, AZ 85016
P 602.730.3600
F 602.730.3699

Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of June 30, 2015 and 2014, and the changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The accompanying supplementary schedules, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 30, 2015, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

REDW LLC

Albuquerque, New Mexico
October 30, 2015

New Mexico Finance Authority
Management's Discussion and Analysis
June 30, 2015 and 2014

Introduction

This section of the New Mexico Finance Authority's (the "Authority") annual financial statements presents management's discussion and analysis of the Authority's financial position at June 30, 2015 and its financial performance during the fiscal year then ended. This section should be read together with the Authority's financial statements and accompanying notes.

The New Mexico Finance Authority

The Authority was created by the New Mexico State Legislature in 1992 to finance infrastructure projects for the state's counties, cities, school districts and certain departments of the state government. The objective was to provide low-cost financing for borrowers who might not otherwise be able to access the tax-exempt bond market on a cost-effective basis. The 1992 statute created the Public Project Revolving Fund (PPRF) as the vehicle to accomplish this financing objective. As authorized by the statute, the Authority issues tax-exempt PPRF bonds to obtain the funds in which it loans to New Mexico governmental entities. The statute created the Governmental Gross Receipts Tax as a source of funding for Authority operations and to serve as a credit enhancement for the Authority's bonds. Although the legislature has created additional program responsibilities for the Authority, the PPRF remains the core of its activities.

Overview of the Financial Statements

The financial statements have been prepared using the economic resources measurement focus and accrual basis of accounting in accordance with generally accepted accounting principles. The Authority's basic financial statements are comprised of the following:

- The *Statement of Net Position* presents information on the assets and liabilities of the Authority, with the difference between the assets and the liabilities reported as net position. Over time, increases or decreases in net position serve as a useful indicator of whether financial position is improving or deteriorating.
- The *Statement of Revenues, Expenses and Changes in Net Position* present information reflecting how the net position of the Authority changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the cash flows. Thus, revenues and expenses are reported in the statement for some items that will only result in cash flows in future fiscal periods.
- The *Statement of Cash Flows* reports the cash flows from operating activities, noncapital financing activities, capital and related financing activities and investing activities, and the resulting change in cash and cash equivalents during the fiscal year.

The accompanying notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes can be found immediately following the financial statements.

Financial Highlights

- The Authority's overall financial improved slightly in the past year. The key indicator is total net position which increased by $40.7 million or 8.9%.
- During the fiscal year, unrestricted cash increased 9.4% or $1.9 million. Restricted cash increased by .4% or $.4 million. Restricted investments increased by 52.5% or $96.5 million.
- Loans receivable remained consistent from previous year.
- Intergovernmental receivables decreased by $12.1 million or 10.2%, primarily as a result of payments received in fiscal year 2015 and restructuring of the Administrative Office of the Courts intergovernmental receivable.
- Bonds payable increased by $8.7 million or 0.8% in 2015, the result of issuing of $166.9 million of new bonds, principal payments on outstanding bonds of $162.3 million, and amortization of bond premium of $4.1 million.
- Undisbursed loan proceeds increased by $43.2 million or 150.3% during 2015 due to the timing of a bond issuance at the end of the fiscal year.
- Appropriation revenue decreased by $5.9 million in fiscal year 2015, representing a 13.8% decrease from fiscal year 2014. The reduction reflects the closing out of all tranches from the appropriation for the State Small Business Credit Initiative program.
- The Authority experienced a $1.4 million or 31.0% decrease in administrative fees revenue from $4.6 million in 2014 to $3.2 million in 2015. This drop in revenue was in direct relation to the decreased number of loans in 2015 compared to 2014.
- Expenses decreased 5.4% from $114.9 million in 2014 to $108.7 million in 2015, representing an expected decrease of $6.2 million.
- Grant revenue and corresponding activity increased 15.9% or $8.8 million as the Authority experienced increased grant activity within the Colonias and Drinking Water programs during the year.
- There was one reversion to the State General Fund for fiscal year 2015 of $500 thousand related to the close out of a loan in the Behavioral Health program.

Statement of Net Position

The following presents condensed, combined statements of net position as of June 30, 2015, 2014, and 2013, with the dollar and percentage change:

	2015	Restated 2014	Restated 2013	Net Increase/ (Decrease)	Percentage Increase/ (Decrease)
Assets					
Cash and equivalents					
Unrestricted	$ 21,656,317	$ 19,792,613	$ 116,073,324	$ 1,863,704	9.4%
Restricted	113,366,876	112,880,142	109,965,262	486,734	0.4%
Investments – restricted	280,161,230	183,692,467	131,565,455	96,468,763	52.5%
Loans receivable, net of allowance	1,178,795,528	1,179,166,365	1,231,232,043	(370,837)	0.0%
Intergovernmental receivables	106,092,483	118,148,921	125,274,549	(12,056,438)	-10.2%
Other receivables	7,798,937	10,258,000	10,960,455	(2,459,063)	-24.0%
Capital assets	4,867	104,378	220,772	(99,511)	-95.3%
Other assets	19,500	19,500	118,630	-	0.0%
Total assets	**$ 1,707,895,738**	**$ 1,624,062,386**	**$ 1,725,410,490**	**$ 83,833,352**	5.2%
Deferred Outflows of Resources					
Deferred charge on refunding	$ 184,242	$ 1,191,181	$ -	$ (1,006,939)	-84.5%
Total deferred outflows of resources	**$ 184,242**	**$ 1,191,181**	**$ -**	**$ (1,006,939)**	-84.5%
Liabilities					
Bonds payable, net	$ 1,056,903,674	$ 1,048,141,351	$ 1,180,405,517	$ 8,762,323	0.8%
Undisbursed loan proceeds	71,940,001	28,744,630	45,485,533	43,195,371	150.3%
Advanced loan payments	74,332,049	72,189,707	68,380,111	2,142,342	3.0%
Accounts payable, accrued payroll and compensated absences	643,540	657,934	831,236	(14,394)	-2.2%
Line of credit	-	12,006,298	-	(12,006,298)	-100.0%
Other liabilities	4,254,194	4,200,346	4,998,215	53,848	1.3%
Total liabilities	**1,208,073,458**	**1,165,940,266**	**1,300,100,612**	**42,133,192**	3.6%
Net Position					
Invested in capital assets	4,867	104,378	220,772	(99,511)	-95.3%
Restricted for program commitments	483,282,743	445,061,112	211,361,534	38,221,631	8.6%
Unrestricted	16,718,912	14,147,811	213,727,572	2,571,101	18.2%
Total net position	**500,006,522**	**459,313,301**	**425,309,878**	**40,693,221**	8.9%
Total liabilities and net position	**$ 1,708,079,980**	**$ 1,625,253,567**	**$ 1,725,410,490**	**$ 82,826,413**	**5.1%**

The Authority's overall financial position increased slightly in the past year. The key indicator is total net position which increased by $40.7 million or 8.9%.

The 2013 net position was not reclassified as its inclusion in the financials is limited to the MD&A. Please see Note 2 Summary of Significant Accounting Policies – Net Position.

Assets

Loans receivable decreased by $0.4 million or 0.1% in 2015. New loans made during the year totaled $149.6 million while loan payments received were $152.3 million.

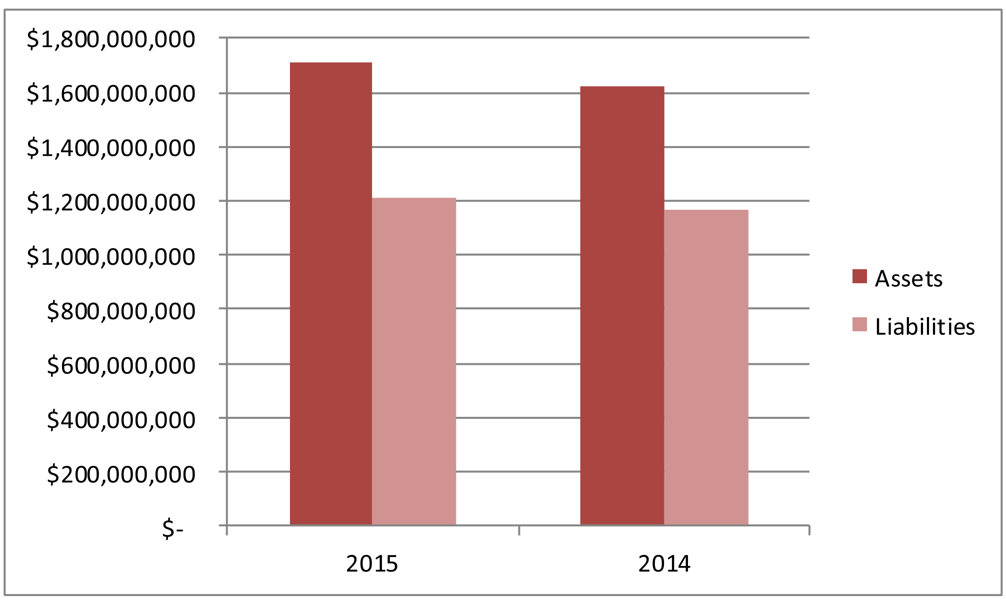
The allowance for uncollectible loans decreased $2.4 million due to changes in estimated losses based on the risk evaluations performed by a third party. The number and amount of early loan payoffs increased significantly from 2014 as interest rates began to fall.

Total cash and investments increased 31.2% from $316.4 million in 2014 to $415.2 million in 2015 due primarily to the closing of the 2015B bonds at the end of the fiscal year.

Liabilities

Bonds payable increased by $8.7 million in 2015 resulting from the issuance of $166.9 million of new bonds, principal payments and defeasances on outstanding bonds of $162.3 million, and amortization of bond premium of $4.1 million. Undisbursed loan proceeds increased by $43.2 million during 2015 due to a bond issuance occurring close to fiscal year-end. Advanced loan payments experienced a $2.1 million or 3.0% increase from 2014.

The following chart indicates the ratio of assets to liabilities:



Statement of Revenue, Expenses and Changes in Net Position

The following table presents the condensed combined statement of revenue, expenses and changes in net position for 2015, 2014, and 2013 fiscal years:

	2015	Restated 2014	Restated 2013	Net Increase/ (Decrease)	Percentage Increase/ (Decrease)
Operating Revenues					
Administrative and processing fees	$ 3,197,684	$ 4,631,509	$ 3,395,491	$ (1,433,825)	-31.0%
Interest on loans	48,645,757	48,723,703	52,942,880	(77,946)	-0.2%
Interest on investments	925,910	488,741	139,403	437,169	89.4%
Total operating revenues	52,769,351	53,843,953	56,477,774	(1,074,602)	-2.0%
Expenses					
Grants to local governments	54,240,349	50,824,441	48,828,884	3,415,908	6.7%
Bond issuance costs	1,243,632	674,398	10,918,272	569,234	84.4%
Professional services	2,146,157	2,189,377	2,651,079	(43,220)	-2.0%
Salaries and benefits	4,361,363	4,284,392	3,926,740	76,971	1.8%
Debt service – interest expense	46,707,522	54,319,247	53,026,726	(7,611,725)	-14.0%
Other expense	(11,884)	2,580,937	4,636,406	(2,592,821)	-100.5%
Total operating expenses	108,687,139	114,872,792	123,988,107	(6,185,653)	-5.4%
Net operating loss	(55,917,788)	(61,028,839)	(67,510,333)	5,111,051	-8.4%
Nonoperating Revenues (Expenses)					
Appropriation revenue	37,157,026	43,086,860	34,033,130	(5,929,834)	-13.8%
Grant revenue	64,031,220	55,224,996	48,692,048	8,806,224	15.9%
Reversions and transfers	(4,577,237)	(3,931,693)	(2,953,157)	(645,544)	16.4%
	96,611,009	94,380,163	79,772,021	2,230,846	2.4%
Increase in net position	40,693,221	33,351,324	12,261,688	7,341,897	22.0%
Net position, beginning of year, as restated	459,313,301	425,961,977	413,048,190	33,351,324	
Net position, end of year	**$ 500,006,522**	**$ 459,313,301**	**$ 425,309,878**	**$ 40,693,221**	**8.9%**

Operating revenue decreased 2.0% to $52.8 million in 2015. Interest on investments increased, experiencing 89.4% incline compared to 2014 due to a larger portion of cash being invested in long-term investments. Appropriation revenue decreased 13.8% while grant revenue increased 15.9%. The loan interest decline directly relates to lower outstanding loans receivable.

Overall operating costs decreased 5.4% due to increased grant expenses of $3.4 million and a decrease of interest expense of $7.6 million. The decrease in interest expense was due to recognition of amortized bond premium expense for 2004 and 2005 called bonds. Grant expense increased in 2015 after grant activity recovery efforts in fiscal years 2013 and 2014.

Long-Term Debt

The Authority's long-term debt consists of outstanding bond issues related to the various programs administered by the Authority. At the end of fiscal year 2015, the total amount outstanding was $1.1 billion (excluding the $1.4 billion in GRIP bonds which are administered

by, but are not a direct liability of the Authority). More detailed information about the Authority's long-term debt is presented in Note 7 to the financial statements.

During the fiscal year, the Authority issued $166.9 million in PPRF bonds, primarily to directly fund loans and to reimburse the PPRF loan fund for loans already made.

Programs

The Authority accounts for each of its programs separately, each with its own assets, liabilities, net position, income and expense. The Public Project Revolving Fund is highlighted in the following discussion due to the significance of the program.

Public Project Revolving Fund

The Authority began its existence in 1992 to administer the PPRF. The mission of the PPRF is to coordinate the planning and financing of state and local public projects with borrowers who could not, on their own, access the bond market on a cost-effective basis. Qualified entity's, including without limitation counties, municipalities and school districts, are eligible to borrow from the PPRF. Since 1993, the PPRF has made 1,228 loans totaling $2.6 billion.

The PPRF makes loans of less than $5 million from its own funds on hand. It then replenishes its cash balance at a later date by "packaging" the loans as collateral and selling tax-exempt bonds. Loans for amounts larger than $5 million are funded by closing the loans at the same time a reimbursement bond issue closes, thus ensuring a precise matching of loan and bond interest rates.

The PPRF operates, in many respects, in the same manner as a bank or other lending institution. Infrastructure finance agencies similar to the PPRF are often called "bond banks." Financial statements for the PPRF are presented in the following pages in a format similar to that employed by commercial banking organizations.

New Mexico Finance Authority
Management's Discussion and Analysis
June 30, 2015 and 2014

Public Project Revolving Fund
Statements of Net Position
June 30

	2015	2014	Restated 2013	Net Increase/ (Decrease)	Percentage Increase/ (Decrease)
Assets					
Cash and equivalents					
Unrestricted	$ 21,129,169	$ 18,662,427	$ 79,007,637	$ 2,466,742	13.2%
Restricted	74,239,292	86,535,872	79,173,378	(12,296,580)	-14.2%
Restricted investments	231,414,125	122,591,262	130,787,736	108,822,863	88.8%
Accounts receivable and other	6,462,198	8,794,009	10,367,285	(2,331,811)	-26.5%
Loans receivable, net of allowance	1,058,275,504	1,081,631,189	1,138,450,511	(23,355,685)	-2.2%
Due from the State of New Mexico	96,135,000	104,525,000	108,025,000	(8,390,000)	-8.0%
Capital assets	(29,209)	70,302	186,696	(99,511)	-141.5%
Other assets	7,824,918	9,353,716	13,073,586	(1,528,798)	-16.3%
Total assets	**$ 1,495,450,997**	**$ 1,432,163,777**	**$ 1,559,071,829**	**$ 63,287,220**	4.4%
Deferred Outflows of Resources					
Deferred charge on refunding	$ 184,242	$ 1,191,181	$ -	$ (1,006,939)	-84.5%
Total deferred outflows of resources	**$ 184,242**	**$ 1,191,181**	**$ -**	$ (1,006,939)	-84.5%
Liabilities					
Accounts payable and accrued payroll liabilities	$ 1,445,741	$ 2,751,301	$ 6,202,814	$ (1,305,560)	-47.5%
Undisbursed loan proceeds	71,877,909	28,682,538	45,423,441	43,195,371	150.6%
Borrowers' debt service and reserve deposits	77,563,762	86,969,969	72,016,499	(9,406,207)	-10.8%
Bonds payable, net	1,048,093,351	1,036,144,409	1,165,236,955	11,948,942	1.2%
Total liabilities	**1,198,980,763**	**1,154,548,217**	**1,288,879,709**	**44,432,546**	3.8%
Net Position					
Invested in capital assets	(29,209)	70,302	186,696	(99,511)	-141.5%
Restricted for program commitments	276,556,622	262,175,614	103,752,754	14,381,008	5.5%
Unrestricted	20,127,063	16,560,825	166,252,670	3,566,238	21.5%
Total net position	**296,654,476**	**278,806,741**	**270,192,120**	**17,847,735**	6.4%
Total liabilities and net position	**$ 1,495,635,239**	**$ 1,433,354,958**	**$ 1,559,071,829**	**$ 62,280,281**	**4.3%**

Loan Volume

	2015	2014	Since Inception
Amount of loans made	$149.2 million	$104.0 million	$2.51 billion
Number of loans made	49	63	1,228
Average loan size	$3.01 million	$1.63 million	$2.1 million

Public Project Revolving Fund
Statements of Revenue, Expenses and Changes in Net Position
For the Years Ended June 30

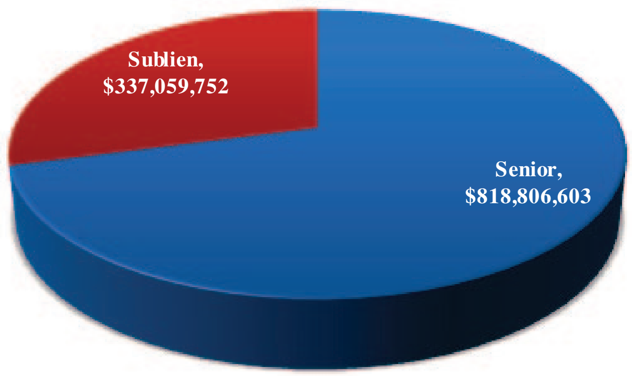
	2015	2014	Restated 2013	Net Increase/ (Decrease)	Percentage Increase/ (Decrease)
Interest Income					
Loans	$ 46,430,667	$ 46,548,780	$ 50,708,332	$ (118,113)	-0.3%
Investments	504,597	245,422	127,387	259,175	105.6%
Total interest income	46,935,264	46,794,202	50,835,719	141,062	0.3%
Interest Expense					
Bonds	46,321,567	53,772,342	52,317,500	(7,450,775)	-13.9%
Short-term borrowing	359,592	144,082	94,931	215,510	149.6%
Total interest expense	46,681,159	53,916,424	52,412,431	(7,235,265)	-13.4%
Net Interest Income (Loss)					
Interest income (loss) less interest expense	254,105	(7,122,222)	(1,576,712)	7,376,327	-103.6%
Provision for loan losses	62,215	1,900,656	(699,842)	(1,838,441)	-96.7%
Net interest loss after provision for loan losses	316,320	(5,221,566)	(2,276,554)	5,537,886	-106.1%
Noninterest Income					
Loan administration fees	1,819,441	1,451,116	1,659,473	368,325	25.4%
Appropriation revenues	24,267,401	29,091,277	26,585,797	(4,823,876)	-16.6%
Total noninterest income	26,086,842	30,542,393	28,245,270	(4,455,551)	-14.6%
Noninterest Expense					
Salaries and benefits	2,322,032	2,179,170	2,507,794	142,862	6.6%
Professional services	1,048,599	970,669	874,564	77,930	8.0%
Bond issuance costs	1,243,632	674,398	674,703	569,234	84.4%
Other	908,102	1,561,926	10,808,047	(653,824)	-41.9%
Total noninterest expense	5,522,365	5,386,163	14,865,108	136,202	2.5%
Excess of revenues over expenditures	20,880,797	19,934,664	11,103,608	946,133	4.7%
Transfers to other funds or agencies	(3,033,062)	(11,320,043)	(7,490,781)	8,286,981	-73.2%
Increase (decrease) in net position	**17,847,735**	**8,614,621**	**3,612,827**	**9,233,114**	107.2%
Net position, beginning of year, as restated	**278,806,741**	**270,192,120**	**266,579,293**	**8,614,621**	3.2%
Net position, end of year	**$ 296,654,476**	**$ 278,806,741**	**$ 270,192,120**	**$ 17,847,735**	**6.4%**

Net Interest Income

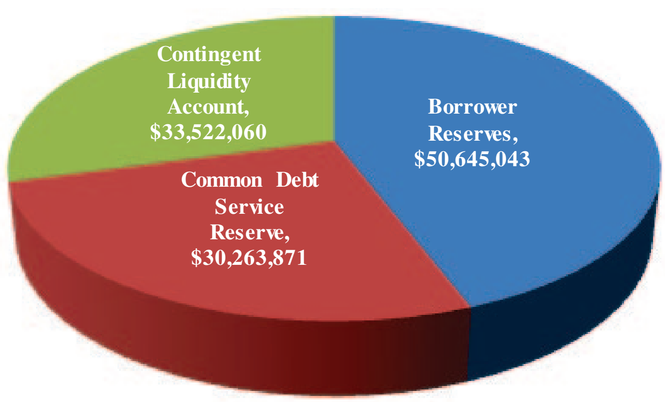
As a not-for profit lender, the Authority attempts to pass on to its borrowers the same rates it pays on the bonds it issues to provide the funds it loans. Therefore, in its planning and management processes, the Authority attempts to achieve approximately zero net interest income in the PPRF. In 2015, the PPRF had net interest income of $0.3 million, compared to a $7.1 million loss in 2014. This is a result of market conditions in which $87.9 million in PPRF loans exercised their early call provisions in 2014 and 2015 and the Authority relent those loan repayments at moderately lower interest rates. See Note 14 Contingencies – Loan Prepayment and Bond Call Provisions.

PPRF Indentures

The PPRF maintains a General Indenture of Trust (Senior Lien) and a Subordinated Indenture of Trust (Sub Lien). At the end of the fiscal year there were 651 loans including intergovernmental totaling $1.2 billion outstanding; 71% in the Senior and 29% in the Subordinate. This is an increase of 2.64% from $1.19 billion in 2014 primarily as a result of increased loan prepayments, payoffs, and natural maturities. In turn this has increased cash which will be used to call and defease bonds in 2016.



Currently the Senior Lien has a AAA rating from Standard & Poors and a Aa2 from Moodys and the Subordinate Lien a AA and Aa1 respectively. In order to maintain such a rating the PPRF holds reserves and credit enhancements. These include the Common Debt Service Reserve, Contingent Liquidity Account, and pooled borrower debt service reserve. The Common Debt Service Reserve is subject to the General indenture of Trust for the Senior Lien, borrower reserves are pledged to the individual loans within their respective liens, and the Contingent Liquidity Account is considered to be held outside the General and Subordinated Indentures of Trust.



Governmental Gross Receipts Tax

The Governmental Gross Receipts Tax (GGRT) is a tax imposed on the gross receipts of municipalities for services rendered to customers such as water, sewer, and solid waste collection. 75% of GGRT collections are appropriated to the PPRF. The Authority's share of GGRT collections was $26.5 million in 2015, a $0.8 million decrease from the $27.3 million received in 2014. The GGRT funds are used as follows:

- As a credit enhancement for the PPRF bonds. In the event of defaults on loans, GGRT funds can be used to make up for any shortfall in funds available for bond payments.
- To fund loans to borrowers, especially smaller loans which the Authority may choose to not reimburse in a bond issue.
- To pay operating expenses of the PPRF.

Other Programs

The PPRF accounts for a large portion of total Authority activity. At June 30, 2015, and for the year then ended, the relationships were as follows:

	PPRF	Total Authority	% PPRF
Total assets	$1.5 billion	$1.7 billion	88%
Net assets	$296.7 million	$500.0 million	59%
Revenues	$73.0 million	$90.2 million	81%

There are 23 other programs administered by the Authority, some of which are loan programs and some of which are grant programs.

A rise occurred in grant volume for the Drinking Water Revolving Loan Fund program because of increased grant subsidies being awarded for qualifying drinking water facilities projects in New Mexico. The cause was due to various larger projects being approved during the fiscal year.

Similar to the Drinking Water Revolving Loan Fund program, an increase in the Colonias Infrastructure program grant activity reflects the fact that the program saw an increased number of projects being approved during 2015. This is the result of the Colonias Infrastructure Act taking effect July 1, 2011 and the number of approved projects increasing as more funding is available.

A for profit limited liability company operated by the Authority has been awarded a total of $201 million allocation of New Markets Tax Credits by the U.S. Treasury Department. Under this program, the Authority can provide federal income tax credits to incentivize businesses to create jobs and otherwise contribute to the economic development of the state. Prior to 2015, the Authority made twelve awards totaling $151.3 million. During 2015, the Authority made no

additional awards. The tax credits have no impact on the financial statements of the Authority beyond the expenses incurred to administer the program and the fees charged to applicants and recipients of the credits, which are minimal.

Contacting the Authority's Financial Management

This financial report is designed to provide citizens, taxpayers, customers, legislators, investors, and creditors with a general overview of the Authority's finances and to demonstrate the Authority's accountability for the money it receives. Substantial additional information is available on the Authority's website at www.nmfa.net. If you have any questions about this report or need additional financial information, contact:

New Mexico Finance Authority (NMFA)
207 Shelby Street
Santa Fe, New Mexico 87501

Financial Statements

NEW MEXICO FINANCE AUTHORITY
Statements of Net Position
June 30, 2015 and 2014

	2015	2014, restated (Note 16)
Assets		
Current assets		
Cash and cash equivalents		
Unrestricted	**$ 21,656,317**	$ 19,792,613
Restricted	**113,366,876**	112,880,142
Interest receivable	**6,657,501**	7,431,412
Grants and other receivable	**950,402**	2,640,545
Prepaid rent	**19,500**	19,500
Administrative fees receivable	**191,034**	186,043
Loans receivable, net of allowance	**96,135,492**	93,384,387
Intergovernmental receivables	**6,499,184**	7,341,438
Total current assets	**245,476,306**	243,676,080
Noncurrent assets		
Restricted investments	**280,161,230**	183,692,467
Loans receivable, net of allowance	**1,082,660,036**	1,085,781,978
Intergovernmental receivables	**99,593,299**	110,807,483
Capital assets, net of accumulated depreciation	**4,867**	104,378
Total assets	**$ 1,707,895,738**	$ 1,624,062,386
Deferred Outflows of Resources		
Deferred charge on refunding	**$ 184,242**	$ 1,191,181
Total deferred outflows of resources	**$ 184,242**	$ 1,191,181
Liabilities		
Current liabilities		
Accounts payable	**$ 244,901**	$ 292,954
Accrued payroll	**112,716**	91,540
Compensated absences	**285,923**	273,440
Bond interest payable	**3,482,270**	3,625,714
Undisbursed loan proceeds	**71,940,001**	28,744,630
Advanced loan payments	**74,332,049**	72,189,707
Line of credit	**-**	12,006,298
Bonds payable, net	**75,943,000**	70,430,000
Other liabilities	**771,924**	574,632
Total current liabilities	**227,112,784**	188,228,915
Noncurrent liabilities		
Bonds payable	**980,960,674**	977,711,351
Total liabilities	**1,208,073,458**	1,165,940,266
Net Position		
Net investment in capital assets	**4,867**	104,378
Restricted for program commitments	**483,282,743**	445,061,112
Unrestricted	**16,718,912**	14,147,811
Total net position	**500,006,522**	459,313,301
Total liabilities and net position	**$ 1,708,079,980**	$ 1,625,253,567

The accompanying notes are an integral part of these financial statements.

	2015	2014, restated (Note 16)
Operating Revenues		
Administrative fees revenue	**$ 2,385,583**	$ 3,199,839
Processing fee	**812,101**	390,004
Interest on loans	**48,645,757**	48,723,703
Interest on investments	**925,910**	488,741
Total operating revenues	**52,769,351**	52,802,287
Operating Expenses		
Grants to others	**54,240,349**	50,824,441
Bond issuance costs	**1,243,632**	674,398
Administrative fees	**134,365**	189,383
Professional services	**2,146,157**	2,189,377
Salaries and benefits	**4,361,363**	4,284,392
Other operating costs	**1,632,550**	1,757,243
Depreciation expense	**102,187**	116,394
Bond interest expense	**46,707,522**	54,319,247
Provision for loan losses	**(2,370,845)**	(822,108)
Interest expense	**489,859**	298,359
Total operating expenses	**108,687,139**	113,831,126
Net operating loss	**(55,917,788)**	(61,028,839)
Nonoperating Revenues (Expenses)		
Appropriation revenue	**37,157,026**	43,086,860
Grant revenue	**64,031,220**	55,224,996
Transfers to the State of New Mexico	**(4,577,237)**	(3,931,693)
Increase in net position	**40,693,221**	33,351,324
Net position, beginning of year, as restated (Note 16)	**459,313,301**	425,961,977
Net position, end of year	**$ 500,006,522**	$ 459,313,301

The accompanying notes are an integral part of these financial statements.

	2015	2014, restated (Note 16)
Cash flows from operating activities		
Cash paid for employee services	**$ (4,327,704)**	$ (4,277,609)
Cash paid to vendors for services	**(3,221,411)**	(4,879,471)
Intergovernmental payments received	**12,056,839**	7,125,630
Loans payments received	**154,100,150**	156,697,761
Loans funded	**(104,764,054)**	(116,741,280)
Grants to local governments	**(54,240,349)**	(50,824,441)
Cash received from federal government for revolving loan funds	**24,735,441**	12,448,854
Interest on loans	**49,419,453**	49,600,877
Proceeds from line of credit	**30,573,802**	17,536,712
Payments of line of credit	**(42,580,100)**	(5,530,414)
Administrative fees received	**3,083,524**	4,268,188
Net cash provided by operating activities	**64,835,591**	65,424,807
Cash flows from noncapital financing activities		
Appropriations received from the State of New Mexico	**37,157,026**	43,086,860
Cash transfers from the State of New Mexico	**39,356,801**	42,775,670
Cash transfers to the State of New Mexico	**(4,638,259)**	(3,931,221)
Proceeds from the sale of bonds, including premiums	**186,584,472**	62,595,000
Payment of bonds	**(162,345,000)**	(197,526,239)
Bond issuance costs	**(1,243,632)**	(674,398)
Bond interest expense paid	**(61,811,035)**	(53,477,874)
Net cash provided by (used in) noncapital financing activities	**33,060,373**	(107,152,202)
Cash flows from investing activities		
Purchase of investments	**(113,028,816)**	(60,323,486)
Sale of investments	**16,557,380**	8,196,474
Interest received on investments	**925,910**	488,576
Net cash used in investing activities	**(95,545,526)**	(51,638,436)
Net increase (decrease) in cash and cash equivalents	**2,350,438**	(93,365,831)
Cash and cash equivalents, beginning of year	**132,672,755**	226,038,586
Cash and cash equivalents, end of year	**$ 135,023,193**	$ 132,672,755

The accompanying notes are an integral part of these financial statements.

	2015	2014, restated (Note 16)
Reconciliation of net operating loss to net cash provided by (used in) operating activities		
Net operating loss	**$ (55,917,788)**	$ (61,028,839)
Adjustments to change in net position		
Depreciation	**102,187**	116,394
Amortization on bond premiums	**(15,203,907)**	(2,298,264)
Provision for loan losses	**(62,215)**	(1,238,151)
Interest on investments	**(925,909)**	(488,741)
Bond interest paid	**62,039,377**	56,766,702
Bond issuance costs	**1,243,632**	674,398
Cash received from federal grants	**24,735,441**	12,448,854
Interest expense	**361,913**	149,168
Changes in assets and liabilities		
Interest receivable	**773,911**	876,416
Grants and other receivable	**1,698,434**	652,045
Due from other funds	**1,279,769**	2,752,121
Administrative fees receivable	**(13,282)**	26,300
Notes receivable	**-**	967,099
Loans receivable, net of allowance	**433,052**	53,303,831
Intergovernmental receivables	**12,056,438**	7,125,628
Accounts payable	**(48,053)**	(210,841)
Accrued payroll	**21,176**	7,420
Compensated absences	**12,483**	(637)
Due to other funds	**(930,230)**	(2,328,339)
Funds held for others	**-**	(80,263)
Undisbursed loan proceeds	**43,195,373**	(16,740,903)
Advanced loan payments	**2,142,342**	3,809,596
Notes payable	**(349,547)**	(967,099)
Line of credit	**(12,006,298)**	12,006,298
Other liabilities	**197,292**	(875,386)
Net cash provided by operating activities	**$ 64,835,591**	$ 65,424,807

The accompanying notes are an integral part of these financial statements.

	2015	2014
Assets		
Cash held by Trustee		
Program funds	**$ 88,409,455**	$ 97,782,134
Expense funds	**85,820**	171,363
Revenue funds	**474,191**	7,135,444
Rebate fund	**1,540,906**	3,126,037
Bond reserve funds	**506,879**	824,863
Total assets	**$ 91,017,251**	$ 109,039,841
Liabilities		
Accounts payable	**$ 1,626,726**	$ 1,712,100
Debt service payable	**981,070**	9,545,607
Program funds held for the NM Department of Transportation	**88,409,455**	97,782,134
Total liabilities	**$ 91,017,251**	$ 109,039,841

The accompanying notes are an integral part of these financial statements.

1) Nature of Organization

The New Mexico Finance Authority (the "Authority"), a component unit of the State of New Mexico (the "State"), is a public instrumentality of the State, organized and existing pursuant to the New Mexico Finance Authority Act (the "Act") created by the Laws of 1992 Chapter 61, as amended. The Authority has broad powers to provide financing for an array of infrastructure and economic development projects. The Authority also provides for long-term planning and assessment of state and local capital needs and improves cooperation among the executive and legislative branches of state government and local governments in financing public projects.

The Authority's governing board is composed of eleven members including the Secretary of the Department of Finance and Administration; the Secretary of Economic Development; the Secretary of Energy, Minerals and Natural Resources; and the Secretary of the Environment Department. The Executive Director of the New Mexico Municipal League and the Executive Director of the New Mexico Association of Counties are ex-officio members of the Authority with voting privileges. The Governor, with the advice and consent of the Senate, appoints to the Authority Board, whose membership must include the chief financial officer of an institution of higher education and four other members who are residents of the State. The appointed members serve at the pleasure of the Governor.

The Authority issues loans to entities pursuant to the rules and regulations governing the Public Projects Revolving Loan Fund Program (PPRF). The PPRF provides low cost financing to local government entities for a variety of infrastructure projects throughout the State. The PPRF Program receives 75 percent of the Governmental Gross Receipts Tax of the State of New Mexico pursuant to section 7-1-6.1 NMSA, 1978, and may issue bonds in amounts deemed necessary to provide sufficient money for the purposes set forth by the New Mexico Finance Authority Act. Bonds are issued under a Master Indenture as well as individual Series Indentures, proceeds and covenants of which are administered through a trust relationship established by contract with a trust company or bank bearing trust powers (Trustee) and the Authority. The Authority may also serve as conduit issuer of revenue bonds for other governmental agencies.

The Authority manages the Drinking Water State Revolving Loan Program (DWRLF) and the Water Trust Board Program (WTB).

The DWSRF provides low cost financing for the construction of and improvements to drinking water facilities throughout New Mexico in order to protect drinking water quality and public health. This program is primarily funded through a federal capitalization grant which the State is required to match by 20 percent.

The WTB program provides grant and interest free loans to support water projects which support water use efficiency, resource conservation and protection and fair distribution and allocation of water.

Other significant programs administered by the Authority include:

- The Local Transportation Infrastructure Projects Program provides for grants and low-cost financial assistance for local governments transportation projects which are not eligible for federal funding and funding for which have not been set by the existing Local Government Road Fund.
- The Economic Development Program provides comprehensive financing tools to stimulate economic development projects statewide.
- The New Markets Tax Credit Program, whereby the Authority acts as the managing member in Finance New Mexico, LLC, a for-profit limited liability company which receives allocations of federal tax credits under Section 45D of the Internal Revenue Code.
- The Primary Care Capital Program is a revolving loan program which provides financial assistance to rural primary care health clinics for infrastructure, construction and capital equipment purchases. These loans provide 20 percent annual loan forgiveness if the borrower agrees to a contract-for-services to provide medical care free or at reduced prices to sick and indigent clients.
- The Water and Wastewater Project Grant Program provides grant funding for water and wastewater system projects authorized by legislation.
- The Local Government Planning Grant Program provides grants to qualified entities on a per project basis for water and wastewater related studies, long-term water management plans and economic development plans.
- The State Capital Improvement Financing Program accounts for the issuance of revenue bonds the proceeds of which were used to finance capital improvements to a state facility located adjacent to the State Capitol.
- The UNM Health Sciences Program administers the financing of several capital projects for UNM Health Sciences Center. The Authority issued bonds, secured by authorized distributions of cigarette excise taxes, for the purpose of designing, constructing, equipping and furnishing additions and improvements to the University of New Mexico Hospital and the Cancer Research and Treatment Center.
- The Colonias Infrastructure Act appropriates to the Authority 5% of the senior lien severance tax bond proceeds for loans and grants to certain communities in southern New Mexico that lack basic infrastructure for water and wastewater, solid waste disposal, flood and drainage control, roads and housing.
- Through a Memorandum of Understanding entered into with the New Mexico Economic Development Department, the Authority received $13.2 million of federal State Small Business Credit Initiative funds in 2011 to help increase the flow of

capital to small businesses by mitigating bank risk. The Authority uses the funds to buy loan participations from banks for economic development projects under a program marketed as the Collateral Support Participation.

The Authority is not subject to the supervision or control of any other board, bureau, department or agency of the State, except as specifically provided in the Act. Bonds and other obligations issued by the Authority under the provisions of the Act are not a debt or liability of the State or any subdivision thereof. The New Mexico Finance Authority Finance Committee was created by the Act and was appointed by the Legislative Council Service to provide legislative oversight.

The financial statements include the accounts of the Authority and its blended component unit, Finance New Mexico LLC (FNMLLC). All intercompany transactions and balances are eliminated. The condensed financial statements of FNMLLC are disclosed in Note 16.

2) Summary of Significant Accounting Policies

Accounting Principles
The financial statements of the Authority have been prepared in accordance with accounting principles generally accepted in the United States of America as applied to governmental units and funds. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting.

Basis of Presentation
The financial statements of the Authority have been prepared using the economic resources measurement focus and the accrual basis of accounting. All of the Authority's activities, except those in which the Authority acts as an agent, are reported as an enterprise fund. Enterprise funds are used for activities for which a fee is charged to external users for goods and services.

The Authority distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing financial services in connection with on-going operations. Primary operating revenues includes financing income and fees charged to program borrowers. Operating expenses include interest expense, program support, as well as funds granted to others in the form of loan forgiveness and other subsidies to governmental entities.

Nonoperating items consist primarily of governmental gross receipts and other tax distributions reported as appropriations, grant revenue, and transfers-out for excess distributions and reversions of prior year appropriated revenue.

Revenues from grants that are restricted for specific uses are recognized as revenues and as receivables when the related costs are incurred. When restricted resources meet the

criteria to be available for use and unrestricted resources are also available, it is the Authority's policy to use restricted resources first. Expenses are recorded when they are incurred. Expenses charged to federal programs are recorded utilizing the cost principles prescribed or permitted by the various funding sources.

Agency Funds
Agency Funds are used to report resources held by the Authority in a purely custodial capacity. These funds result from transactions associated with the Authority acting as fiscal agent for the New Mexico Department of Transportation (the "Department") on several of the Department's bond transactions. The amounts reported as agency funds do not belong to the Authority and are held in separate accounts on the Authority's books in the name of the Department. Accordingly, all assets held and reported in the Agency Funds are offset by a corresponding liability.

Cash, Cash Equivalents and Investments
The Authority considers all highly liquid financial instruments with a maturity of three months or less when purchased to be cash equivalents. Cash and cash equivalents consist of cash on deposit with Wells Fargo Bank and the Bank of Albuquerque which also acts as bond trustee. Certain proceeds of the Authority's bonds, as well as certain resources set aside for their repayment are invested in certain allowable securities.

Accounts Receivable
Accounts receivable consists of payments due from governmental entities, administrative fees due from projects, and other receivables arising from the normal course of operations.

Loans Receivable
Loans are carried at amounts advanced, net of collections and reserves for loan losses, if any. Loans that become past due as to principal and interest are evaluated for collectability. Generally, loans are not placed on nonaccrual status because they are insured, guaranteed, or collateralized.

The allowance for loan losses is maintained to cover possible losses inherent in the loan portfolio based on management's evaluation of the loan portfolio, giving consideration to various factors, including collateral value, past loan loss experience, current facts and economic conditions. The allowance is based on management's estimates, and ultimate losses may vary from the current estimates. These estimates are reviewed periodically and any necessary adjustments are reported in income in the period they become known.

Intergovernmental Receivables
Intergovernmental receivables consist of amounts due from the State based on legislated appropriation of specified taxes for repayment of certain bonds issued by the Authority on behalf of State entities. The related statute directs the Authority to issue bonds and make proceeds available to specified State entities to fund various projects. The statute

appropriates a portion of existing taxes or fees to fund the payment of the related bonds. No allowance has been established, as all such receivables are considered collectable.

Capital Assets
Capital assets are recorded at historical cost and depreciated over their estimated useful lives. Donated capital assets are recorded at their estimated fair value at the date of donation. Additions, improvements and other capital outlays individually exceeding $5,000 that significantly extend the useful life of an asset are capitalized.

Estimated useful life is management's estimate of how long the asset is expected to meet service demands. Straight-line depreciation is used, based on estimated useful lives ranging from three to seven years.

Deferred Outflows/Inflows of Resources
The statement of net position, where applicable, includes separate sections for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources represent consumption of net position that applies to future periods that will be recognized as an expense in future periods. Deferred inflows of resources represent an acquisition of net position that applies to future periods and will be recognized as revenues in future periods.

Bond Discounts and Premiums
Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount.

Compensated Absences
Full-time employees with ten years or less employment with the Authority are entitled to fifteen days' vacation leave. Employees with more than ten years' service receive twenty days. When employees terminate, they are compensated at their current hourly rate for accumulated unpaid vacation leave.

Full-time employees are entitled to twelve days of sick leave each fiscal year. When employees terminate, they are compensated at twenty-five (25%) of their current hourly rate of accumulated unpaid sick leave up to 300 hours. Part-time employees accrue vacation leave and sick leave on a prorated basis based on the number of hours they work. Accrued compensated absences are recorded and liquidated in the PPRF operating fund.

Undisbursed Loan Proceeds
Undisbursed loan proceeds represent loan amounts awaiting disbursement to loan recipients. Funds are not automatically disbursed in their entirety when a loan closes. Proceeds are disbursed as the related project costs are incurred. The accounts, in the majority, represent loans of the PPRF program.

Net Position

The difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources, is referred to as net position. Net position is categorized as net investment in capital assets (net of related debt), restricted and unrestricted, based on the following:

Net investment in capital assets is intended to reflect the portion of net position which is associated with capital assets less outstanding capital asset related debt. The net of related debt is the debt less the outstanding liquid assets and any associated unamortized cost. The Authority has no capital asset related debt.

Restricted net position has third-party (statutory, bond covenant or granting agency) limitations on their use. When there is an option, the Authority spends restricted resources first.

Management modified the net position presentation of the restricted and unrestricted categories. Comparative amounts in the fiscal year 2014 net position balances were reclassified for consistency with the fiscal year 2015 presentation. These reclassifications had no effect on the reported change in net position.

Program Restricting Statute, bond covenant or granting agency

PPRF	6-21-6 NMSA 1978; General and Subordinated Indentures of Trust
Child Care	24-24-4.0 NMSA 1978
Cig Tax	6-21-6.10 NMSA 1978; Bond Purchase Agreement
DWSRF	6-21A-4 NMSA 1978; EPA Capitalization Grant Agreements
Primary Care	24-1C-4 NMSA 1978
Local Road	6-21-6.8 NMSA 1978
NMTC	6-25-6.1 NMSA 1978; NMTC Allocation Agreement
UNM Health	6-21-6.7 NMSA 1978
State Capitol	Laws 1997, Ch. 178; Bond Resolution
State Office	6-21C-5, NMSA 1978; Bond Resolution
Equipment Loan	6-21-6 NMSA 1978
Water Trust Board	72-4A-9 NMSA 1978
WWWGF	6-21-6.3 NMSA 1978
Emerg Drought	Executive Order 2002-19, Executive Order 2012-006
LGPF	6-21-6.4 NMSA 1978
Econ Development	6-25-1 NMSA 1978
Local Transport	6-21-6.12 NMSA 1978
SSBCI	6-25-13 NMSA 1978; SSBCI Allocation Agreement
Colonias	6-30-1.0 NMSA 1978
Bio Mass	Laws 2006, Ch. 111, Sec. 55(2)

Unrestricted net position represents net position not otherwise classified as invested in capital assets or restricted net position.

Income Taxes
The Authority is a tax-exempt, quasi-governmental organization under Section 115 of the Internal Revenue Code. Accordingly, no provision for income taxes has been included in the accompanying financial statements. The Authority is subject to other Internal Revenue Code sections relating to the tax-exempt status of the bonds issued by the Authority.

Use of Estimates
The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

Budget
The Authority's budget represents a financial plan, not a legal constraint, therefore, budgetary comparison information is not presented in the financial statements or as required supplementary information.

Recently Issued Accounting Standards
In June 2012, GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions* (GASB 68). The objective of this Statement is to improve the information provided in government financial reports about pension related financial support provided by certain nonemployer entities that make contributions to pension plans that are used to provide benefits to the employees of other entities. The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2014. Adopting GASB 68 did not impact the Authority's financial statements.

In October 2013, GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68* (GASB 71). The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, Accounting and Financial Reporting for Pensions. The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2014. Adopting GASB 71 did not impact the Authority's financial statements.

In February 2015, GASB issued Statement No. 72, *Fair Value Measurement and Application* (GASB 72). The objective is to establish general principles for measuring fair value and standards of accounting and financial reporting for assets and liabilities measured at fair value. The provisions of this Statement are effective for financial

statements for periods beginning after June 15, 2015. The Authority has not completed the process of evaluating the impact of GASB 72 on its financial statements.

In June 2015, GASB issued Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68* (GASB 73). The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability. The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2016. The Authority has not completed the process of evaluating the impact of GASB 73 on its financial statements.

In June 2015, GASB issued Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* (GASB 74). The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2016. The Authority has not completed the process of evaluating the impact of GASB 74 on its financial statements.

In June 2015, GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (GASB 75). The objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2017. The Authority has not completed the process of evaluating the impact of GASB 75 on its financial statements.

In June 2015, GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments* (GASB 76). The objective of this Statement is to identify—in the context of the current governmental financial reporting environment—the hierarchy of generally accepted accounting principles (GAAP). The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2015. The Authority has not completed the process of evaluating the impact of GASB 76 on its financial statements.

In August 2015, GASB issued Statement No. 77, *Tax Abatement Disclosures* (GASB 77). The objective is to improve financial reporting by giving users of financial statements essential information that is not consistently or comprehensively reported to the public at present. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2015. The Authority has not completed the process of evaluating the impact of GASB 77 on its financial statements.

3) Cash and Cash Equivalents and Investments

The Authority follows GASB No. 40, *Deposit and Investment Risk Disclosures*. This statement requires the disclosure of applicable interest rate, credit, custodial credit, concentration of credit and foreign currency risks.

Investments conform to the provisions of the Statements of Investment Policies, Objectives and Guidelines adopted by the Board on March 26, 2008, as revised. The investment policy applies to all of the Authority's funds; including funds the Authority may manage for others, except for those funds where trust indentures, bond resolutions, or other documents or agreements control the investment of funds. This policy is the Authority master investment policy and may be amended or supplemented as applied to specific categories of funds by adoption of addenda by the Board applicable to specific categories of the Authority funds.

Except where prohibited by statute, trust indenture, or other controlling authority, the Authority consolidates cash and reserve balances from all funds to maximize investment earnings and to increase efficiencies with regard to investment pricing, safekeeping, and administration. Investment income is allocated to the various funds based on their respective participation. The primary objectives, in order of priority, of investment activity shall be safety, liquidity and yield.

Investments shall be undertaken in a manner that seeks to ensure the preservation and principal in the overall portfolio while mitigating credit risk and interest rate risk.

The Authority has Primary Care Capital Program funds invested in the New Mexico State Treasurer's Office investment pool. State law (Section 8-6-3 NMSA 1978) requires investments of these funds be managed by the New Mexico State Treasurer's Office.

<u>Credit Risk</u>
The Authority minimizes credit risk (the risk of loss due to the failure of securities issuer or backer) by limiting investments, prequalifying financial institutions, broker/dealers, intermediaries and advisors with which the Authority will do business and diversifying the investment portfolio so that the impact of potential losses from any one type of security or from any one individual issuer will be minimized.

The New Mexico State Treasurer pools are not rated.

Finance NM LLC cash balances are maintained in several accounts in several banks. At times, these balances may exceed the federal insurance limits; however, Finance NM LLC has not experienced any losses with respect to its bank balances in excess of government provided insurance. Management believes that no significant concentration of credit risk exists with respect to these cash balances at June 30, 2015 and 2014.

Interest Rate Risk

The Authority minimizes interest rate risk (the risk that the market value of securities in the portfolio will decline due to changes in market interest rates) by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market prior to maturity and by investing operating funds primarily in short-term securities limiting the average maturity of the portfolio.

For the Primary Care Capital program funds invested in the New Mexico State Treasurer's Office investment pool, the New Mexico State Treasurer's Office has an investment policy that limits investment maturities to five years or less on allowable investments. This policy is a means of managing exposure to fair value losses arising from increasing interest rates. This policy is reviewed and approved annually by the New Mexico State Board of Finance.

For additional GASB 40 disclosure information regarding cash held by the New Mexico State Treasurer, the reader should refer to the separate audit report for the New Mexico State Treasurer's Office for the fiscal years ended June 30, 2015 and 2014.

State General Fund Investment Pool

The Authority, as required by Section 24-1C-4, NMSA 1978, administers the Primary Care Capital Fund (PCC Fund), which was created as a revolving fund in the State Treasurer's Office (STO). PCC Funds are deposited into the State General Fund Investment Pool (SGFIP), as are funds of state agencies, and as of the end of fiscal year 2015 totaled $529,786, representing less than 1% of total Authority funds.

During the period from July 2006 – January 2013, draws by agencies, including the Authority, against the SGFIP were not reconciled by the STO against the State's centralized accounting system (SHARE), causing uncertainty as to the validity of the draws and the ability of the STO to fulfill the withdrawals. The State has pledged that any draws will be honored in their entirety.

It is important to note that all other funds of the Authority, including Public Project Revolving Funds that are subject to the General and Subordinated Indentures of Trust, are held outside of the STO with a Trustee and are secured in accordance with the Authority's Investment Policy. Furthermore, the Authority operates an independent accounting system separate from SHARE. The PCC Funds are the only Authority funds entered as transaction entries into SHARE.

Permitted Investments

As provided in Sections 6-21-6 and 6-21-2 of the Act, money pledged for or securing payment of bonds issued by the Authority shall be deposited and invested as provided in the bond resolution, trust indenture or other instrument under which the bonds were issued. The following table identifies the investment types permitted by the investment policy:

	Description	Maximum Percentage of Authority Funds [1]
A	Direct and general U.S. Government Obligations (Treasury Bills, Treasury Notes, Treasury Bonds)	100%
B	U.S. Government Agencies (any federal agency or instrumentality notes, bonds, debentures, with implicit guarantee of the United States of America)	75%
C	SEC-registered money market funds with total assets at time of deposit in excess of $100,000,000[2]	100%
E	Certificates of deposits and bank deposits[3]	20%
F	Commercial paper issued by corporations organized and operating on the United States and rated A1 P1 or equivalent by two or more rating services.	10%
G	Bonds or notes issued by any municipality, county or school district of the State	10%
H	Overnight repurchase agreements[4]	25%
I	Investment contracts (guaranteed investment contracts (GIC's) and flexible repurchase agreements)[1]	N/A
J	State Treasurer's Short-term Investment Fund	50%

Investment of Bond Proceeds

All or any portion of the proceeds of bonds or other obligations of the Authority may be invested in a GIC or flexible repurchase agreement without regard to the investment allocation ranges set forth in the investment policy, if the GIC or repurchase agreement provides for disbursement upon request of the Authority in amounts necessary to meet expense requirements for the bonds or other obligations.

[1] Limits do not apply to cash invested by trustee per bond indenture.

[2] Money markets must be rated AAA by Standards & Poor or Aaa by Moody and in compliance with the diversification, quality and maturity requirements 2a-7 of the U.S. Securities and Exchange Commission applicable to money markets with no sales load or deferred sales charge.

[3] Interest bearing certificates of deposit or bank deposits must be in banks having a branch location in New Mexico, and all principal and interest must be fully insured by the Federal Deposit Insurance Corporation or secured by obligations described in A) and B) above, registered in the name of the Authority and held by a third party safe-keeping agent, or collateralized as required by 6.10.16 NMSA at 102% of the value of the deposit that is not FDIC insured.

[4] Investment contracts and repurchase agreements investments must be fully secured by obligations described in A) and B) above with all collateral held by an independent third party safekeeping agent.

Cash and equivalents at June 30, 2015 and 2014 were as follows:

Description	Balance at June 30, 2015	Rated	Percentage of Authority Funds [1]
Bank deposits, collateralized, at the Bank of Albuquerque in the name of the State Treasurer	$ -	N/A	<1%
Finance NM LLC cash accounts	657,456	N/A	<1%
Wells Fargo deposit account	307,072	N/A	<1%
Wells Fargo Repurchase agreement -fully secured[2]	374,361	N/A	<1%
Government money market funds	133,684,304	AAA	32%
Total cash and equivalents	$ 135,023,193		
Cash held in agency fund	$ 91,017,251[3]		

Description	Balance at June 30, 2014	Rated	Percentage of Authority Funds
Bank deposits, collateralized, at the Bank of Albuquerque in the name of the State Treasurer	$ 1,023	N/A	<1%
Finance NM LLC cash accounts	532,300	N/A	<1%
Wells Fargo deposit account	213,482	N/A	<1%
Wells Fargo Repurchase agreement -fully secured[4]	248,028	N/A	<1%
Government money market funds	131,677,922	AAA	42%
Total cash and equivalents	$ 132,672,755		
Cash held in agency fund	$ 109,039,841		

Maturity Restrictions

It is the policy of the Authority to diversify investment maturities based on cash flow requirements. Unless matched to a specific cash flow, the Authority will invest in securities maturing five years or less from date of purchase.

Investments consist of bond proceeds which are restricted to uses specified in the related bond indentures. Such restricted investments at June 30, 2015 and 2014 are comprised of the following:

[1] Limits described in the “permitted investments” section above do not apply to cash invested by trustee per bond indenture.
[2] Wells Fargo accounts FDIC insured for $250,000. Remaining $317,867 as of June 30, 2015 is secured by a pledge of Agency securities in the name of the State of New Mexico monitored by the New Mexico State Treasurer’s Office.
[3] All cash held as agent by the Authority is fully collateralized by securities held in the name of the Authority.
[4] Wells Fargo accounts FDIC insured for $250,000. Remaining $308,490 as of June 30, 2014 is secured by a pledge of Agency securities in the name of the State of New Mexico monitored by the New Mexico State Treasurer’s Office.

Description	Fair Value at June 30, 2015	Average Years to Maturity	Percentage of Authority Funds
U.S. Treasury notes	$ 224,598,139	1.36	54%
Primary Care Capital Program funds held with the State Treasurer Fund Investment Pool	529,786	1 day to 5 years	<1%
Federal Home Loan Mortgage Corporation bonds	55,033,304	0.50	13%
Total restricted investments	$ 280,161,229		

Description	Fair Value at June 30, 2014	Average Years to Maturity	Percentage of Authority Funds
U.S. Treasury notes	$ 120,084,268	.98	38%
Primary Care Capital Program funds held with the State Treasurer Fund Investment Pool	1,407,522	1 day to 5 years	<1%
Federal Home Loan Mortgage Corporation bonds	62,200,677	1.33	20%
Total restricted investments	$ 183,692,467		

4) Loans Receivable

Loans receivable activity for the fiscal year ending June 30, 2015 and 2014, respectively, were as follows:

Program Description	Term (Years)	Rates	2014	Increases	Decreases	2015
Public Projects Revolving Loan Fund	1 to 30	0% to 6%	$ 1,082,705,619	$ 120,023,720	$ 143,441,622	$ 1,059,287,717
Drinking Water State Revolving Loans	1 to 30	0% to 4%	64,933,358	20,656,717	3,962,953	81,627,122
Drinking Water State Revolving Loans-ARRA	1 to 20	1%	2,305,678	-	1,070,063	1,235,615
Primary Care Capital Fund Loans	10 to 20	3%	3,584,307	600,000	304,529	3,879,778
Water Projects Fund Loan Grants	10 to 20	0%	21,222,996	5,808,843	2,101,398	24,930,441
Smart Money Participation Loans	3 to 20	2% to 5%.	4,681,764	38,133	867,086	3,852,811
Behavioral Health Care Loan	15	3%	174,605	-	174,605	-
Cigarette Tax - Behavioral Health Care Capital Loans	15	3%	993,698	32,770	53,159	973,309
Pooled Equipment Certificates of Participation Loans	5 to 20	4% to 6.4%	53,000	-	25,000	28,000
Colinias Infrastructure Fund Loans	10 to 20	3%	661,350	1,046,924	157,468	1,550,806
SSBCI Loans	10 to 20	3%	3,312,527	1,346,316	130,872	4,527,971
Child Care Revolving Loans	8	3%	19,810	-	6,350	13,460
			1,184,648,712	149,553,423	152,295,105	1,181,907,030
Less allowance for loan losses			(5,482,347)	-	2,370,845	(3,111,502)
Totals			$ 1,179,166,365	$ 149,553,423	$ 154,665,950	$ 1,178,795,528

Program Description	Term (Years)	Rates	2013	Increases	Decreases	2014
Public Projects Revolving Loan Fund	1 to 30	0% to 6%	$ 1,140,530,507	$ 104,821,188	$ 162,646,076	$ 1,082,705,619
Drinking Water State Revolving Loans	1 to 30	0% to 4%	63,341,227	5,662,622	4,070,491	64,933,358
Drinking Water State Revolving Loans-ARRA	1 to 20	1%	2,616,809	-	311,131	2,305,678
Primary Care Capital Fund Loans	10 to 20	3%	4,216,376	-	632,069	3,584,307
Water Projects Fund Loan Grants	10 to 20	0%	18,336,546	7,301,228	4,414,778	21,222,996
Smart Money Participation Loans	3 to 20	2% to 5%.	4,161,711	576,000	55,947	4,681,764
Behavioral Health Care Loan	15	3%	198,512	-	23,907	174,605
Cigarette Tax - Behavioral Health Care Capital Loans	15	3%	441,272	587,230	34,804	993,698
Pooled Equipment Certificates of Participation Loans	5 to 20	4% to 6.4%	108,000	-	55,000	53,000
Colinias Infrastructure Fund Loans	10 to 20	3%	202,731	546,253	87,634	661,350
SSBCI Loans	10 to 20	3%	2,461,746	2,127,931	1,277,150	3,312,527
Child Care Revolving Loans	8	3%	25,970	-	6,160	19,810
			1,236,641,407	121,622,452	173,615,147	1,184,648,712
Less allowance for loan losses			(5,409,364)	(895,092)	822,109	(5,482,347)
Totals			$ 1,231,232,043	$ 120,727,360	$ 174,437,256	$ 1,179,166,365

The following is a summary of scheduled payments to be collected on loans receivable as of June 30, 2015:

	Principal	Interest	Total
Fiscal year ending June 30			
2016	$ 96,135,492	$ 40,173,592	$ 136,309,084
2017	90,097,345	37,936,651	128,033,996
2018	88,522,295	35,519,614	124,041,909
2019	87,765,040	32,902,304	120,667,344
2020	78,548,431	30,221,993	108,770,424
2021 – 2025	344,927,763	115,904,758	460,832,521
2026 – 2030	236,181,161	57,324,074	293,505,235
2031 – 2035	128,283,537	21,402,520	149,686,057
2036 – 2040	27,449,687	2,899,196	30,348,883
2041 – 2045	3,996,279	422,892	4,419,171
Subtotals	1,181,907,030	$ 374,707,594	$ 1,556,614,624
Less allowance for loan losses	(3,111,502)		
Loans receivable net	$ 1,178,795,528		

5) Intergovernmental Receivables

The Authority has agreements with various state entities relating to the issuance of bonds. Pursuant to the underlying legislation and resolutions, the bond proceeds financed various state projects. Pursuant to the legislation, the debt service on these bonds is payable solely from revenues from the State and state entities. Intergovernmental receivables represent amounts due to the Authority under these agreements.

Intergovernmental receivables activity during the year ended June 30, 2015 and 2014, respectively, were as follows:

State Entity	Revenue Pledge	Rates	Maturity	2014	Increases	Decreases	2015	Due in One Year
Administrative Office of the Courts	Court Facilities fees	3.05% to 5.00%	6/15/2025	$ 37,560,000	$ -	$ 37,560,000	$ -	$ -
Administrative Office of the Courts	Court Facilities fees	1.25% to 5.0%	6/15/2025	-	30,685,000	490,000	30,195,000	2,390,000
University of New Mexico Health Sciences Center	Cigarette excise tax	3.88% to 5.00%	6/15/2025	23,445,000	-	125,000	23,320,000	480,000
General Services Department - State of New Mexico	State Gross Receipts tax	4.25% to 5.00%	6/1/2036	43,520,000	-	900,000	42,620,000	945,000
University of New Mexico Health Sciences Center	Cigarette excise tax	2.25% to 5.00%	4/1/2019	8,850,000	-	1,955,000	6,895,000	1,920,000
University of New Mexico Health Sciences Center	Cigarette excise tax	2.13% to 3.94%	4/1/2019	3,828,921	-	766,438	3,062,483	764,184
General Services Department - State of New Mexico	Income from Land Grant Permanent Fund	7.00%	3/15/2015	945,000	-	945,000	-	-
			Totals	$ 118,148,921	$ 30,685,000	$ 42,741,438	$ 106,092,483	$ 6,499,184

State Entity	Revenue Pledge	Rates	Maturity	2013	Increases	Decreases	2014	Due in One Year
Administrative Office of the Courts	Court Facilities fees	3.05% to 5.00%	6/15/2025	$ 40,085,000	$ -	$ 2,525,000	$ 37,560,000	$ 2,650,000
University of New Mexico Health Sciences Center	Cigarette excise tax	3.88% to 5.00%	6/15/2025	23,565,000	-	120,000	23,445,000	125,000
General Services Department - State of New Mexico	State Gross Receipts tax	4.25% to 5.00%	6/1/2036	44,375,000	-	855,000	43,520,000	900,000
University of New Mexico Health Sciences Center	Cigarette excise tax	2.25% to 5.00%	4/1/2019	10,825,000	-	1,975,000	8,850,000	1,955,000
University of New Mexico Health Sciences Center	Cigarette excise tax	2.13% to 3.94%	4/1/2019	4,599,549	-	770,628	3,828,921	766,438
General Services Department - State of New Mexico	Income from Land Grant Permanent Fund	7.00%	3/15/2015	1,825,000	-	880,000	945,000	945,000
			Totals	$ 125,274,549	$ -	$ 7,125,628	$ 118,148,921	$ 7,341,438

The following is a summary of scheduled payments to be collected on the receivables from state entities as of June 30, 2015:

	Principal	Interest	Total
Fiscal year ending June 30			
2016	$ 6,499,184	$ 5,227,638	$ 11,726,822
2017	6,668,814	4,941,892	11,610,706
2018	6,855,443	4,622,647	11,478,090
2019	7,159,042	4,293,575	11,452,617
2020	7,385,000	3,953,945	11,338,945
2021-2025	41,845,000	13,906,005	55,751,005
2026-2030	11,505,000	6,290,750	17,795,750
2031-2035	14,755,000	3,142,500	17,897,500
2036-2040	3,420,000	171,000	3,591,000
Intergovernmental receivables	$ 106,092,483	$ 46,549,952	$ 152,642,435

6) Capital Assets

A summary of changes in capital assets during the fiscal year 2015 and 2014, respectively, was as follows:

	Balance at June 30, 2014	Increases	Decreases	Balance at June 30, 2015
Depreciable assets				
Furniture and fixtures	$ 28,665	$ -	$ -	$ 28,665
Computer hardware and software	731,618	2,675	-	734,293
Leasehold improvement	8,241	-	-	8,241
	768,524	2,675	-	771,199
Accumulated depreciation				
Furniture and fixtures	(28,665)	-	-	(28,665)
Computer hardware and software	(627,240)	(102,186)	-	(729,426)
Leasehold improvement	(8,241)	-	-	(8,241)
	(664,146)	(102,186)	-	(766,332)
Net total	$ 104,378	$ (99,511)	$ -	$ 4,867

	Balance at June 30, 2013	Increases	Decreases	Balance at June 30, 2014
Depreciable assets				
Furniture and fixtures	$ 28,665	$ -	$ -	$ 28,665
Computer hardware and software	731,618	-	-	731,618
Leasehold improvement	8,241	-	-	8,241
	768,524	-	-	768,524
Accumulated depreciation				
Furniture and fixtures	(28,665)	-	-	(28,665)
Computer hardware and software	(510,846)	(116,394)	-	(627,240)
Leasehold improvement	(8,241)	-	-	(8,241)
	(547,752)	(116,394)	-	(664,146)
Net total	$ 220,772	$ (116,394)	$ -	$ 104,378

Depreciation expense for the fiscal year ending June 30, 2015 and 2014, respectively, was $102,187 and $116,394.

7) Bonds Payable

Bonds have been issued to provide financing for various Authority programs and are collateralized as follows:

- Loan Agreements and securities executed and delivered by governmental units in consideration for the financing of all or a portion of their respective projects by the Authority.
- Amounts held in the Agreement Reserve Accounts.
- Additional pledged loans.
- Revenues received by the Authority from the allocation of the Authority's portion of the Governmental Gross Receipts tax.
- Revenues pledged through legislation as security for the payment of principal and interest on bonds. These revenues include Court Facilities Fees, Cigarette Excise Tax, State Gross Receipts Tax, Workers' Compensation Fees and Income from Land Grant Permanent Fund.

Bonds payable consist of the following at June 30, 2015 and 2014:

Bond Series	Rate	Maturities	Original Amount	Outstanding Amount June 30, 2015	Outstanding Amount June 30, 2014
Public Project Revolving Fund Revenue Bonds - Senior Lien Debt					
2005 A	3.750% to 5.000%	June 1, 2013 to June 1, 2025	$ 19,015,000	$ 5,795,000	$ 6,980,000
2005 B	3.500% to 4.500%	June 1, 2013 to June 1, 2020	13,500,000	3,490,000	4,365,000
2006 B	4.250% to 5.000%	June 1, 2013 to June 1, 2036	38,260,000	24,440,000	26,265,000
2006 D	4.250% to 5.000%	June 1, 2013 to June 1, 2036	56,400,000	44,975,000	46,015,000
2007 E	4.250% to 5.000%	June 1, 2013 to June 1, 2032	61,945,000	37,085,000	40,030,000
2008 A	3.000% to 5.000%	June 1, 2013 to June 1, 2038	158,965,000	124,400,000	129,605,000
2008 B	4.000% to 5.250%	June 1, 2013 to June 1, 2035	36,545,000	24,195,000	25,780,000
2008 C	4.250% to 6.000%	June 1, 2013 to June 1, 2033	29,130,000	19,385,000	21,150,000
2009 A	2.250% to 5.000%	June 1, 2013 to June 1, 2038	18,435,000	13,265,000	14,230,000
2009 C	2.500% to 5.250%	June 1, 2013 to June 1, 2029	55,810,000	43,630,000	45,795,000
2009 D-1	3.000% to 4.500%	June 1, 2013 to June 1, 2030	13,570,000	8,385,000	9,370,000
2009 D-2	2.320% to 6.070%	June 1, 2013 to June 1, 2036	38,845,000	35,605,000	36,290,000
2009 E	3.000% to 4.500%	June 1, 2013 to June 1, 2019	35,155,000	16,480,000	19,945,000
2010 A-1	3.000% to 4.500%	June 1, 2013 to June 1, 2034	13,795,000	13,795,000	7,555,000
2010 A-2	3.777% to 6.406%	June 1, 2016 to June 1, 2039	15,170,000	6,110,000	13,795,000
2010 B-1	2.000% to 5.000%	June 1, 2013 to June 1, 2035	38,610,000	26,035,000	28,450,000
2010 B-2	2.236% to 6.230%	June 1, 2013 to June 1, 2035	17,600,000	17,120,000	17,285,000
2011 A	2.000% to 4.000%	June 1, 2013 to June 1, 2016	15,375,000	3,270,000	6,425,000
2011 B-1	2.000% to 4.000%	June 1, 2013 to June 1, 2036	42,735,000	28,850,000	32,500,000
2011 B-2	2.000% to 4.950%	June 1, 2013 to June 1, 2031	14,545,000	11,435,000	12,225,000
2011 C	3.000% to 5.000%	June 1, 2013 to June 1, 2036	53,400,000	42,800,000	46,025,000
2012 A	1.500% to 5.500%	June 1, 2013 to June 1, 2038	24,340,000	21,265,000	22,445,000
2013 A	2.000% to 5.000%	June 1, 2013 to June 1, 2038	44,285,000	37,910,000	41,245,000
2013 B	2.000% to 5.000%	June 1, 2014 to June 1, 2036	16,360,000	14,175,000	15,455,000
2014 B	2.000% to 5.000%	June 1, 2016 to June 1, 2035	58,235,000	54,970,000	-
2015 B	2.250% to 5.000%	June 1, 2016 to June 1, 2045	45,325,000	45,325,000	-
			975,350,000	724,190,000	669,225,000
Public Project Revolving Fund Revenue Bonds - Subordinate Lien Debt					
2005 C	3.625% to 5.000%	June 15, 2013 to June 15, 2025	50,395,000	-	36,410,000
2005 E	3.875% to 5.000%	June 15, 2013 to June 15, 2025	23,320,000	23,320,000	23,445,000
2005 F	4.000% to 5.000%	June 15, 2013 to June 15, 2025	21,950,000	-	16,245,000
2006 A	4.000% to 5.000%	June 15, 2013 to June 15, 2035	49,545,000	2,040,000	42,525,000
2006 C	4.000% to 5.000%	June 15, 2013 to June 15, 2026	39,860,000	26,135,000	27,845,000
2007 A	4.000% to 5.000%	June 15, 2013 to June 15, 2027	34,010,000	15,680,000	18,260,000
2007 B	4.250% to 5.000%	June 15, 2013 to June 15, 2034	38,475,000	22,340,000	24,050,000
2007 C	4.250% to 5.250%	June 15, 2013 to June 15, 2027	131,860,000	89,445,000	96,700,000
2013 C-1	2.000% to 4.000%	June 15, 2014 to June 15, 2028	3,745,000	3,050,000	3,325,000
2013 C-2	.950% to 5.000%	June 15, 2014 to June 15, 2029	10,550,000	8,520,000	9,350,000
2014 A-1	2.000% to 5.000%	June 15, 2014 to June 15, 2033	15,135,000	14,605,000	15,135,000
2014 A-2	.250% to 4.491%	June 15, 2014 to June 15, 2034	16,805,000	15,295,000	16,805,000
2015 A	3.000% to 5.000%	June 15, 2016 to June 15, 2035	63,390,000	62,355,000	-
			499,040,000	282,785,000	330,095,000
		Subtotal - PPRF Bonds	1,474,390,000	1,006,975,000	999,320,000

Bond Series	Rate	Maturities	Original Amount	Outstanding Amount June 30, 2015	Outstanding Amount June 30, 2014
Pooled Equipment Certificates of Participants					
1995 A	6.30%	October 1, 2015	4,288,000	19,000	36,000
1996 A	5.80%	April 1, 2016	1,458,000	9,000	17,000
			5,746,000	28,000	53,000
State Capitol Building Improvement Revenue Bonds					
1996	7.0%	Sept. 15, 2012 to Mar. 15, 2015	9,315,000	-	945,000
Cigarette Tax Revenue Bonds - UNM Health Sciences Center Project					
2004A	4.0% to 5.0%	April 1, 2012 to April 1, 2019	39,035,000	6,895,000	8,850,000
Cigarette Tax Revenue Bonds - Behavioral Health Projects					
2006	5.51%	May 1, 2012 to May 1, 2026	2,500,000	1,375,000	1,500,000
Total bonds outstanding			$ 1,530,986,000	1,015,273,000	1,010,668,000
Add net unamortized premium				41,630,674	37,473,351
Total bonds payable, net				1,056,903,674	1,048,141,351
Less current portion of bonds payable				(75,943,000)	(70,430,000)
Noncurrent portion of bonds payable				$ 980,960,674	$ 977,711,351

Maturities of bonds payable and interest are as follows:

	Principal	Interest	Total
Fiscal year ending June 30,			
2016	$ 75,943,000	$ 48,997,460	$ 124,940,460
2017	74,440,000	43,923,067	118,363,067
2018	76,025,000	40,617,409	116,642,409
2019	77,580,000	37,234,823	114,814,823
2020	67,495,000	33,823,636	101,318,636
2021-2025	332,345,000	120,955,873	453,300,873
2026-2030	179,355,000	54,570,990	233,925,990
2031-2035	107,390,000	20,508,143	127,898,143
2036-2040	21,140,000	2,351,709	23,491,709
2041-2045	3,560,000	426,600	3,986,600
	1,015,273,000	$ 403,409,710	$ 1,418,682,710
Add unamortized premium	41,630,674		
Bonds payable, net	$ 1,056,903,674		

The bonds payable activity for the fiscal years were as follows:

Activity for Fiscal Year 2015

	Balance at June 30, 2014	Increases	Decreases	Balance at June 30, 2015	Due within One Year
Bonds payable	$ 1,010,668,000	$ 166,950,000	$ (162,345,000)	$ 1,015,273,000	$ 75,943,000
Add unamortized premium	37,473,351	19,634,472	(15,477,149)	41,630,674	-
Total	$ 1,048,141,351	$ 186,584,472	$ (177,822,149)	$ 1,056,903,674	$ 75,943,000

Activity for Fiscal Year 2014

	Balance at June 30, 2013, as restated	Increases	Decreases	Balance at June 30, 2014	Due within One Year
Bonds payable	$ 1,145,326,000	$ 62,595,000	$ (197,253,000)	$ 1,010,668,000	$ 70,430,000
Add unamortized premium	36,378,109	3,666,745	(2,571,503)	37,473,351	-
Total	$ 1,181,704,109	$ 66,261,745	$ (199,824,503)	$ 1,048,141,351	$ 70,430,000

Current and Advance Refunding of Debt

The PPRF Refunding Revenue Bonds Subordinate Lien 2015A series, issued in the total par amount of $63,390,000, refunded the outstanding portions of the PPRF Refunding Revenue Bonds Subordinate Lien 2005C series and PPRF Revenue Bonds Subordinate Lien 2006C series. The PPRF 2005C series bonds were originally issued to fund a loan to the Metro Courts and that loan was refunded simultaneously with the issuance of the 2015A series bonds. The PPRF 2006A series bonds were originally issued to fund a loan to the City of Santa Fe and that loan was refunded simultaneously with the issuance of the 2015A series bonds. The purpose of the refinancing was financial savings for both bonds. The PPRF 2005C series bonds resulted in a reduction in debt service expense for Metro Courts over the remaining life of the loan of $5,621,486 converted for comparison purposes to a Net Present Value (NPV) savings of $4,741,519. The PPRF 2006A series bonds resulted in a reduction in debt service expense for the City of Santa Fe over the remaining life of the loan of $5,800,337 converted for comparison purposes to a NPV savings of $4,351,828. Portions of the PPRF 2006A bonds were used to fund other loans. In total, the PPRF 2015A series bonds produced debt service savings over the remaining life of the loan of $16,591,573 converted for comparison purposes to a NPV savings of $13,834,690. The NPV rate used was 2.873%, the rate calculated for IRS Arbitrage Yield purposes.

8) Advanced Loan Payments

Advanced loan payments represent the amounts received from loan recipients which have not been applied as a payment against their loan as well as debt service reserve accounts funded from the loan proceeds. The Authority applies loan payments semi-annually, therefore, any payments received prior to being applied to the loan are held in an account which earns interest and the interest is credited to the borrower. These funds are held by the trustee and in accounts at the State Treasurer's office. The balance of advanced loan payments was $74,332,049 and $72,189,707 at June 30, 2015 and 2014.

9) Line of Credit

The Authority maintains a credit facility with Wells Fargo for the PPRF which provides for a borrowing limit of up to $100,000,000 for the purpose of obtaining necessary funding, on an interim basis, to make loans to qualified entities prior to the issuance, sale and delivery of certain Public Project Revolving Fund Revenue Bonds and to reimburse the Authority for such loans that have been made. The terms of the credit facility require payment in full of any outstanding balance from the proceeds of the next PPRF bond issuance. Interest is due monthly on the outstanding balance, and accrues at 70% of U.S. dollar monthly LIBOR plus 75 basis points. The LIBOR rate at June 30, 2015, was .154. The Authority pays a 15 basis point fee on the unused portion of the facility. A summary of changes in the line of credit follows:

Activity for Fiscal Year 2015

	Balance June 30, 2014	Increases	Decreases	Balance, June 30, 2015	Due within One Year
PPRF line of credit	$ 12,006,298	$ 30,573,802	$ (42,580,100)	$ -	$ -
Total	$ 12,006,298	$ 30,573,802	$ (42,580,100)	$ -	$ -

Activity for Fiscal Year 2014

	Balance June 30, 2013	Increases	Decreases	Balance, June 30, 2014	Due within One Year
PPRF line of credit	$ -	$ 17,536,712	$ (5,530,414)	$ 12,006,298	$ 12,006,298
Total	$ -	$ 17,536,712	$ (5,530,414)	$ 12,006,298	$ 12,006,298

10) Operating Lease Commitment

The Authority is committed under various lease agreements for office space, a vehicle, and office equipment. These leases are classified as operating leases. Lease expenditures for the years ended June 30, 2015 and 2014, were $316,250 and $362,044. Future minimum lease payments are as follows:

Fiscal year ending June 30	
2016	$ 361,663
2017	368,896
2018	376,274
2019	383,800
2020	259,255
Total	$ 1,749,888

11) Retirement Plans

The Authority's retirement plan was organized under Section 408(k) of the Internal Revenue Code. The retirement plan is not subject to the general claims of the creditors of the Authority. Each eligible employee participating in the plan must contribute 3% of their compensation. The Authority makes a contribution of 15% of their compensation. Employees can make an additional, voluntary contribution of up to 4% of their compensation. The Authority also makes a 50% matching contribution on voluntary contributions. Employee contributions are 100% vested, and the Authority contributions will vest 100% to the employee over five years. The contributions are invested in various mutual funds selected by the employee. The Authority's contributions for this retirement plan for the year ended June 30, 2015 and 2014, respectively, were $484,916 and $479,948. Additionally, employee contributions for the retirement plan for the year ended June 30, 2015 and 2014, respectively, were $149,634 and $148,347. Substantially all full-time employees participate in this plan.

The Authority maintains a retirement plan in accordance with an "eligible deferred compensation plan" pursuant to Section 457 of the Internal Revenue Code for its Executive Director and its Chief Operating Officer. The contributions are made regardless of the number of hours worked or the employment status on the last day of the plan year. Employer contributions are limited by IRS Code Section 457(e)(15)(A). The employee is fully vested at all times. The executive plan was in effect for the years ended June 30, 2015 and 2014.

12) Compensated Absences

The following changes occurred during the fiscal year in the compensated absences liabilities:

Balance at June 30, 2014	$	273,440
Additions		201,740
Deletions		(189,257)
Balance at June 30, 2015	$	285,923
Due within one year	$	285,923
Balance at June 30, 2013	$	274,077
Additions		193,745
Deletions		(194,382)
Balance at June 30, 2014	$	273,440
Due within one year	$	273,440

13) Agency Transactions

The Authority was authorized in 2003 to issue bonds as agent for the New Mexico Department of Transportation (NMDOT). Approximately $1.4 billion of such bonds are outstanding at June 30, 2015 and 2014.

Debt service for the bonds is payable solely from certain revenues of the Department of Transportation. In the opinion of legal counsel, there is no claim that could be asserted against the Authority's assets for payment of debt service on the bonds; therefore, these bonds are not reflected in the Authority's financial statements. The Authority receives a biannual fee from the Department of Transportation equal to its overhead costs for management of the bond issues. The fee is recognized on a cost reimbursement basis.

14) Contingencies

Litigation

In the normal course of operations, the Authority is involved in certain litigation and arbitration proceedings involving former employee complaints and subcontractor claims.

Management and legal counsel believe the outcomes will not have a materially adverse impact on the financial position of the Authority.

Loan Prepayment and Bond Call Provisions
Certain loans included in loans receivable contain provisions that allow for prepayment of the loan after one year whereas the related bonds used to fund the loans cannot be called for up to 10 years. In the event of a loan prepayment prior to the tenth year, the Authority's bond indentures require the substitution of a loan with similar cash flow characteristics or the defeasance of the related bond.

If interest rates at the time of prepayment are lower than the rates on the related bonds, as is currently the case, both loan substitution and defeasance will result in the Authority earning less on the substituted loan or the defeasance escrow than it will pay on the related bond, resulting in a negative cash flow. The Authority has other funding sources available to pay the shortfall, including the proceeds of the loan payoff, reserve funds, and operating cash. Management does not believe this condition will have a material adverse impact on the financial statements. The variance in prepayment and call periods was eliminated through a Board resolution in 2008 so that this condition is eliminated by 2018. The loans containing the shortened call provision total approximately $349 million and the related bonds total approximately $419 million at June 30, 2015. Loans exercising this call provision consisted of $83.8 million and $63.8 million in FY 2015 and FY 2014, respectively.

The Authority is exposed to various risks of loss related to torts; theft of, damages to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority participates in the State of New Mexico self-insurance program (Risk Management Program). Under this program, the Authority pays an annual premium to the State for the following types of insurance coverage:

- Workers' compensation insurance
- General liability insurance
- Civil rights
- Blanket property insurance
- Boiler and machinery insurance
- Auto physical damage insurance
- Crime insurance

The Authority also carries commercial insurance to cover losses to which it may be exposed related to their leased office space.

During the year, there were no significant reductions in commercial insurance coverage. For the past five years, no insurance settlements exceeded commercial insurance coverage.

15) Related Party Transactions

The Authority has issued bonds or purchased securities for several other state entities to finance the construction of certain capital projects. Representatives of two of these entities (the Secretary of the New Mexico Department of Finance and Administration and the Secretary of the New Mexico Department of Energy, Minerals and Natural Resources) are members of the Authority's Board of Directors. Additionally, a representative serving on the Board holds a position as Cabinet Secretary of the NM Environmental Department in which the Authority assists the Department in the administration of the State's Drinking Water federal program.

16) Finance New Mexico, LLC and Restatement

The Authority has invested in and is the managing member of, Finance New Mexico, LLC (FNMLLC) which was formed on June 19, 2006, under the laws of the State of New Mexico. FNMLLC is an approved Community Development Entity (CDE) that holds New Market Tax Credits (NMTC) allocation authority to be used for investment in Qualified Active Low-Income Community Businesses (QALICB) pursuant to Section 45D of the Internal Revenue Code (IRC).

The principal business objective of FNMLLC is to provide nontraditional investment capital to underserved markets and enhance the return on such investments by providing its members with new market tax credits. In general, under Section 45D of the Internal Revenue Code, a qualified investor in a CDE can receive the tax credits to be used to reduce Federal taxes.

In accordance with the operating agreement of FNMLLC, 99% of profits, losses and cash flows are allocated to the Authority, the managing member, and 1% to New Mexico Community Capital, the nonmanaging member.

In 2015, management re-evaluated how to report the Authority's interest in FNMLLC for financial statement purposes. Management evaluated a number of criteria as stated in GASB Statements Number 39 and 61, amendments of GASB Statement Number 14. The basic, but not the only criterion, is FNMLLC's financial accountability to the Authority. Financial accountability is measured through the degree to which the Authority can appoint a voting majority of the governing body, impose its will, ascertain a potential financial benefit, or face a potential financial burden with regard to the potential component unit. Based on the above criterion, it was determined that the FNMLLC is a blended component unit of the Authority. As such, the Authority has consolidated the FNMLLC's financial statement amounts within the Authority's New Market Tax Credit program. The condensed component unit information for FNMLLC and subsidiaries, for the year ended June 30, 2015 and 2014 were as follows:

		2015		2014
Statements of Net Position				
Assets				
Cash	$	657,456	$	532,300
Due from affiliates		935,345		838,737
Investment in limited liability companies		13,506		13,569
Total assets	$	1,606,307	$	1,384,606
Liabilities				
Accounts payable	$	59,078	$	30,756
Due to affiliate		647,193		493,938
Total liabilities		706,271		524,694
Net Position				
Restricted		900,036		859,912
Total liabilities and net position	$	1,606,307	$	1,384,606

Statements Revenues, Expenses and Changes in Net Position		2015		2014
Operating Income				
Interest income	$	114	$	597
Sponsor fee income		-		810,000
Asset management fee income		629,603		612,203
Total operating income		629,717		1,422,800
Operating Expense				
Sponsor fee expense		-		743,681
Management fee expense		372,729		377,035
Professional fees		162,460		80,835
Gross receipt tax		45,555		110,104
Miscellaneous administrative expenses		8,972		2,506
Total operating expenses		589,716		1,314,161
Net operating income		40,001		108,639
Nonoperating Income				
Share of income from investment in limited liability companies		123		64
Increase in net position	$	40,124	$	108,703

Statement of Cash Flows	2015	2014
Cash flows from operating activities		
Increase in net position	**$ 40,124**	$ 108,703
Adjustments to reconcile net income to net cash provided by operating activities		
Share of income from investment in limited liability companies	**(123)**	(64)
Increase in assets		
Due from affiliate	**(96,608)**	(115,716)
Increase in liabilities		
Accounts payable	**28,322**	3,002
Due to affiliate	**153,255**	78,155
Net cash provided by operating activities	**124,970**	74,080
Cash flows from investing activities		
Investment in limited liability companies	**-**	(145)
Return of capital from limited liability companies	**-**	155
Distributions from limited liability companies	**186**	190
Net cash provided by investing activities	**186**	200
Net increase in cash	**125,156**	74,280
Cash, beginning of year	**532,300**	458,020
Cash, end of year	**$ 657,456**	$ 532,300

In previous years, the Authority reported its interest in FNMLLC as an investment in the Statement of Net Position. The financial statements for the fiscal year ending June 30, 2014 have been restated as follows:

	June 30, 2014 Amounts Previously Reported	Restatement	**June 30, 2014 as Restated**
Statement of Net Position			
Current assets			
Restricted cash and equivalents	$ 51,834,915	$ 532,300	**$ 52,367,215**
Grants and other receivable	1,788,239	852,306	**2,640,545**
Investment in Finance NM LLC	99,110	(99,110)	**-**
Current liabilities			
Accounts payable	262,198	30,756	**292,954**
Other liabilities	80,694	493,938	**574,632**
Net position	458,552,499	760,802	**459,313,301**
Statement of Revenues, Expenses and Changes in Net Position			
Operating revenues			
Administrative fees revenue	2,819,302	380,537	**3,199,839**
Interest on investments	488,080	661	**488,741**
Operating expenses			
Other operating costs	1,484,748	272,495	**1,757,243**
Increase in net position	33,242,621	108,703	**33,351,324**
Net position, beginning of year	425,309,878	652,099	**425,961,977**
Net position, end of year	458,552,499	760,802	**459,313,301**

APPENDIX B

EXTRACTS OF CERTAIN PROVISIONS OF THE INDENTURE

The following statements are extracts, supplementing the information in the body of the Official Statement, of certain defined terms in and provisions of the Indenture. These extracts do not purport to be complete. Please refer to the Indenture itself for a full and complete statement of such provisions. During the offering period of the Series 2016C Bonds, copies of the Indenture will be available at the principal office of the Municipal Advisor. Subsequent to the offering of the Series 2016C Bonds, copies of the Indenture may be obtained from the Trustee. See "ADDITIONAL INFORMATION."

Certain Definitions

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

"Act" means the New Mexico Finance Authority Act, being Sections 6-21-1 through 6-21-31, inclusive, NMSA 1978, as amended and as the same may hereafter be amended and supplemented.

"Additional Bonds" means any Bonds of the NMFA, authorized and issued under the Indenture, in compliance with the Indenture, except for the Series l995A-B Bonds.

"Additional Pledged Loans" means any additional loans or securities which (i) were made or purchased by the NMFA from amounts on deposit in the Public Project Revolving Fund and (ii) the payments of principal and interest on which have been specifically pledged by the NMFA to the payment of the Bonds and other amounts due under the Indenture. No such loans or securities will be deemed to be Additional Pledged Loans unless the Trustee has received written notice from the NMFA that a specific loan or security will be included under the Indenture.

"Aggregate Annual Debt Service" means, for any given Bond Fund Year, the sum of the principal and interest payable on all Bonds Outstanding or to be Outstanding or any portion thereof.

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

"Agreement Pledged Revenues" means the pledged revenues designated by a Governmental Unit for payments to be made pursuant to the respective Loan Agreement, Security Documents or Securities.

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

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

"Annual Common Debt Service Reserve Deposit Amount" means the lesser of (a) the positive difference, if any, between the Required Common Debt Service Reserve Funding Level and the amount then on deposit in the Common Debt Service Reserve (and if there is no positive difference, then the amount under this clause (a) shall be deemed to be zero), and (b) twenty-five percent (25%) of the remaining NMFA Portion of the Governmental Gross Receipts Tax for a given Bond Fund Year that was distributed to the NMFA by the trustee under the Subordinated Indenture on June 16, being the day after the end of the applicable bond fund year under the Subordinated Indenture, through the process described in the Indenture.

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

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

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

"Authorized Denominations" means, with respect to the Series 2016C Bonds, $5,000 or any integral multiple thereof and means, with respect to the Loans that are subject to the Ninetieth Supplemental Indenture, $1 or any integral multiple thereof.

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

"Beneficial Owner" means, while DTC or its nominee is the registered owner of the Series 2016C Bonds, any person entitled to receive payment of principal of, premium, if any, and interest on Series 2016C Bonds and otherwise exercise ownership rights with respect to Series 2016C Bonds.

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

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

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

"Bond Fund Year" shall, with respect to each Series of Bonds, have the meaning set forth in the related Supplemental Indenture.

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

"Bonds" means all Bonds issued and secured under the Indenture.

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

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

(A) the amount of NMFA Portion of the Governmental Gross Receipts Tax to be received in each such Bond Fund Year and to be available to make debt service payments on the Bonds;

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

(C) the Aggregate Annual Debt Service for each such Bond Fund Year on all Bonds reasonably expected to be Outstanding;

and (b) showing that in each such Bond Fund Year, the aggregate of the amount set forth in clause (A) of the definition divided by 1.35, plus the aggregate amount set forth in clause (B) of the definition, exceeds one hundred percent (100%) of the aggregate of the amounts set forth in clause (C) of the definition.

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

(i) NMFA Portion of the Governmental Gross Receipts Tax in any future Bond Fund Year will be assumed to be the greatest amount received by the NMFA in any consecutive 12-month period in the 24 months next preceding the delivery of the Cash Flow Statement;

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

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

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

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

"Category III Loans and Additional Pledged Loans" means Loan Agreements, Securities and Additional Pledged Loans the underlying obligations of which, at the time in question, are not designated or rated or are designated or rated below the fourth highest full rating category by the Rating Agencies, but excluding Category IV Loans and Additional Pledged Loans.

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

"Cede" means Cede & Co. and any substitute nominee of DTC who becomes the Registered Owner of any Series 2016C Bonds.

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

"Common Debt Service Reserve Fund" means the fund by that name which is created and established by the Indenture.

"Continuing Disclosure Agreement" means that certain Continuing Disclosure Agreement between the NMFA and the Trustee dated the date of issuance and delivery of the Series 2016C Bonds, as originally executed as it may be amended from time to time in accordance with the terms thereof.

"Covenant Default" has the meaning, if any, given in any Loan Agreement, Securities or Additional Pledged Loan.

"DTC" means The Depository Trust Company, New York, New York, a limited purpose trust company organized under the laws of the State of New York.

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

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

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

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

"Grant Agreements" means a grant or other similar financing agreement and any amendment thereto, which is entered into by and between the NMFA and a Governmental Unit and which provides for the financing of a Project with proceeds of Bonds and does not require payments by the Governmental Unit to be made thereunder.

"Grants" means collectively, the Grants made pursuant to the Grant Agreements.

"Indenture" means the General Indenture of Trust and Pledge and all Supplemental Indentures thereto as the same may be amended and supplemented.

"Interest Component" means the portion of each Loan Payment representing interest on the related Loan.

"Interest Payment Date" means, with respect to the Series 2016C Bonds, each June 1 and December 1, commencing June 1, 2016.

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

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

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

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

"Maximum Debt Service Year" means the Bond Fund Year in which the aggregate annual Principal Component and Interest Component due in relation to all Loans is at its greatest, less any reserves, sinking fund redemption deposits or other funds deposited with the Trustee to the extent such reserves, sinking fund redemption deposits or funds may be used as a matter of right for such payments (as opposed to other reserves that are available for the payment of debt service solely in the event of non-performance of a party), for the payment of the Principal Component and Interest Component due, provided, however, amounts within the Agreement Reserve Fund shall in no event be accounted for in any calculation of the Maximum Debt Service Year.

"NMFA" means the New Mexico Finance Authority.

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

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

"Original Issue Date" means, with respect to the Series 2016C Bonds, the date of delivery thereof.

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

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

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

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

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

"Participants" means underwriters, securities brokers and dealers, banks and trust companies, clearing corporations and other persons from time to time for which DTC or any successor Securities Depository holds Series 2016C Bonds as Securities Depository.

"Paying Agent," when used with respect to the Series 2016C Bonds, means the person or persons authorized by the NMFA to pay the principal of, premium, if any, and interest on, the Series 2016C Bond on behalf of the NMFA, and initially is the Trustee.

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

(a) Governmental Obligations;

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

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

(ii) Federal Housing Administration (FHA) Debentures;

(iii) General Services Administration Participation certificates;

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

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

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

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

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

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

(iii) Federal National Mortgage Association (FNMA or "Fannie Mae") Mortgage-backed securities and senior debt obligations (excluded are stripped mortgage securities which are valued greater than par on the portion of unpaid principal);

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

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

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

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

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

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

(g) Commercial paper rated "Prime-1" by Moody's and "A-1+" or better by S&P;

(h) Bonds or notes issued by any state or municipality which are rated by Moody's and S&P in one of the two highest long-term rating categories assigned by such agencies;

(i) Federal funds or bankers acceptances with a maximum term of one year of any bank which has an unsecured, uninsured and unguaranteed obligation rating of "Prime-1" or "A-3" or better by Moody's and "A-1+" by S&P;

(j) Repurchase agreements providing for the transfer of securities from a dealer bank or securities firm (seller/borrower) to a municipal entity (buyer/lender), and the transfer of cash from a municipal entity to the dealer bank or securities firm with an agreement that the dealer bank or securities firm will repay the cash plus a yield to the municipal entity in exchange for the securities at a specified date; provided, however, that the repurchase agreement must satisfy certain criteria articulated in writing to the NMFA by the Rating Agencies;

(k) Investment contracts with providers the long term, unsecured debt organization of which are rated at least "Aaa" by the Rating Agencies; and

(l) deposits with the Treasurer of the State for investment in obligations described above.

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

"Principal Component" means the portion of each Loan Payment representing principal on the related Loan.

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

"Program Costs" means the fees and expenses payable to the Trustee, any Paying Agent and the NMFA.

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

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

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

"Rating Agencies" means Moody's Investors Service, Standard & Poor's Ratings Group and Fitch Ratings or their successors and assigns and any other nationally recognized rating service designated by the NMFA and then maintaining a rating on the Bonds.

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

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

"Rebate Requirement" means the amount of arbitrage profits earned from the investment of gross proceeds of the Bonds in nonpurpose investments described in Section 148(f)(2) of the Code and defined as "Rebate Amount"

in Section 1.148-3 of the Treasury Regulations, which are payable to the United States at the times and in the amounts specified in Section 148(f)(3) of the Code and Section 1.148-3 of the Treasury Regulations.

"Register" means the record of ownership of the Series 2016C Bonds maintained by the Registrar.

"Registered Owner" or "Bondowner" or "Owner" or "Bondholder" or "holder" means the person or persons in whose name or names a Bond will be registered on the books of the Trustee kept for that purpose in accordance with provisions of the Indenture.

"Regular Record Date" means the fifteenth (15th) day immediately preceding each Interest Payment Date (or the Business Day immediately preceding such fifteenth (15th) day, if such fifteenth (15th) day is not a Business Day).

"Representation Letter" means the blanket representations letter from the NMFA to DTC.

"Required Common Debt Service Reserve Funding Level" means an amount (unless amended pursuant to the provisions of this definition of Required Common Debt Service Reserve Funding Level), rounded up to the nearest thousand dollars, equal to the sum of:

(i) 0% of maximum annual Principal Component and Interest Component payable in the Maximum Debt Service Year of Loans secured by revenue pledges classified by the NMFA as fire protection fund, law enforcement protection fund, governmental gross receipts tax, or state gross receipts tax (collectively, "Risk Group One");

(ii) 20% of maximum annual Principal Component and Interest Component payable in the Maximum Debt Service Year of Loans outstanding secured by revenue pledges classified by the NMFA as general obligation, limited mill levy (limited general obligation), or gross receipts tax (other than governmental gross receipts tax, or state gross receipts tax) (collectively, "Risk Group Two");

(iii) 35% of maximum annual Principal Component and Interest Component payable in the Maximum Debt Service Year of Loans outstanding secured by revenue pledges classified by the NMFA as enterprise system revenues, special assessments or a local special tax such as a lodgers' tax, cigarette tax, gasoline tax, special fuel excise tax, pari-mutuel tax, or court facilities fees (collectively, "Risk Group Three," and together with Risk Group One and Risk Group Two, "Risk Groups").

Pursuant to the following provisions, the NMFA may revise the method of calculating the Required Common Debt Service Reserve Funding Level. The NMFA may, from time to time pursuant to an indenture supplemental to the Indenture and without obtaining the consent of the Owners, add or revise revenue pledge categories in addition to those included above. New revenue pledge categories either may be included in one of the three Risk Groups identified above or included in a new Risk Group established using a different Risk Group calculation percentage (a "Factor"). The NMFA may, from time to time pursuant to an indenture supplemental to the Indenture and without obtaining the consent of the Owners, adjust the funding percentages of the Risk Group Factors, adjust the Risk Group in which a revenue pledge is categorized and add or revise revenue pledge categories within Risk Groups as to any future Bond issuances. As to any Bonds outstanding at the time a supplemental indenture as described above is entered into, the Risk Groups and Risk Group Factors as they existed prior to the supplemental indenture shall continue to be applied to such Bonds. In the event of any adjustment pursuant to a supplemental indenture whereby the Required Common Debt Service Reserve Level is decreased over time below the amount that is currently on deposit in the Common Debt Service Reserve Fund, then as provided in the Indenture, the excess amount shall remain on deposit in the Common Debt Service Reserve Fund unless used for shortfalls in any Governmental Unit's Account of the Debt Service Fund, or to redeem or defease Bonds. The NMFA's and the Trustee's ability to enter into supplemental indentures for the foregoing purposes without the consent of the Owners is an integral term and condition of subjecting the Common Debt Service Reserve Fund to the Indenture, and the Trustee is authorized to execute any such supplemental indentures, and the provisions of Article XIII of the Indenture shall not apply to such supplemental indentures as long as such supplemental indentures comply with the terms of this definition of "Required Common Debt Service Reserve Funding Level." In conjunction with executing such supplemental

indentures, the Trustee shall not be required to make any determination as to whether such a supplemental indenture is materially adverse to the interests of the Owners or any other party; whether such a supplemental indenture otherwise is permitted pursuant to Article XIII of the Indenture; or any other determination.

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

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

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

"Securities Depository" means the person who operates the computerized book entry system through which ownership interest in the Series 2016C Bonds may be recorded. Such entity shall at all times be a registered clearing agency under the Securities Exchange Act of 1934, as amended, or other applicable statute or regulation, and in good standing thereunder.

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

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

"Series 2016C Bonds" means the New Mexico Finance Authority Senior Lien Public Project Revolving Fund Revenue and Refunding Bonds, Series 2016C.

"Special Record Date" means a special record date established pursuant to the Indenture. "State" means the State of New Mexico.

"Subordinated Indenture" means that certain Subordinated General Indenture of Trust and Pledge between the NMFA and BOKF, N.A., Albuquerque, New Mexico, dated as of March 1, 2005, and all supplemental indentures supplementing or amending such Subordinated Indenture.

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

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

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

Registration and Exchange of Bonds

Books for the registration and for the transfer of the Bonds will be kept by the Trustee which is appointed the Bond Registrar with respect to the Bonds. Any Bond may, in accordance with its terms, be transferred only

upon the registration books kept by the Bond Registrar, by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Bond for cancellation, accompanied by delivery of a written instrument of transfer in a form approved by the Registrar, duly executed. No transfer will be effective until entered on the registration books kept by the Registrar. Upon surrender for transfer of any fully-registered Bond at the principal corporate trust office of the Trustee, duly endorsed for transfer or accompanied by an assignment duly executed by the Registered Owner or his attorney duly authorized in writing and satisfactory to the Trustee, the NMFA will execute and the Trustee will authenticate and deliver in the name of the transferee or transferees a new, fully-registered Bond or Bonds for a like aggregate principal amount. Bonds may be exchanged at the principal corporate trust office of the Trustee for a like aggregate principal amount of Bonds of other authorized denominations of the same Series and the same maturity. The execution by the NMFA of any Bond of any authorized denomination will constitute full and due authorization of such denomination, and the Trustee will thereby be authorized to authenticate and deliver such Bond. The NMFA and the Trustee will not be required to transfer or exchange any Bond of a particular Series (i) during the period from and including any Regular Record Date, to and including the next succeeding Interest Payment Date, (ii) during the period from and including the day fifteen days prior to any Special Record Date, to and including the date of the proposed payment pertaining thereto, (iii) during the period from and including the day fifteen days prior to the mailing of notice calling any Bonds of a particular Series for redemption, to and including the date of such mailing, or (iv) at any time following the mailing of notice calling such Bond for redemption.

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

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

Nonpresentment of Bonds

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

Covenants of the NMFA

The NMFA will faithfully perform and abide by all of the covenants, undertakings and provisions contained in the Indenture or Supplemental Indenture or in any Bond, including the following covenants and agreements:

Covenant Against Creating or Permitting Liens. Except for the pledge of the Trust Estate to secure payment of the Bonds, the Trust Estate is and will be free and clear of any pledge, lien, charge or encumbrance thereon or with respect thereto; provided, however, that (i) nothing contained in the Indenture will prevent the NMFA from issuing, if and to the extent permitted by law, indebtedness having a lien on the Trust Estate subordinated to that of the Bonds and (ii) Revenues constituting NMFA Portion of the Governmental Gross Receipts Tax and payments of Additional Pledged Loans not needed for payments under the Indenture in any Bond Year may be released to the NMFA free and clear of the lien as provided in the Indenture.

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

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

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

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

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

do not apply to Bonds designated in the related Supplemental Indenture as bearing or accruing interest intended to be subject to Federal income taxation.

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

Deposit and Advance of Funds

The NMFA and the Trustee will deposit the proceeds of the Bonds to the Accounts created under the Indenture and will make the advances of funds thereunder to fund the Program and the NMFA will enter into the Loan Agreements and Grant Agreements with the Governmental Units and purchase and receive the Securities and Security Documents from the Governmental Units on the terms and conditions and upon submission of the documents as provided in the Indenture.

Loan Agreement and Securities - Loan Payments

The Loan Payments will be governed by the following provisions:

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

(b) Loan Agreement and Securities Term. The "Term" of a Loan Agreement or Securities will be defined in the Loan Agreement or Securities. The Term will not exceed the useful life of the Project financed pursuant to the related Loan Agreement or Securities.

(c) Agreement Payment. Each Loan Agreement and Security will provide that the related Governmental Unit will pay Loan Payments directly to the NMFA on or before Loan Payment Dates for remittance to the Trustee (less a portion of the interest rate, if any, retained by the NMFA in lieu of an upfront payment as an administrative fee for the payment of Program Costs. The administrative fee is calculated as .015% of the loan amount, capped at $75,000, or the NPV equivalent of .015% if the administrative fee is included in the interest rate) prior to each Interest Payment Date. In the case of Securities, the Securities will be registered in the name of the Trustee or properly assigned to the Trustee on the books of any registrar for such Securities or, if in bearer form delivered to and held by the Trustee.

(d) Prepayments. The Loan Agreements and Securities may contain a provision permitting the Governmental Unit to prepay the Principal Component of the Loan Payments, in accordance with the provisions of the Loan Agreement and Securities by payment of Prepayments in whole on any date or in part on any Interest Payment Date, at any time when the related Series of Bonds are or are about to become subject to optional redemption upon not less than forty-five (45) days' prior written notice to the Trustee and subject to any other conditions set forth in the related Supplemental Indenture, Loan Agreement or Securities. Partial prepayments of the Principal Component of Loan Payments will be made in multiples of the minimum Authorized Denomination. Each Prepayment will include interest to the date upon which the Trustee has scheduled a related redemption of Bonds as provided in the related Supplemental Indenture.

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

Establishment of Funds and Accounts

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

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

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

(c) a Bond Fund;

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

(e) an Expense Fund;

(f) a Rebate Fund and within such fund a separate Account for each Agreement;

(g) a Governmental Gross Receipts Tax, Additional Pledged Loan Revenue and Tax Subsidy Revenue Fund (the "Revenue Fund") established as an account of the Public Project Revolving Fund; and

(h) a Common Debt Service Reserve Fund.

In addition to the foregoing, with respect to Additional Pledged Loans the Trustee will, if directed in a Supplemental Indenture, establish subaccounts within the Program Fund, the Agreement Reserve Fund or the Debt Service Fund for such Additional Pledged Loans.

Flow of Funds

All Funds will be accounted for and maintained by the NMFA in the Funds and Accounts established in the Indenture. Each Fund and Account will be kept separate and apart from all other Funds and Accounts of the NMFA, except that Accounts may be consolidated within one or more special trust accounts within funds. Any amount deposited pursuant to a consolidation shall remain traceable and sufficiently distinguishable in relation to each Agreement and Governmental Unit to permit any applicable arbitrage, yield restriction or similar calculations to be made. The Funds will be expended and used by the Trustee and the NMFA only in the manner of order and priority specified below:

Program Fund. Upon the issuance of a Series of Bonds the Trustee will deposit an amount specified in the related Supplemental Indenture in the Program Fund and will allocate such amount to the respective Accounts within the Program Fund as provided in each Agreement. Disbursements from each Account within the Program Fund may be made in stages or in a single disbursement for the purpose of funding a Governmental Unit's capital projects account to the extent permitted by the Indenture, and upon acknowledgment of the Governmental Units of its obligation to comply with the provisions of the Indenture. Disbursements from each Account within the Program Fund with respect to an Agreement with a Governmental Unit will (except for amounts to be used for capitalized interest on the Loan and as may be directed in a Supplemental Indenture with respect to Grants) only be made upon the delivery to the Trustee of a requisition substantially in the form attached to each Agreement signed by an Authorized Officer of the Governmental Unit.

Application of Loan Payments. The flow of funds is discussed in the forepart of this Official Statement under the heading "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Flow of Funds." The following paragraphs supplement that discussion.

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

In the event that the Trustee receives Prepayments under a Loan Agreement or Securities, the Trustee will apply such Prepayments to the mandatory redemption of the Bonds or portions thereof in accordance with the related Supplemental Indenture, except with respect to the Series 2004B and each series of Bonds issued thereafter, which are subject to the provisions of the Indenture discussed in the forepart of this Official Statement under the caption "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Application of Loan Prepayments."

At least once a year the Trustee will determine the amount necessary (i) to be transferred to the Bond Fund from each Debt Service Account on Interest Payment Dates for the Bonds from payments relating to a Governmental Unit's Agreement, (ii) to replenish the Governmental Unit's Account in the Agreement Reserve Fund, and (iii) to pay the Governmental Unit's share of Program Costs for the year, and will return any excess which the Trustee does not expect to be required for such payments to the related Governmental Unit or will credit such excess to the Loan Payments next coming due under the Governmental Unit's Agreement; provided, however, that (a) any excess attributable to earnings on funds and accounts for the Governmental Unit will be returned to the Governmental Unit or will be credited to the Loan Payments next coming due under the Governmental Unit's related Loan Agreement, Grant Agreement or Securities; and (b) any excess attributable to the difference in interest rates on the Governmental Unit's Loan and the relevant Outstanding Series of Bonds will be deposited into the Revenue Fund.

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

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

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

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

All moneys held by the Trustee in the Bond Fund will be applied in accordance with the Indenture to pay the principal or redemption price of Bonds as they mature or become due, upon surrender thereof, and the interest on Bonds as it becomes payable. There will be deposited into the Bond Fund all accrued interest received, if any, at the time of the execution, sale and delivery of the Bonds.

Amounts remaining on deposit in the Bond Fund at the end of each Bond Fund Year and after payment of all amounts due on the Bonds for such Bond Fund Year will be transferred to the Revenue Fund.

Common Debt Service Reserve Fund

Pursuant to a Supplemental Indenture, the NMFA has established the Common Debt Service Reserve Fund, which is currently funded in the amount of $30,365,762 (as of March 24, 2016). The NMFA will determine, as of the end of each Bond Fund Year, the Required Common Debt Service Reserve Funding Level. The NMFA will deposit the Annual Common Debt Service Reserve Deposit Amount with the Trustee in the Common Debt Service Reserve Fund within three (3) business days of receipt by the NMFA of the disbursement of the NMFA Portion of the Governmental Gross Receipts Tax distributed to the NMFA by the trustee under the Subordinated Indenture on June 16, being the day after the end of the applicable bond fund year under the Subordinated Indenture. The disbursement of the NMFA Portion of the Governmental Gross Receipts Tax becomes available to the NMFA pursuant to the following process: (i) at the end of each Bond Fund Year, amounts remaining in the Revenue Fund are disbursed to the NMFA pursuant to the Indenture, (ii) pursuant to the Subordinated Indenture, the NMFA is obligated to transfer such amounts to the trustee under the Subordinated Indenture on June 1 of each year, (iii) the trustee under the Subordinated Indenture applies such amounts as required under the Subordinated Indenture, and (iv) the trustee under the Subordinated Indenture transfers the remaining balance of the revenue fund under the Subordinated Indenture to the NMFA on June 16 of each year.

If amounts on deposit in the Common Debt Service Reserve Fund are greater than the Required Common Debt Service Reserve Funding Level for a given Bond Fund Year, then no additional deposit will be made to the Common Debt Service Reserve Fund for such Bond Fund Year. Any such excess amount may be used during the subsequent Bond Fund Year, at the discretion of the NMFA, for the redemption of Bonds prior to maturity by depositing the amount into the Bond Fund or the defeasance of any Bonds. If the NMFA has deposited the entirety of the available Annual Common Debt Service Reserve Deposit Amount as of a Bond Fund Year end, but the amount in Common Debt Service Reserve Fund is less than the Required Common Debt Service Reserve Funding Level, then the NMFA will not be required to fund from any other source any such difference in excess of the Annual Common Debt Service Reserve Deposit Amount; provided, however, if a funding difference remains (based on the annual recalculation of the Required Common Debt Service Reserve Funding Level), then the next year's available Annual Common Debt Service Reserve Deposit Amount will be applied to that difference.

If the amounts on deposit in any Governmental Unit's Account of the Debt Service Fund are insufficient for payments coming due under the related Loan Agreement or Securities on the next Loan Payment Date, after applying any applicable Agreement Reserve Account or other source for the payment of Debt Service, on the third day preceding a Loan Payment Date (or, if such third day is not a Business Day, on the Business Day next preceding such third day), the Trustee will transfer from the Common Debt Service Reserve Fund, an amount sufficient, together with amounts in the related Debt Service Account, to pay the Principal Component and the Interest Component due under such Loan Agreement or Securities on such Loan Payment Date. Amounts on deposit in the Common Debt Service Reserve Fund may not be applied toward payment of the Bonds, except to the extent that amounts are due and owing under the Bonds and amounts are not otherwise available for such payments in the Debt Service Fund.

If all of the following are true: (i) amounts in the Common Debt Service Reserve Fund have been disbursed to pay Principal Component or and Interest Component due under a Loan Agreement or in relation to Securities, (ii) at a Bond Fund Year end following such disbursement, a portion of the Annual Common Debt Service Reserve Deposit Amount that was funded into the Common Debt Service Reserve Fund was attributable to disbursements that should have been restored by a Governmental Unit prior to such Bond Fund Year end (a "CDSR Restorative Funding"), (iii) the relevant Governmental Unit later came into compliance as to certain delinquent payments that had been covered by Common Debt Service Reserve Fund disbursements (a "CDSR Compliance Restoration"), and (iv) the amount in the Common Debt Service Reserve Fund exceeds the Required Common Debt Service Reserve Funding Level; then no more frequently than every three months, the Trustee, upon the written request of the NMFA (which written request will also certify that the foregoing conditions have been satisfied) will disburse to the NMFA the amount by which aggregate CDSR Compliance Restoration amounts exceed the aggregate CDSR Restorative Funding amounts.

If no Bonds remain outstanding (or all Bonds have been defeased), then upon the request of the NMFA, any amount remaining in the Common Debt Service Reserve Fund will be disbursed by the Trustee to the NMFA, and the disbursed amounts may be used by the NMFA for any purpose described in the Indenture.

Investment of Moneys

Any moneys held as part of a Governmental Unit's Account in any of the Funds established under the Indenture will be invested and reinvested by the Trustee at the direction of the related Governmental Unit in Permitted Investments in accordance with the following provisions.

Any such investments will be held by or under the control of the Trustee. The Trustee will sell and reduce to cash a sufficient amount of such investments whenever the cash balance in the related Debt Service Account is insufficient to pay the principal of and premium, if any, and interest on the related Loan Agreement or Securities when due. In the absence of an appropriate direction from a Governmental Unit as to investment of funds, the Trustee will invest and reinvest such amounts in a daily money market fund which invests only in United States Government Obligations.

Any moneys held (i) as part of a Governmental Unit's Account in any of the Funds established under the Indenture or (ii) by the NMFA as agent for the Trustee will be invested and reinvested by the NMFA or the Trustee, as the case may be, at the direction of the related Governmental Unit in Permitted Investments as directed by the Loan Agent or the Securities and in accordance with the following provisions.

The Trustee or the NMFA will sell and reduce to cash a sufficient amount of such investments whenever the cash balance in the related Debt Service Account is insufficient to pay the principal of and premium, if any, and interest on the related Loan Agreement or Securities when due.

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

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

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

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

(i) all interest, income, and profits received in respect of the investment of the amounts on deposit in a Governmental Unit's Account in any of the Funds established under the Indenture will (after deduction of any losses) be retained in the applicable Governmental Unit's Account from which the investment was derived (except as otherwise required with respect to the Agreement Reserve Fund and deposits to be made to the Rebate Fund); and

(ii) all interest, income, and profits received in respect of the investment of the amounts on deposit in the Revenue Fund, the Rebate Fund, the Bond Fund or the Common Debt Service Reserve Fund will (after deduction of any losses) be retained in such Fund; and

(iii) whenever any other transfer or payment is required to be made from any particular Fund or Account, such transfer or payment will be made from such combination of maturing principal, redemption, or repurchase prices, liquidation proceeds, and withdrawals of principal as the Trustee deems appropriate for such purpose, after taking into account such factors as future transfers or payments from the Fund or Account in question, the reinvestment opportunities for maturing principal, the current yield on any permitted investments to be

redeemed, withdrawn, or sold, and any penalties, gains, or losses to be realized upon any such redemption, withdrawal, or sale.

The Trustee will not be accountable for any depreciation in the value of the Permitted Investments or any losses incurred upon any authorized disposition thereof.

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

Defeasance

When there has been paid, or provisions for payment have been made to or for the holders and Owners of the Bonds, the principal of and premium, if any, and interest due or to become due on the Bonds at the times and in the manner stipulated therein, and if there has been paid to the Trustee and any paying agents all sums of money due or to become due according to the provisions of the Indenture, then the estate and rights granted by the Indenture will cease, determine and be void, whereupon the Trustee will cancel and discharge the lien of the Indenture and on demand of the NMFA will execute such documents to evidence such release as will be reasonably required by the NMFA and will turn over to the NMFA all balances held by the Trustee under the Indenture (other than amounts required for return to the Governmental Units as provided in the Indenture).

Any Bond will be deemed to be paid within the meaning of and for all purposes of the Indenture when (a) payment of the principal of and the applicable premium, if any, on such Bond, whether at maturity or prior redemption plus interest thereon to the due date thereof, either (i) has been made or caused to be made in accordance with the terms thereof, or (ii) has been provided by irrevocably depositing with the Trustee or other escrow agent, in trust, and the Trustee or other escrow agent has irrevocably set aside exclusively for such payment, (1) moneys sufficient to make such payment, and/or (2) noncallable Governmental Obligations maturing as to principal and interest in such amount and at such times as will insure the availability of sufficient moneys to make such payment, and (3) all necessary and proper fees, compensation and expenses of the Trustee and any paying agents pertaining to the Bonds with respect to which such deposit is made have been paid or the payment thereof provided for to the satisfaction of the Trustee. At such time as a Bond is deemed to be paid under the Indenture, as aforesaid, it will no longer be secured by or entitled to the benefits of the Indenture, except for the purposes of any such payment from such moneys or noncallable Governmental Obligations.

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

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

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

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

for the payment of which such moneys or obligations are being held, to all Owners of Bonds for the payment of which such moneys or obligations are being held.

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

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

Default Provisions and Remedies of the Trustee and Owners

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

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

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

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

(d) if an order or decree is entered, with the consent or acquiescence of the NMFA, appointing a receiver or custodian for any of the Revenues of the NMFA, or approving a petition filed against the NMFA seeking reorganization of the NMFA under the federal bankruptcy laws or any other similar law or statute of the United States of America or any state thereof, or if any such order or decree, having been entered without the consent or acquiescence of the NMFA will not be vacated or discharged or stayed on appeal within 30 days after the entry thereof, or

(e) if any proceeding is instituted, with the consent or acquiescence of the NMFA, for the purpose of effecting a composition between the NMFA and its creditors or for the purpose of adjusting the claims of such creditors pursuant to any federal or state statute now or hereafter enacted, if the claims of such creditors are or may be under any circumstances payable from Revenues; or

(f) if (i) the NMFA is adjudged insolvent by a court of competent jurisdiction, or (ii) an order, judgment or decree be entered by any court of competent jurisdiction appointing, without the consent of the NMFA, a receiver, Trustee or custodian of the NMFA or of the whole or any part of their property and any of the aforesaid adjudications, orders, judgments or decrees is not vacated or set aside or stayed within 60 days from the date of entry thereof; or

(g) if the NMFA files a petition or answer seeking reorganization, relief or any arrangement under the federal bankruptcy laws or any other applicable law or statute of the United States of America or any state thereof; or

(h) if, under the provisions of any other law for the relief or aid of debtors, any court of competent jurisdiction assumes custody or control of the NMFA or of the whole or any substantial part of the property of the NMFA, and such custody or control is not terminated within 30 days from the date of assumption of such custody or control; or

(i) if the NMFA defaults in the due and punctual performance of any other of the covenants, conditions, agreements and provisions contained in the Bonds or the Indenture or any Supplemental Indenture on the part of the NMFA to be performed, other than as set forth above in this section and such Default continues for 30 days after written notice specifying such Event of Default and requiring the same to be remedied has been given to the NMFA by the Trustee, which may give such notice in its discretion and will give such notice at the written request of the Registered Owners of not less than twenty-five percent (25%) in aggregate principal amount of the Bonds then Outstanding.

Remedies of the Trustee. If an Event of Default has occurred and is continuing, the Trustee in its discretion may, and upon the written request of the Owners of a majority in aggregate principal amount of all Bonds then Outstanding and receipt of indemnity to its satisfaction, will, in its own name:

(a) by mandamus or other action or proceeding or suit at law or in equity enforce the rights of the Owners of the Bonds under the Indenture, including enforcing any rights under the Agreements and Security Documents and the provisions of the Indenture for the benefit of the Owners of the Bonds against the NMFA and any related Governmental Unit, and compel the NMFA and any related Governmental Unit, to perform or carry out its duties under the law and the agreements and covenants required to be performed by it contained in the Indenture or in any Agreement (including the appointment of a receiver); or

(b) by suit in equity enjoin any acts or things which are unlawful or violate the rights of the Trustee; or

(c) intervene in judicial proceedings that affect the Bonds, the Agreements, or the security therefor; or

(d) exercise any or all remedies permitted under the Agreements or Security Documents; or

(e) cause the NMFA or any related Governmental Unit to account as if it were the Trustee of an express trust for all of the Revenues or Agreement Pledged Revenues, pledged under the Indenture or pursuant to the Agreements and any Security Documents.

Non-Waiver. A waiver of any default or breach of duty or contract by the Trustee or the Owners will not affect any subsequent default or breach of duty or contract or impair any rights or remedies on any subsequent default or breach of duty or contract. No delay or omission by the Trustee or the Owners to exercise any right or remedy accruing upon any default or breach of duty or contract will impair any such right or be construed to be a waiver of any such default or breach of duty or contract or an acquiescence therein, and every right or remedy conferred upon the Trustee or the Owners by law or by the Indenture may be enforced and exercised from time to time and as often as may be deemed expedient by the Trustee or the Owners.

If any action, proceeding or suit to enforce any right or to exercise any remedy is abandoned or determined adversely to the Trustee or the Owners, the Trustee, the Owners, the NMFA, and the Governmental Units will be restored to the former positions, rights and remedies as if such action, proceeding or suit had not been brought or taken.

Remedies Not Exclusive. No remedy conferred upon or reserved to the Trustee or the Owners under the Indenture is intended to be exclusive of any other remedy, and each such remedy is cumulative and is in addition to every other remedy given under the Indenture or now or hereafter existing in law or in equity or by statute or otherwise and may be extended without exhausting and without regard to any other remedy conferred by any law.

No Liability by the Governmental Units to the Owners. Except for the payment when due of the Loan Payments and the performance of the other agreements and covenants required to be performed by it contained in the Agreements and Security Documents, the Governmental Units will not have any obligation or liability to the Owners with respect to the Indenture or the preparation, execution, delivery or transfer of the Bonds or the disbursement of the Loan Payments, by the Trustee, or with respect to the performance by the NMFA of any right or obligation required to be performed by it contained in the Indenture or for the performance by any other Governmental Unit of such other Governmental Unit's obligations under an Agreement or Security Documents.

Limitation of Owners' Right to Bring Suit. No Owner of any Bond has any right to institute any proceeding, judicial or otherwise, under or with respect to the Indenture, for the appointment of a receiver or Trustee or for any other remedy, at law or in equity, unless:

(a) such Owner has previously given written notice to the Trustee of a continuing Event of Default;

(b) the Owners of not less than a majority of the aggregate principal amount of the Bonds Outstanding have made written request to the Trustee to institute proceedings in respect of such Event of Default in its own name as Trustee under the Indenture;

(c) such Owner or Owners have offered to the Trustee reasonable indemnity, satisfactory to the Trustee, against the costs, expenses and liabilities to be incurred in compliance with such request; and

(d) the Trustee for 60 days after its receipt of such notice, request and offer of indemnity has failed to institute any such proceeding.

No one or more Owners has any right in any manner whatever by virtue of, or by availing of, any provision of the Indenture to affect, disturb or prejudice the lien of the Indenture or the rights of any other Owners or to obtain or to seek to obtain priority or preference over any other Owners or to enforce any right under the Indenture, except in the manner provided in the Indenture and for the equal and ratable benefit of all Bond Owners. Notwithstanding the foregoing, the Owner of any Bond has the right which is absolute and unconditional to receive payment of interest on such Bond when due in accordance with the terms of the Bonds and the Indenture and the principal of such Bond at the stated maturity of the Bonds and to institute suit for the enforcement of any such payment in accordance with the provisions of the Indenture and such rights will not be impaired without the consent of such Owner.

The Owners of a majority in aggregate principal amount of the Bonds Outstanding under the Indenture have the right, after furnishing indemnity satisfactory to the Trustee, to direct the method and place of conducting all remedial proceedings by the Trustee, provided that such direction is not in conflict with any rule of law or with the Indenture or unduly prejudice the rights of minority Owners of Bonds.

Application of Funds Upon Default. All moneys received by the Trustee or by any receiver pursuant to any right given or action taken under the default provisions of the Indenture or under the provisions of the related Agreements, will, after payment of the reasonable costs and fees of, and the reasonable expenses, liabilities and advances incurred or made by the Trustee, be deposited in the Bond Fund and all moneys so deposited during the continuance of an Event of Default (other than moneys deposited to the Bond Fund for the payment of Bonds which have previously matured or otherwise become payable prior to such Event of Default), together with all moneys in the Funds maintained by the Trustee or the NMFA under the Indenture, will be applied as follows:

(a) Unless the principal of all Bonds shall have become due and payable, all such moneys will be applied, as follows:

First: To the payment to the persons or entity entitled thereto of all installments of interest then due on the Bonds, in the order of maturity of the installments of such interest, and, if the amount available will not be sufficient to pay in full any particular installment of interest, then to the

payment ratably according to the amounts due on such installment, to the persons or entity entitled thereto without any discrimination or privilege;

Second: To the payment to the persons or entity entitled thereto of the unpaid principal of and any of the Bonds which have become due (other than Bonds called for prepayment for the payment of which moneys are held pursuant to the provisions of the Indenture), with interest on such Bonds at their rate from the respective dates upon which they became due, in the order of their due dates, and, if the amount available is not sufficient to pay in full Bonds due on any particular date, together with such interest, then to the payment ratably, according to the amount of principal and interest due on such date, to the persons or entities entitled thereto without any discrimination or privilege; and

Third: To be held for the payment to the persons entitled thereto as the same become due of the principal of, the premium, if any, and interest on the Bonds which may thereafter become due at maturity and, if the amount available is not sufficient to pay in full Bonds due on any particular date, together with interest then due and owing thereon, payment will be made ratably according to the amount of principal due on such date to the persons entitled thereto without any discrimination or privilege.

(b) If the principal of all the Bonds becomes due and payable all such moneys will be applied to the payment of the principal and interest then due and unpaid upon the Bonds, with the interest on overdue principal, as aforesaid, without preference or priority of principal over interest or of interest over principal or of any installment of interest over any other installment of interest, or of any Bonds over any other certificates, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or privilege.

Whenever moneys are to be applied pursuant to the provisions of this section, such moneys will be applied at such times, and from time to time, as the Trustee may determine, having due regard for the amount of such moneys available for such application in the future. Whenever the Trustee applies such moneys it will fix the date (which will be an Interest Payment Date unless it deems another date more suitable) upon which date such application is to commence and upon such date interest on the amounts of principal to be paid on such date will cease to accrue. The Trustee will give such notice as it may deem appropriate of the deposit with it of any moneys and of the fixing of any such date and of the Special Record Date in accordance with the Indenture. The Trustee will not be required to make payment to the holder of any unpaid Bond until such Bond is presented to the Trustee for appropriate endorsement or for cancellation if fully paid.

Waivers of Events of Default. The Trustee may in its discretion waive any Event of Default and its consequences and will do so upon the written request of the Registered Owners of (a) a majority in aggregate principal amount of all the Bonds then outstanding in respect of which Default in the payment of principal and interest exist, or (b) a majority in aggregate principal amount of the Bonds then Outstanding in the case of any other Event of Default; provided, however, that there will not be waived (i) any Event of Default in the payment of the principal of any Bonds at the date of maturity specified therein, or (ii) any default in the payment when due of the interest on any such Bonds, unless prior to such waiver or rescission, all arrears of interest, with interest (to the extent permitted by law) at the rate borne by the Bonds in respect of which such Event of Default has occurred on overdue installments of interest and all arrears of payments of principal and premium, if any, when due and all expenses of the Trustee, in connection with such Event of Default has been paid or provided for, and in case of any such waiver or rescission, or in case any proceeding taken by the Trustee on account of any such Event of Default has been discontinued or abandoned or determined adversely, then and in every such case the NMFA, the Trustee and the Registered Owners will be restored to their former positions and rights under the Indenture, respectively, but no such waiver or rescission will extend to any subsequent or other Event of Default, or impair any right consequent thereon.

Supplemental Indentures

Supplemental Indentures Not Requiring Consent of Owners. The NMFA and the Trustee may, without consent of, or notice to, any of the Owners enter into an indenture or indentures supplemental to the Indenture for any one or more of the following purposes:

(a) To provide for the issuance of Additional Bonds in accordance with the provisions of the Indenture;

(b) To cure any ambiguity or formal defect or omission in the Indenture;

(c) To grant to or confer upon the Trustee for the benefit of the Owners any additional rights, remedies, powers or authority that may lawfully be granted to or conferred upon the Registered Owners or the Trustee;

(d) To subject to the Indenture additional revenues, properties or collateral;

(e) To evidence the appointment of a separate Trustee or paying agent or the succession of a new Trustee or paying agent under the Indenture;

(f) To make any other change which in the judgment of the Trustee is not materially adverse to the interests of the Trustee or any of the Owners;

(g) To make any amendments with the prior written confirmation from of the Rating Agency that such amendments will not result in the rating on the Bonds following such amendment being lower than the rating on the Bonds immediately prior to such amendment; and

(h) To add additional covenants of the NMFA or any Governmental Unit or to surrender any right or power conferred upon the NMFA in the Indenture or any Governmental Unit or to grant additional powers or rights to the Trustee.

Supplemental Indentures Requiring Consent of Owners. Exclusive of supplemental indentures covered by the foregoing section and subject to the following terms and provisions and not otherwise, the Owners of not less than a majority in aggregate principal amount of the Bonds then outstanding will have the right, from time to time, anything contained in the Indenture to the contrary notwithstanding, to consent to and approve the execution by the NMFA and the Trustee of such other indenture or indentures supplemental to the Indenture as may be deemed necessary and desirable by the NMFA for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in the Indenture or in any supplemental indenture; provided, however, that nothing in this section or in the foregoing section will permit, or be construed as permitting, (i) an extension of the maturity of the principal of, or the interest on, any Bond, or (ii) a reduction in the principal amount of, or redemption premium on, any Bond or the rate of interest thereon, or (iii) a privilege or priority of any Bond or Bonds over any other Bond or Bonds, or (iv) a reduction in the aggregate principal amount of the Bonds required for consent to such supplemental indentures, or (v) permit the creation of any lien ranking prior to the lien of the Indenture on the Trust Estate or any part thereof, or (vi) deprive the Owner of any Bond then outstanding of the lien created by the Indenture on the Trust Estate without the prior consent of one hundred percent (100%) of the holders of the Bonds affected by such supplemental indenture. The Trustee may, but is not obligated to, enter into any such supplemental indenture which adversely affects the Trustee's rights, duties or immunities under the Indenture or the Agreements.

If at any time the NMFA requests the Trustee to enter into any such supplemental indenture for any of the purposes of this section, the Trustee will, upon being satisfactorily indemnified with respect to expenses, cause notice of the proposed execution of such supplemental indenture to be given by registered or certified mail to the owner of each Bond shown by the list of Owners kept at the office of the Trustee. Such notices will briefly set forth the nature of the proposed supplemental indenture and will state that copies thereof are on file at the principal office of the Trustee for inspection by all Owners. If, within one hundred twenty (120) days or such longer period as the

holders of not less than a majority in aggregate principal amount of the Bonds outstanding at the time of the execution of any such supplemental indenture have consented to and approved the execution thereof as provided in the Indenture, no Owner of any Bond will have any right to object to any of the terms and provisions contained therein, or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Trustee or the Governmental Units from executing the same or from taking any action pursuant to the provisions thereof. Upon the execution of any such supplemental indenture as permitted and provided, the Indenture will be and be deemed to be modified and amended in accordance therewith.

Amendment of Agreements and Security Documents.

(a) The NMFA will have the right to amend an Agreement and any existing Security Documents with the Consent of the Trustee and the related Governmental Unit without Bond Owners' consent, for one or more of the following purposes:

(i) to add additional covenants of the NMFA or the related Governmental Unit, as applicable, or to surrender any right or power conferred upon the NMFA or the related Governmental Unit;

(ii) to make any amendments with the prior written confirmation from the Rating Agencies that such amendment will not result in the rating on the Bonds following such amendment being lower than the rating on the Bonds immediately prior to such amendment;

(iii) for any purpose not inconsistent with the terms of the Indenture or to cure any ambiguity or to correct or supplement any provision contained therein or in any amendment thereto which may be defective or inconsistent with any other provision contained therein or in the Indenture or in any amendment thereto or in any Supplemental Indenture, or to make such other provisions in regard to matters or questions arising under any Agreement, or Security Documents which in the judgment of the Trustee do not adversely affect the interests of the Owners of Bonds; or

(iv) to make any other change or amendment upon the delivery to the Trustee of a Cash Flow Statement and an Approval of Bond Counsel.

(b) If the NMFA or a Governmental Unit propose to amend an Agreement or related Security Documents in a manner not contemplated by (a) above the Trustee will notify the Owners of the Bonds of the proposed amendment and may consent thereto with the consent of the Owners of at least a majority in aggregate principal amount of the Bonds then Outstanding.

Fees, Charges and Expenses of the Trustee

Upon an Event of Default, but only upon an Event of Default, the Trustee will have a right of payment prior to payment on account of interest or principal of, or premium, if any, on any Bond for the Trustee's advances, fees, costs and expenses incurred.

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APPENDIX C

CERTAIN ECONOMIC AND DEMOGRAPHIC INFORMATION RELATING TO THE STATE

The following economic and demographic descriptions are furnished for information only. The Series 2016C Bonds do not constitute a general obligation of the State and are special limited obligations of Finance Authority payable solely from the Trust Estate. THE FINANCE AUTHORITY HAS NO TAXING POWERS. The principal of and interest and premium, if any, on the Series 2016C Bonds do not constitute or give rise to a personal liability on the part of the directors and officers of the Finance Authority. No breach of any pledge, obligation or agreement of the Finance Authority will impose a pecuniary liability or a charge upon the general credit of the State, the Finance Authority or any political subdivision of the State, or upon the taxing power of the State or any political subdivision of the State.

The information presented in this Appendix C relates to certain economic and demographic information relating to the State. Such information is for informational purposes and is presented to provide readers a sense of the economic and demographic composition of the State. Such information is available from the sources listed in the tables and is believed to be reliable. However, the Finance Authority has not verified and does not guarantee the accuracy of any such information.

Generally

The State, admitted as the forty-seventh state on January 6, 1912, is the fifth largest state, containing approximately 121,593 square miles. The estimated 2014 population of the State was 2,085,572. The State has a semiarid subtropical climate with light precipitation. Its climate is characterized by sunshine and bright skies in both winter and summer. Every part of the State receives no less than 70 percent sunshine year-round. Humidity ranges from 60 percent (mornings) to 30 percent (afternoons). Thunderstorms in July and August bring most of the moisture. December to March snowfalls vary from 2 inches (lower Rio Grande Valley) to 300 inches (north central mountains).

Governmental Organization

The Executive Branch of State government consists of a Governor, Lieutenant Governor, Secretary of State, State Auditor, State Treasurer, Attorney General, and Commissioner of Public Lands. These officials are elected to four-year terms beginning January 1 after their election. An elected Executive Branch officer may succeed himself or herself in office once. The primary functions of the Executive Branch are currently carried out by the offices of each elected Executive Branch officeholder, in addition to approximately 22 cabinet departments, each headed by a cabinet secretary appointed by the Governor with the advice and consent of the Senate, and approximately 9 cabinet-level agencies. Elections for all executive branch statewide offices were held on November 4, 2014.

The State Board of Finance ("State Board") has seven voting members consisting of the Governor, the Lieutenant Governor, the State Treasurer, and four members appointed by the Governor with the advice and consent of the Senate. No more than two appointed members may be from the same political party. The Department of Finance and Administration (the "DFA") Secretary serves as the Executive Officer of the State Board and is a non-voting member. The State Board, in addition to other powers and duties provided by law, has general supervisory authority over the fiscal affairs of the State and over the safekeeping and depositing of all money and securities belonging to, or in the custody of, the State. The Governor serves as the President of the State Board.

The DFA is the principal financial organization of State government and performs through its divisions the duties and functions relating to State and local government financing and general administration. The executive and administrative head of the DFA is the Secretary, who is appointed by the Governor with the advice and consent of the Senate. The State Board's staff are a division of the DFA. The Director of the State Board is appointed by the Secretary with the approval of the members of the State Board.

The Legislature consists of 112 members and is divided into a Senate and a House of Representatives. Senators are elected for four-year terms and members of the House are elected for two-year terms. The Legislature convenes in regular session annually on the third Tuesday in January. Regular sessions are constitutionally limited in length to 60 calendar days in odd-numbered years and 30 calendar days in even-numbered years. Special sessions of the Legislature may be convened by the Governor. Extraordinary sessions may be convened by the Legislature under certain limited circumstances. Legislators do not receive any salary, but do receive per diem and mileage allowances while in session or performing official State business.

The judicial branch is composed of a statewide system including Magistrate and District Courts, the Court of Appeals and the Supreme Court. The District Courts are the trial courts of record with general jurisdiction.

Economic and Demographic Characteristics

New Mexico is the 36th largest state by population and the fifth largest in land area. The estimated population of the State as of July 1, 2015 was 2,085,109.

There are four Metropolitan Statistical Areas ("MSAs") in the State. The Albuquerque MSA is comprised of Bernalillo, Sandoval, Torrance and Valencia Counties; the Las Cruces MSA is comprised of Doña Ana County; the Santa Fe MSA is comprised of Santa Fe County; and the Farmington MSA is comprised of San Juan County. The fastest growing counties in the State are Sandoval, Doña Ana, Bernalillo, Santa Fe, Valencia, and San Juan. The following table sets forth information on population growth in New Mexico and nationally.

POPULATION
NEW MEXICO AND THE UNITED STATES
2005-2015

	Population		Annual Percentage Change	
Year	New Mexico	United States	New Mexico(1)	United States
2005	1,914,699	295,618,454	1.3%	0.9%
2006	1,940,631	298,431,771	1.4	1.0
2007	1,966,357	301,393,632	1.3	1.0
2008	1,984,179	304,177,401	0.9	0.9
2009	2,007,315	306,656,290	1.2	0.8
2010 (Census)	2,059,192	308,758,105	2.6	0.7
2011 (est.)	2,078,226	311,718,857	0.9	1.0
2012 (est.)	2,084,792	314,102,623	0.3	0.8
2013 (est.)	2,086,890	316,427,395	0.1	0.7
2014 (est.)	2,085,567	318,907,401	(0.1)	0.8
2015 (est.)	2,085,109	321,418,820	--	0.8

(1) Dash (--) represents zero or rounds to zero.
(Source: U.S. Census Bureau, Population Division. Last revised March 2016.)

Major industries in the State include oil and natural gas production, manufacturing, service, tourism, services, arts and crafts, agribusiness, government and mining. Major federally funded scientific research facilities at Los Alamos, Albuquerque and White Sands are also a notable part of the State's economy. The following table sets forth information on employment by industry over the period of 2003 through 2013.

TOTAL FULL-TIME AND PART-TIME EMPLOYMENT BY INDUSTRY

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	Growth 2012-2013	Growth 2004-2013
Total employment	1,025,878	1,049,6539	1,079,061	1,104,526	1,107,0002	1,074,126	1,059,188	1,062,869	1,067,241	1,079,067	1.1%	5.2%
Wage and salary employment	830,075	845,476	868,518	878,592	881,856	849,122	837,320	837,281	842,188	849,701	0.9	2.4
Proprietors employment	195,803	204,163	201,543	225,934	225,146	225,004	221,868	225,588	225,053	229,366	1.9	17.1
Farm proprietors employment	15,632	15,588	15,255	18,193	17,745	17,752	18,664	19,791	20,332	20,424	0.5	30.7
Nonfarm proprietors employment	180,171	188,575	195,288	207,741	207,401	207,252	203,204	205,797	204,721	208,942	2.1	16.0
Farm employment	22,618	23,262	22,829	25,804	24,406	24,710	25,211	26,399	27,461	28,310	3.1	25.2
Nonfarm employment	1,003,260	1,026,377	1,056,232	1,078,722	1,082,596	1,049,416	1,033,977	1,036,470	1,039,780	1,050,757	1.1	4.7
Private employment	785,654	807,678	841,900	868,783	869,301	833,198	816,542	822,659	827,901	839,397	1.4	6.8
Forestry, fishing, related activities and other(1)	5,171	5,229	5,135	5,172	5,311	5,307	5,215	5,237	5,156	5,219	1.2	0.9
Mining(2)	19,059	21,116	23,528	24,891	28,295	24,432	27,022	28,356	34,188	36,824	7.7	93.2
Utilities	4,042	4,074	4,122	4,451	4,564	4,801	4,565	4,508	4,542	4,612	1.5	14.1
Construction(3)	68,299	73,895	79,675	80,478	77,887	67,177	61,238	59,293	58,116	59,519	2.4	(12.9)
Manufacturing	40,611	41,175	42,745	42,810	40,595	36,422	34,537	35,613	35,670	35,431	(0.7)	(12.8)
Durable goods manufacturing(4)	27,903	28,502	29,863	29,772	28,038	24,371	23,033	23,610	23,108	22,401	(3.1)	(19.7)
Nondurable goods manufacturing(5)	12,708	12,673	12,882	13,038	12,557	12,051	11,504	12,003	12,562	13,030	3.7	2.5
Wholesale trade	26,800	27,878	28,863	28,749	28,606	26,582	26,801	26,373	26,100	26,392	1.1	(1.5)
Retail trade(6)	113,899	115,813	116,478	118,682	117,897	113,809	110,226	111,331	111,781	113,064	1.1	(0.7)
Transportation and warehousing(7)	24,888	25,271	25,875	27,380	26,629	24,279	23,351	24,281	25,336	25,419	0.3	2.1
Information(8)	17,151	17,289	18,424	18,805	18,942	17,457	17,114	16,469	16,477	16,035	(2.7)	(6.5)
Finance and insurance(9)	31,532	31,907	32,185	33,693	34,628	35,848	34,550	35,451	35,053	35,651	1.7	13.1
Real estate and rental and leasing(10)	34,836	38,266	40,436	42,998	42,557	40,380	39,916	39,833	38,407	39,024	1.6	12.0
Professional and technical services	65,996	66,766	74,267	81,912	82,032	80,366	78,331	77,473	76,106	75,906	(0.3)	15.0
Management of companies and enterprises	5,347	6,349	6,428	6,073	5,906	5,587	5,406	5,504	5,456	5,553	1.8	3.9
Administrative and waste services(11)	54,534	55,159	58,410	60,352	60,260	55,817	54,266	54,742	53,420	54,433	1.9	(0.2)
Educational services	14,862	15,349	15,869	15,714	15,908	16,263	16,734	16,208	16,101	16,002	(0.6)	7.7
Health care and social assistance(12)	103,494	104,958	107,797	111,692	114,683	118,041	119,378	121,489	123,288	124,570	1.0	20.4
Arts, entertainment and recreation(13)	20,933	21,404	21,792	22,840	23,229	23,212	22,981	23,007	23,592	24,247	2.8	15.8
Accommodation and food services(14)	80,463	81,317	84,409	85,075	83,953	81,660	81,122	82,309	83,203	85,309	2.5	6.0
Other services, except public administration(15)	53,737	54,463	55,462	57,016	57,419	55,758	53,789	55,182	55,909	56,187	0.5	4.6
Government and government enterprises(16)	217,606	218,699	214,332	209,939	213,295	216,218	217,435	213,811	211,879	211,360	(0.2)	(2.9)

(1) The “Forestry, fishing, related activities and other” category includes: forestry and logging; fishing, hunting and trapping; agriculture and forestry support activities.

(2) The “Mining” category includes: oil and gas extraction; mining (except oil and gas); and support activities for mining.

(3) The “Construction” category includes: construction of buildings; heavy and civil engineering construction; and specialty trade contractors.

(4) The “Durable goods manufacturing” category includes: wood product manufacturing; nonmetallic mineral product manufacturing; primary metal manufacturing; fabricated metal product manufacturing; machinery manufacturing; computer and electronic product manufacturing; electrical equipment and appliance manufacturing; motor vehicles, bodies and trailers, and parts manufacturing; other transportation equipment manufacturing; furniture and related product manufacturing; and miscellaneous manufacturing.

(5) The “Nondurable goods manufacturing” category includes: food manufacturing; beverage and tobacco product manufacturing; textile mills; textile product mills; apparel manufacturing; leather and allied product manufacturing; paper manufacturing; printing and related support activities; petroleum and coal products manufacturing; chemical manufacturing; and plastics and rubber products manufacturing.

(6) The “Retail trade” category includes: motor vehicle and parts dealers; furniture and home furnishings stores; electronics and appliance stores; building material and garden supply stores; food and beverage stores; health and personal care stores; gasoline stations; clothing and clothing accessories stores; sporting goods, hobby, book and music stores; general merchandise stores; miscellaneous store retailers; and nonstore retailers.

(7) The “Transportation and warehousing” category includes: air transportation; rail transportation; water transportation; truck transportation; transit and ground passenger transportation; pipeline transportation; scenic and sightseeing transportation; support activities for transportation; couriers and messengers; and warehousing and storage.

(8) The “Information” category includes: publishing industries, except Internet; motion picture and sound recording industries; broadcasting, except Internet; Internet publishing and broadcasting; telecommunications; ISPs, search portals and data processing; and other information services.

(9) The “Finance and insurance” category includes: monetary authorities-central bank; credit intermediation and related activities; securities, commodity contracts, investments; insurance carriers and related activities; and funds, trusts and other financial vehicles.

(10) The “Real estate and rental and leasing” category includes: real estate; rental and leasing services; and lessors of nonfinancial intangible assets.

(11) The “Administrative and waste services” category includes: administrative and support services; and waste management and remediation services.

(12) The “Health care and social assistance” category includes: ambulatory health care services; hospitals; nursing and residential care facilities; and social assistance.

(13) The “Arts, entertainment and recreation” category includes: performing arts and spectator sports; museums, historical sites, zoos and parks; and amusement, gambling and recreation.

(14) The “Accommodation and food services” category includes: accommodation; and food services and drinking places.

(15) The “Other services, except public administration” category includes: repair and maintenance; personal and laundry services; membership associations and organizations; and employment in private households.

(16) The “Government and government enterprises” category includes: federal, civilian; military; state and local; and state government and local government.

(Source: Regional Economic Information System, Bureau of Economic Analysis, Last updated November 2014, including revised estimates for 2004-2013.)

The following tables set forth selected additional economic and demographic data with respect to the State.

EMPLOYMENT AND LABOR FORCE
NEW MEXICO AND THE UNITED STATES
2005-2015

	Civilian Labor Force (Thousands)		Number of Employed (Thousands)		Unemployment Rate		
Year	New Mexico[1]	United States[1]	New Mexico[1]	United States[1]	New Mexico	United States	N.M. as % of U.S. Rate
2005	918	149,320	871	141,730	5.1%	5.1%	100%
2006	928	151,428	889	144,427	4.2	4.6	91
2007	934	153,124	899	146,047	3.8	4.6	83
2008	945	154,287	902	145,362	4.5	5.8	78
2009	940	154,142	869	139,877	7.5	9.3	81
2010[2]	936	153,889	860	139,064	8.1	9.6	84
2011[2]	930	153,617	860	139,869	7.6	8.9	85
2012[2]	928	154,975	862	142,469	7.1	8.1	88
2013[2]	923	155,389	859	143,929	6.9	7.4	93
2014[2]	918	155,922	858	146,305	6.5	6.2	105
2015[2][3]	926	156,571	869	147,848	6.1	5.6	109

(1) Figures rounded to nearest thousand.
(2) Estimates for 2010-2015 are subject to revision. All figures were benchmarked January 2014 and revised April 2015.
(3) Estimates through May 31, 2015.
(Source: U.S. Department of Commerce, Bureau of Business & Economic Research, April 2015.)

PERSONAL INCOME
NEW MEXICO AND THE UNITED STATES
2005-2015

	Personal Income (000)		Annual Percentage Change	
Year	New Mexico	United States	New Mexico	United States
2005	$56,233,308	$10,605,595,000	n/a	n/a
2006	60,090,836	11,376,405,000	6.9%	7.3%
2007	63,643,408	11,990,104,000	5.9	5.4
2008	67,188,091	12,429,234,000	5.6	3.7
2009	66,241,297	12,080,223,000	(1.4)	(2.8)
2010	68,505,892	12,417,659,000	3.4	2.8
2011	72,234,158	13,189,935,000	5.4	6.2
2012	74,601,613	13,873,161,000	3.3	5.2
2013	74,996,363	14,151,427,000	0.5	2.0
2014	78,428,001	14,708,582,165	4.6	3.9
2015[1]	80,201,000	15,324,109,000	3.7	4.4

(1) Preliminary.
(Source: U.S. Department of Commerce, Bureau of Economic Analysis, Regional Data. Last revised: March 2016.)

PER CAPITA PERSONAL INCOME
NEW MEXICO AND THE UNITED STATES
2005-2015

	Per Capita Income			Annual Percentage Change	
Year	New Mexico	United States	N.M. as a % of U.S.	New Mexico	United States
2005	$29,102	$35,888	81%	n/a	n/a
2006	30,625	38,127	80	5.2%	6.2%
2007	31,980	39,804	80	4.4	4.4
2008	33,416	40,873	82	4.5	2.7
2009	32,522	39,379	83	(2.7)	(3.7)
2010	33,175	40,144	83	2.0	1.9
2011	34,763	42,332	82	4.8	5.5
2012	35,805	44,200	81	3.0	4.4
2013	35,965	44,765	80	0.4	1.3
2014	37,605	46,129	82	4.6	3.0
2015(1)	38,457	47,669	81	2.3	3.3

(1) Preliminary.
(Sources: U.S. Department of Commerce, Bureau of Economic Analysis, Regional Data. Last revised: March 2016.)

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WAGES AND SALARIES BY INDUSTRY SECTOR
2004-2014

NAICS Earnings by Place of Work [1] Applicable to 2004-2014	New Mexico (Dollars in Thousands)[2]		United States (Dollars in Millions)[2]		Cumulative Annual Percent Change 2004 - 2014		Distribution of 2014 Wages & Salaries	
	2014	2004	2014	2004	N.M.	U.S.	N.M.	U.S.
Farm Wage and Salary	$316,816	$187,674	$27,681	$18,954	68.8%	46.0%	0.9%	0.4%
Non-farm Wage and Salary	36,124,338	26,821,260	7,403,229	5,398,485	34.7%	37.1%	99.1%	99.6%
Private Wage and Salary	26,611,194	18,652,137	6,199,925	4,459,362	42.7%	39.0%	73.0%	83.4%
Forestry, Fishing, related activities, and other	*80,121*	*53,944*	*17,292*	*11,001*	*48.5%*	*57.2%*	*0.2%*	*0.2%*
Mining	*2,137,092*	*782,460*	*85,921*	*34,667*	*173.1%*	*147.8%*	*5.9%*	*1.2%*
Utilities	*348,248*	*230,949*	*54,343*	*41,011*	*50.8%*	*32.5%*	*1.0%*	*0.7%*
Construction	*1,913,452*	*1,668,675*	*353,330*	*296,641*	*14.7%*	*19.1%*	*5.3%*	*4.8%*
Manufacturing	*1,662,156*	*1,478,394*	*776,458*	*693,584*	*12.4%*	*11.9%*	*4.6%*	*10.4%*
Wholesale Trade	*1,156,025*	*912,890*	*419,696*	*307,412*	*26.6%*	*36.5%*	*3.2%*	*5.6%*
Retail Trade	*2,613,277*	*2,172,937*	*456,912*	*379,955*	*20.3%*	*20.3%*	*7.2%*	*6.1%*
Transportation and Warehousing	*1,022,555*	*757,576*	*240,077*	*176,695*	*35.0%*	*35.9%*	*2.8%*	*3.2%*
Information	*610,028*	*533,899*	*251,657*	*192,250*	*14.3%*	*30.9%*	*1.7%*	*3.4%*
Finance and Insurance	*1,344,752*	*971,217*	*570,385*	*422,630*	*38.5%*	*35.0%*	*3.7%*	*7.7%*
Real Estate and Rental and Leasing	*393,572*	*293,722*	*111,202*	*81,475*	*34.0%*	*36.5%*	*1.1%*	*1.5%*
Professional, Scientific, and Technical Services	*3,928,318*	*2,383,525*	*736,461*	*436,365*	*64.8%*	*68.8%*	*10.8%*	*9.9%*
Management of Companies and Enterprises	*351,295*	*247,970*	*244,994*	*140,824*	*41.7%*	*74.0%*	*1.0%*	*3.3%*
Administrative and Waste Services	*1,435,936*	*1,147,523*	*317,046*	*217,494*	*25.1%*	*45.8%*	*3.9%*	*4.3%*
Educational Services	*350,569*	*247,339*	*136,968*	*84,461*	*41.7%*	*62.2%*	*1.0%*	*1.8%*
Health Care and Social Assistance	*4,472,448*	*2,754,497*	*846,653*	*531,879*	*62.4%*	*59.2%*	*12.3%*	*11.4%*
Arts, Entertainment, and Recreation	*215,961*	*152,302*	*81,213*	*57,208*	*41.8%*	*42.0%*	*0.6%*	*1.1%*
Accommodations and Food Services	*1,515,710*	*1,055,468*	*264,221*	*179,164*	*43.6%*	*47.5%*	*4.2%*	*3.6%*
Other Services, Except Public Administration	*1,099,679*	*806,850*	*235,097*	*174,646*	*36.3%*	*34.6%*	*3.0%*	*3.1%*
Government and Government Enterprises	*9,513,144*	*8,169,123*	*1,203,304*	*939,123*	*16.5%*	*28.1%*	*26.1%*	*16.2%*
Total	$36,441,154	$27,008,934	$7,430,910	$5,417,439				

(1) The estimates of wage and salary disbursements for 2002-2006 are based on the 2002 North American Industry Classification System (NAICS). The estimates for 2007 forward are based on the 2007 NAICS.
(2) All dollar estimates are in current dollars (not adjusted for inflation).
(Source: U.S. Department of Commerce, Bureau of Economic Analysis, March 25, 2015.)

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APPENDIX D

FORM OF OPINION OF BOND COUNSEL

[Form of opinion of Ballard Spahr LLP]

__________, 2016

New Mexico Finance Authority
Santa Fe, New Mexico

Re: $67,540,000 New Mexico Finance Authority Senior Lien Public Project Revolving Fund Revenue and Refunding Bonds, Series 2016C

We have acted bond counsel in connection with the issuance by the New Mexico Finance Authority (the "Finance Authority") of its Senior Lien Public Project Revolving Fund Revenue and Refunding Bonds, Series 2016C in the aggregate principal amount of $67,540,000 (the "Series 2016C Bonds"). The Series 2016C Bonds are being issued for the purpose of providing funds to (i) originate loans to or purchase securities from, or reimburse the Finance Authority for monies used to originate loans to or purchase securities from certain governmental units within the State of New Mexico (each a "Governmental Unit"), which loans or securities are used to finance or refinance a public project for the use and benefit of the respective Governmental Unit; (ii) refund a portion of the Finance Authority's outstanding Senior Lien Public Project Revolving Fund Revenue Bonds, Series 2006D; and (iii) pay costs of issuance associated with the Series 2016C Bonds.

The Finance Authority is a public body politic and corporate created by and existing under the New Mexico Finance Authority Act, Sections 6-21-1 *et. seq.*, NMSA 1978, as amended and supplemented (the "Act"). The Series 2016C Bonds are authorized under and secured by a General Indenture of Trust and Pledge dated as of June 1, 1995 as heretofore amended and supplemented (the "General Indenture"), and as further amended and supplemented by a Ninetieth Supplemental Indenture of Trust dated as of May 1, 2016 (the "Ninetieth Supplemental Indenture," and collectively with the General Indenture, the "Indenture") between the Finance Authority and BOKF, NA, as successor trustee (the "Trustee"). Capitalized terms not otherwise defined herein shall have the meanings set forth in the Indenture.

We have reviewed the Indenture, an opinion of the general counsel to the Finance Authority, certificates of the Finance Authority, the Trustee, and others, and such other documents, opinions and matters to the extent we deemed necessary to render the opinions set forth herein. As to the questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications furnished to us without undertaking to verify the same by independent investigation. Our examination has been limited to the foregoing as they exist or are in effect as of the date hereof. Our opinion is limited to the matters expressly set forth herein, and we express no opinion concerning any other matters.

Based on our examination and the foregoing, we are of the opinion, as of the date hereof and under existing law as follows:

1. The Finance Authority is a public body politic and corporate duly organized and validly existing under the laws of the State of New Mexico, and has lawful authority to issue the Series 2016C Bonds.

2. The Indenture has been duly executed and delivered by, and is a valid and binding obligation of, the Finance Authority. The Indenture creates a valid pledge of the Trust Estate pledged under the Indenture to secure the payment of the principal of and interest on the Series 2016C Bonds, subject to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth in the Indenture.

3. The Series 2016C Bonds constitute special limited obligations of the Finance Authority, payable solely from the Trust Estate and do not constitute a general obligation or other indebtedness of the State of New Mexico or any Governmental Unit within the meaning of any constitutional or statutory debt limitation.

4. Interest on the Series 2016C Bonds is excludable from gross income for purposes of federal income tax under existing laws as enacted and construed on the date of initial delivery of the Series 2016C Bonds, assuming the accuracy of the certifications of the Finance Authority and continuing compliance by the Finance Authority with the requirements of the Internal Revenue Code of 1986. Interest on the Series 2016C Bonds is not an item of tax preference for purposes of either individual or corporate federal alternative minimum tax ("AMT"); however, interest on Series 2016C Bonds held by a corporation (other than an S corporation, regulated investment company, or real estate investment trust) may be indirectly subject to federal AMT because of its inclusion in the adjusted current earnings of a corporate holder.

5. Under the laws of the State of New Mexico as enacted and construed on the date hereof, interest on the Series 2016C Bonds is excluded from net income of the owners thereof for State of New Mexico income tax purposes.

In rendering our opinion, we wish to advise you that:

(a) the rights of the holders of the Series 2016C Bonds and the enforceability thereof and of the documents identified in this opinion may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium, and other laws relating to or affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable, and their enforcement may also be subject to the application of equitable principles and the exercise of judicial discretion in appropriate cases;

(b) we express no opinion herein as to the accuracy, adequacy, or completeness of the Official Statement or any other offering material relating to the Series 2016C Bonds; and

(c) Except as set forth above, we express no opinion regarding any other tax consequences relating to the ownership or disposition of, or the accrual or receipt of interest on, the Series 2016C Bonds.

Respectfully submitted,

APPENDIX E

BOOK-ENTRY ONLY SYSTEM

The information in this section concerning DTC and DTC's book-entry only system has been obtained from sources that the Finance Authority and the Municipal Advisor believe to be reliable, but the Finance Authority and the Municipal Advisor take no responsibility for the completeness or accuracy thereof. The following description of the procedures and record keeping with respect to beneficial ownership interests in the Series 2016C Bonds, payment of principal, premium, if any, interest on the Series 2016C Bonds to DTC Participants or Beneficial Owners, confirmation and transfers of beneficial ownership interests in the Series 2016C Bonds and other related transactions by and between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC.

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Series 2016C Bonds. The Series 2016C Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Series 2016C Bond certificate will be issued for each maturity of the Series 2016C Bonds, each in the aggregate principal amount of such issue, and will be deposited with DTC.

DTC and its Participants. DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Series 2016C Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2016C Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2016C Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2016C Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Series 2016C Bonds, except in the event that use of the book-entry system for the Series 2016C Bonds is discontinued.

To facilitate subsequent transfers, all Series 2016C Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2016C Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2016C Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2016C Bonds are credited, which may or may not be the

Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices will be sent to DTC. If less than all of the Series 2016C Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Series 2016C Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Finance Authority as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2016C Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions and dividend payments on the Series 2016C Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Finance Authority or the Trustee, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC or its nominee, the Trustee or the Finance Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Finance Authority or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Series 2016C Bonds at any time by giving reasonable notice to the Finance Authority or the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, Bond certificates are required to be printed and delivered.

The Finance Authority may decide to discontinue use of the system of book-entry only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

When reference is made to any action which is required or permitted to be taken by the Beneficial Owners, such reference only relates to those permitted to act by statute, regulation or otherwise on behalf of such Beneficial Owners for such purposes. When notices are given, they are to be sent to DTC, and the Finance Authority does not have responsibility for distributing such notices to the Beneficial Owners.

The Finance Authority does not have any responsibility or obligation to the DTC Participants or the Beneficial Owners with respect to (a) the accuracy of any records maintained by DTC or any DTC Participant; (b) the payment by DTC or any DTC Participant of any amount due to any Beneficial Owner in respect of the principal of and premium, if any, and interest on the Series 2016C Bonds; (c) the selection of the Beneficial Owners to receive payment in the event of any partial redemption of the Series 2016C Bonds; (d) any consent given or other action taken by DTC, or its nominee, Cede & Co., as Bond Owner; or (e) the distribution by DTC to DTC Participants or Beneficial Owners of any notices received by DTC as registered owner of the Series 2016C Bonds.

APPENDIX F

2016C GOVERNMENTAL UNITS; LARGEST REPAYMENT OBLIGATIONS

2016C Governmental Units

As previously stated, a portion of the proceeds of the Series 2016C Bonds is being used to finance or refinance Loans to be made to the 2016C Governmental Units or to reimburse the Finance Authority, in whole or in part, for Loans made to 2016C Governmental Units. The 2016C Governmental Units, the amount of their respective Loans, the agreement reserve amounts and the maturity dates of the Loans are listed in the following table:

Governmental Unit	Original Loan Amount	Agreement Reserve Amount[(1)]	Loan Maturity Date
Sierra Vista Hospital	$30,220,000	$2,000,200	06/01/46
General Services Department	37,320,000[(2)]	-	06/01/36
Total	$67,540,000	$2,000,200	

(1) The Finance Authority has adopted a policy which does not require an Agreement Reserve Account for certain types of Loans including those that have an "A/A2" credit rating, Loans secured by a pledge of the fire protection or state law enforcement funds that produce a debt service coverage ratio of two times, and Loans secured by a general obligation pledge of the respective Governmental Unit. Each of the Loans listed that does not have an Agreement Reserve Account either falls into one of the aforementioned categories or a waiver to the applicable policy has been obtained.

(2) Represents that portion of the proceeds of the Series 2016C Bonds that will be applied to refund the Refunded Obligations. See "INTRODUCTION—Authority and Purpose."

(Source: The Finance Authority.)

Agreements Generating Largest Amount of Agreement Revenues

Information concerning the Agreements representing the five largest repayment obligations and their obligors is provided below.

State of New Mexico General Services Department

The Finance Authority issued a series of Bonds and used a portion of the proceeds thereof to purchase bonds for the benefit of the State of New Mexico General Services Department (the "GSD Bonds"). The General Services Department applied proceeds from the sale of the GSD Bonds to fund building projects in Santa Fe for use by the state government. The GSD Bonds are payable from and secured by a portion of gross receipts tax revenues received by the State of New Mexico and appropriated by the State Legislature or transferred to the State Building Bond Fund. A portion of the GSD Bonds are being refunded with a portion of the proceeds of the Series 2016C Bonds. As of March 24, 2016 the GSD Bonds were outstanding in the aggregate principal amount of $83,292,776 and are scheduled to mature on June 1, 2039.

New Mexico Spaceport Authority

The Finance Authority has previously issued a series of bonds and has applied certain Prepayments of Loans for the purpose of purchasing securities from the New Mexico Spaceport Authority (the "Spaceport Authority Securities"), the proceeds from which are being used to finance the costs of planning, designing, engineering and constructing a regional spaceport. The Spaceport Authority Securities are payable from and secured by a portion of the county regional spaceport gross receipts tax revenues received by the New Mexico Regional Spaceport District from gross receipts taxes imposed by Dona Aña and Sierra Counties which are pledged by the Regional Spaceport District and the Spaceport Authority to pay the Spaceport Authority Securities. As of March 24, 2016, the Spaceport Authority Securities were outstanding in the aggregate principal amount of $61,755,000 and are scheduled to mature on June 1, 2029.

Albuquerque-Bernalillo County Water Utility Authority

In the 2003 Regular Session, the New Mexico Legislature adopted legislation (Laws 2003, Chapter 437, codified as NMSA 1978, Section 72-1-10) creating the Albuquerque-Bernalillo County Water Utility Authority (the "ABCWUA") as a joint agency of the City of Albuquerque, New Mexico (the "City") and Bernalillo County. The ABCWUA has jurisdiction over certain water facilities and properties and certain sanitary sewer facilities and properties.

Pursuant to various loan agreements (the "ABCWUA Loan Agreements") between the ABCWUA and the Finance Authority totaling $171,815,000 in initial principal amount, the ABCWUA pledged to the Finance Authority, on a parity basis with other obligations of ABCWUA, water and sewer systems revenues for the purpose of: acquiring, constructing, extending, enlarging, bettering, repairing, replacing, equipping or otherwise improving the water and wastewater system, including expenses related to: regular system improvements, expansion, maintenance and upgrades to operate a water and wastewater utility pursuant to the basic capital program and diversion of surface water from the Rio Grande River under the San Juan Chama Project, delivering it for use by current and future users of the system.

The Finance Authority has issued various series of Bonds and used proceeds from those Bonds to provide the funding for the ABCWUA Loan Agreements. The latest scheduled maturity date of the ABCWUA Loan Agreements is June 1, 2036. As of March 24, 2016, the outstanding principal amount of the ABCWUA Loan Agreements was $42,800,000.

Jicarilla Apache Nation

The Finance Authority has previously issued bonds to purchase securities from the Jicarilla Apache Nation (the "Jicarilla Apache Nation Securities"), the proceeds from which were used to finance the costs of a wastewater treatment plant and a community center for the Jicarilla Apache Nation. As of March 24, 2016, the Jicarilla Apache Nation Securities are outstanding in the principal amount of $33,390,000 and are payable from and secured by general revenues. The last of the Jicarilla Apache Nation Securities is scheduled to mature on May 1, 2035.

City of Santa Fe

The Finance Authority has previously entered into various obligations with the City of Santa Fe (the "Santa Fe Gross Receipts Tax Obligations"). The Santa Fe Gross Receipts Tax Obligations have been and are being used to finance or refinance certain infrastructure projects in the City of Santa Fe. As of March 24, 2016, the Santa Fe Gross Receipts Tax Obligations were outstanding in the principal amount of $33,349,259 and are payable from and secured by certain gross receipts taxes. The last of the Santa Fe Gross Receipts Tax Obligations is scheduled to mature on June 1, 2037.

New Mexico FINANCE AUTHORITY

NEW MEXICO FINANCE AUTHORITY • Senior Lien Public Project Revolving Fund Revenue and Refunding Bonds, Series 2016C

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NEW ISSUE – BOOK-ENTRY ONLY

Ratings: S&P "AAA"
Moody's "Aa1"
(See "RATINGS" herein.)

In the opinion of Ballard Spahr LLP, Bond Counsel to the Finance Authority, interest on the Series 2016D Bonds is excludable from gross income for purposes of federal income tax, assuming continuing compliance with the requirements of the federal tax laws. Interest on the Series 2016D Bonds is not a preference item for purposes of either individual or corporate federal alternative minimum tax ("AMT"); however, interest paid to corporate holders of the Series 2016D Bonds may be indirectly subject to AMT under circumstances described under "TAX MATTERS" herein. Bond Counsel is also of the opinion that under currently existing laws, interest on the Series 2016D Bonds is excluded from net income of the owners thereof for State of New Mexico income tax purposes. See "TAX MATTERS" herein.

New Mexico FINANCE AUTHORITY

$116,485,000
SENIOR LIEN PUBLIC PROJECT REVOLVING FUND REVENUE BONDS, SERIES 2016D

Dated: Date of Initial Delivery **Due: June 1, as shown on inside front cover**

The New Mexico Finance Authority Senior Lien Public Project Revolving Fund Revenue Bonds, Series 2016D (the "Series 2016D Bonds") are being issued as fully-registered bonds in denominations of $5,000 or any integral multiple of $5,000. The Depository Trust Company will act as securities depository of the Series 2016D Bonds through its nominee, Cede & Co. One fully registered bond in a denomination equal to the principal amount of each maturity of the Series 2016D Bonds will be registered in the name of Cede & Co. Individual purchases of Series 2016D Bonds will be made in book-entry form only, and beneficial owners of the Series 2016D Bonds will not receive physical delivery of bond certificates, except as described in this Official Statement. Upon receipt of payments of principal and interest, DTC will remit such payments to DTC participants for subsequent disbursement to the beneficial owners of the Series 2016D Bonds.

The Series 2016D Bonds will be issued under and secured by the Indenture (as defined herein). Interest on the Series 2016D Bonds accrues from the date of initial delivery of the Series 2016D Bonds and is payable on June 1 and December 1 of each year, commencing December 1, 2016. Principal of the Series 2016D Bonds is payable on the dates, and interest is payable at the rates, shown on the Maturity Schedule on the inside front cover.

SEE MATURITY SCHEDULE ON INSIDE FRONT COVER

The Series 2016D Bonds are subject to optional and mandatory sinking fund redemption prior to maturity.

Proceeds of the Series 2016D Bonds will be used by the New Mexico Finance Authority (the "Finance Authority" or "NMFA") for the purposes of (i) originating Loans to or purchasing Securities from or reimbursing the Finance Authority for moneys used to originate Loans to or purchase Securities from certain governmental entities, the proceeds of which will be or were used to finance or refinance certain Projects for such governmental entities and (ii) paying costs incurred in connection with the issuance of the Series 2016D Bonds. The principal of and premium, if any, and interest on the Series 2016D Bonds and additional bonds issued or to be issued are payable solely from and secured solely by the Trust Estate. The Finance Authority has issued or incurred and expects to issue or incur parity bonds and other obligations pursuant to the Indenture.

The Series 2016D Bonds are special limited obligations of the Finance Authority, payable, together with additional bonds issued or to be issued, solely from and secured solely by the Trust Estate. The Series 2016D Bonds will not constitute or create a general obligation or other indebtedness of the State of New Mexico, the Finance Authority or any Governmental Unit within the meaning of any constitutional or statutory debt limitation. No provision of the Series 2016D Bonds will be construed or interpreted as a donation by or lending of the credit of the Finance Authority, the State or any Governmental Unit within the meaning of the Constitution of the State. THE FINANCE AUTHORITY HAS NO TAXING POWERS. The Series 2016D Bonds do not constitute or give rise to personal liability on the part of the members, directors or officers of the Finance Authority. No breach of any pledge, obligation or agreement of the Finance Authority will impose a pecuniary liability or a charge upon the general credit of the State, the Finance Authority or any political subdivision of the State, or upon the taxing power of the State or any political subdivision of the State.

The Series 2016D Bonds were sold to the successful bidder (The "Purchaser") pursuant to a competitive bidding process held on June 23, 2016.

This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.

Certain legal matters concerning the legality of the Series 2016D Bonds will be passed on by Ballard Spahr LLP, Salt Lake City, Utah, Bond Counsel to the Finance Authority. Certain legal matters will be passed upon by the General Counsel of the Finance Authority. Certain matters relating to disclosure will be passed upon by Andrews Kurth LLP, Austin, Texas, Disclosure Counsel to the Finance Authority. Western Financial Group, LLC has acted as municipal advisor to the Finance Authority in connection with the issuance of Series 2016D Bonds. It is expected that a single certificate for each maturity of the Series 2016D Bonds will be delivered to DTC or its agent on or about July 13, 2016.

This Official Statement is dated June 23, 2016, and the information contained herein speaks only as of that date.

NEW MEXICO FINANCE AUTHORITY

$116,485,000 SENIOR LIEN PUBLIC PROJECT REVOLVING FUND REVENUE BONDS, SERIES 2016D

MATURITY SCHEDULE

$105,090,000 Serial Bonds

Year (June 1)	Principal Amount*	Interest Rate	Initial Yield	CUSIP No.†
2017	$ 3,665,000	5.000%	0.760%	64711N G58
2018	4,565,000	5.000%	0.780%	64711N G66
2019	9,240,000	5.000%	0.890%	64711N G74
2020	10,310,000	5.000%	1.000%	64711N G82
2021	11,420,000	5.000%	1.130%	64711N G90
2022	10,010,000	5.000%	1.250%	64711N H24
2023	5,485,000	5.000%	1.380%	64711N H32
2024	3,745,000	5.000%	1.500%	64711N H40
2025	3,620,000	4.000%	1.600%	64711N H57
2026	3,715,000	4.000%	1.700%	64711N H65
2027	4,065,000	4.000%	1.890% C	64711N H73
2028	4,600,000	2.000%	2.192%	64711N H81
2029	4,150,000	4.000%	2.160% C	64711N H99
2030	3,450,000	4.000%	2.210% C	64711N J22
2031	3,350,000	4.000%	2.310% C	64711N J30
2032	3,490,000	4.000%	2.360% C	64711N J48
2033	3,625,000	4.000%	2.410% C	64711N J55
2034	3,785,000	4.000%	2.460% C	64711N J63
2035	3,170,000	4.000%	2.500% C	64711N J71
2036	2,790,000	3.000%	2.780% C	64711N J89
2037	2,840,000	3.000%	2.890% C	64711N J97

$5,850,000 3.000% Term Bond Due June 1, 2039; Price 99.178%; CUSIP No.† 64711N K20

$5,545,000 3.000% Term Bond Due June 1, 2041; Price 98.000%; CUSIP No.† 64711N K38

C Yield to optional call on June 1, 2026.

† The above referenced CUSIP numbers have been assigned by an independent company not affiliated with the parties to this bond transaction and are included solely for the convenience of the holders of the Series 2016D Bonds. None of the Finance Authority, the Trustee, or the Municipal Advisor, is responsible for the selection or uses of such CUSIP numbers, and no representation is made as to their correctness on the Series 2016D Bonds or as indicated above. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Series 2016D Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities.

The information set forth herein has been obtained from the Finance Authority, DTC and other sources that are believed to be reliable. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made thereafter shall under any circumstances create any implication that there has been no change in the affairs of the Finance Authority, or in any other information contained herein since the date hereof.

No dealer, broker, salesman or any other person has been authorized by the Finance Authority to give any information or to make any representations, other than those contained in this Official Statement, in connection with the offering contained herein, and, if given or made, such information or representations must not be relied upon. This Official Statement does not constitute an offer to sell or solicitation of an offer to buy nor shall there be any sale of the Series 2016D Bonds by any person in any jurisdiction in which it is unlawful for such offer, solicitation or sale.

Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended. Such statements are generally identifiable by the terminology used such as "plan," "expect," "estimate," "project," "budget" or other similar words. Forward-looking statements are included in the Official Statement under the captions "THE PLAN OF FINANCING—Estimated Sources and Uses of Funds" and "ANNUAL DEBT SERVICE REQUIREMENTS." The forward-looking statements in this Official Statement are subject to risks and uncertainties that could cause actual results to differ materially from those expressed in or implied by such statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof.

The yields or prices at which the Series 2016D Bonds are offered to the public may vary from the initial reoffering yields or prices shown on the inside front cover page of this Official Statement. In connection with this offering, the winning bidder of the Series 2016D Bonds may engage in transactions that stabilize, maintain or otherwise affect market yields or prices of the Series 2016D Bonds. Such transactions, if commenced, may be discontinued at any time.

The Finance Authority maintains a website; however, the information presented there is not a part of this Official Statement and should not be relied upon in making an investment decision with respect to the Series 2016D Bonds.

References to website addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such web sites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement.

THE SERIES 2016D BONDS WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR ANY STATE SECURITIES LAW AND WILL NOT BE LISTED ON ANY STOCK OR OTHER SECURITIES EXCHANGE. THE SERIES 2016D BONDS HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION, NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

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NEW MEXICO FINANCE AUTHORITY

207 Shelby Street
Santa Fe, New Mexico 87501
Telephone: (505) 984-1454

Members*

John E. McDermott, Chair
William F. Fulginiti, Vice Chair
David Martin, Secretary
Katherine Ulibarri, Treasurer
Jon Barela
Duffy Rodriguez
Blake Curtis
Ryan Flynn
Steve Kopelman
Terry White

Chief Executive Officer

Robert P. Coalter

Finance Authority General Counsel

Daniel C. Opperman

Municipal Advisor

Western Financial Group, LLC
Portland, Oregon

Bond Counsel

Ballard Spahr LLP
Salt Lake City, Utah

Disclosure Counsel

Andrews Kurth LLP
Austin, Texas

Trustee, Registrar and Paying Agent

BOKF, NA
Albuquerque, New Mexico

* One position on the governing body of the Finance Authority is currently vacant. Member White's last day to serve on the Board of the Finance Authority was June 23, 2016. See "NEW MEXICO FINANCE AUTHORITY - Governing Body and Key Staff Members".

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OFFICIAL STATEMENT

RELATING TO

NEW MEXICO FINANCE AUTHORITY

$116,485,000
SENIOR LIEN PUBLIC PROJECT
REVOLVING FUND REVENUE BONDS, SERIES 2016D

INTRODUCTION

This Official Statement, which includes the cover page, the inside front cover page, and appendices, provides information in connection with the offer and sale of the $116,485,000 Senior Lien Public Project Revolving Fund Revenue Bonds, Series 2016D (the "Series 2016D Bonds") being issued by the New Mexico Finance Authority (the "Finance Authority" or the "NMFA"). The Series 2016D Bonds, together with additional bonds the Finance Authority has issued or may issue in parity with them under the Indenture (defined below), are collectively referred to in this Official Statement as the "Bonds" or the "Parity Bonds." Capitalized terms used and not defined in the main body of this Official Statement have the meanings specified in the General Indenture of Trust and Pledge, dated as of June 1, 1995, as previously amended and supplemented (the "General Indenture"), and as further amended and supplemented by the Ninety-First Supplemental Indenture of Trust, dated as of July 1, 2016 (the "Ninety-First Supplemental Indenture" and together with the General Indenture, the "Indenture"), all between the Finance Authority and BOKF, NA, Albuquerque, New Mexico, as trustee (the "Trustee"), and are presented under the caption "Certain Definitions" in "APPENDIX B—EXTRACTS OF CERTAIN PROVISIONS OF THE INDENTURE."

New Mexico Finance Authority

The Finance Authority, established by the legislature of the State of New Mexico (the "State") in 1992, is a governmental instrumentality separate and apart from the State created to coordinate the planning and financing of State and local public projects. For additional information concerning the Finance Authority, see "NEW MEXICO FINANCE AUTHORITY" and the Finance Authority's financial statements for the fiscal year ended June 30, 2015 included as APPENDIX A hereto. See "FINANCIAL STATEMENTS."

Authority and Purpose

The Series 2016D Bonds are being issued under the authority of and pursuant to the laws of the State, including particularly the New Mexico Finance Authority Act, Section 6-21-1 et seq., NMSA 1978, as amended (the "Act"), and the Indenture. For a description of the Public Project Revolving Fund Program, see "NEW MEXICO FINANCE AUTHORITY—The Public Project Revolving Fund Program."

Proceeds from the sale of the Series 2016D Bonds will be used by the Finance Authority for the purposes of (i) originating Loans to or purchasing Securities from or reimbursing the Finance Authority for moneys used to originate Loans to or purchase Securities from certain governmental units, the proceeds of which will be or were used to finance or refinance certain Projects for such governmental units and (ii) paying costs incurred in connection with the issuance of the Series 2016D Bonds. See "THE PLAN OF FINANCING" for more information with respect to the sources and uses of proceeds of the Series 2016D Bonds and APPENDIX F for a list of the Governmental Units and the amount of the Loans to be financed or refinanced with the proceeds of the Series 2016D Bonds. Such Governmental Units whose Loans are being financed or refinanced with proceeds of the Series 2016D Bonds are sometimes referred to herein as the "2016D Governmental Units."

Parity Obligations

Obligations, including Bonds, with a lien on the Trust Estate on a parity with the lien of the Series 2016D Bonds have been issued and may be issued to provide loans to Governmental Units, to reimburse the Public Project

Revolving Fund for loans made to Governmental Units, and to purchase Securities from Governmental Units. For a description of the parity Bonds currently outstanding (the "Outstanding Parity Bonds"), see "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Outstanding Parity Bonds."

Subordinate Obligations

Obligations with a subordinate lien on the revenues from the NMFA Portion of the Governmental Gross Receipts Tax (as defined below) and Revenues from Additional Pledged Loans released from the lien of the Indenture have been issued and may be issued to provide loans to Governmental Units, to reimburse the Public Project Revolving Fund for loans made to Governmental Units, to purchase securities from Governmental Units and to retire borrowings incurred in anticipation of the issuance of such subordinate obligations. For a description of the subordinate obligations currently outstanding, see "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Outstanding Subordinate Lien Bonds."

The Series 2016D Bonds

The Series 2016D Bonds will be dated the date of their initial delivery. Interest on the Series 2016D Bonds is payable on June 1 and December 1 of each year, commencing December 1, 2016. The Series 2016D Bonds will mature on the dates and in the amounts and will bear interest at the rates shown on the inside front cover of this Official Statement. The Series 2016D Bonds are issuable in denominations of $5,000 or integral multiples of $5,000.

Individual purchases will be made in book-entry only form, and purchasers of the Series 2016D Bonds will not receive physical delivery of bond certificates except as more fully described in "APPENDIX E—BOOK-ENTRY ONLY SYSTEM." Payments of principal of and interest on the Series 2016D Bonds will be made directly to The Depository Trust Company ("DTC") or its nominee, Cede & Co., by the Paying Agent, so long as DTC or Cede & Co. is the sole registered owner. Upon receipt of such payments, DTC is to remit such payments to the DTC Participants (as defined below) for subsequent disbursement to the beneficial owners of the Series 2016D Bonds, all as more fully described in APPENDIX E. In reading this Official Statement, it should be understood that while the Series 2016D Bonds are in book-entry only form, references in other sections of this Official Statement to Owners should be read to include the person for whom the Participants and Indirect Participants acquire an interest in the Series 2016D Bonds, but (1) all rights of ownership must be exercised through DTC and the book-entry only system as described in APPENDIX E, and (2) except as otherwise provided in the Indenture, notices that are to be given to Owners by the Finance Authority, the Trustee, the Registrar or the Paying Agent will be given only to DTC.

Redemption

The Series 2016D Bonds are subject to optional and mandatory sinking fund redemption prior to maturity. See "THE SERIES 2016D BONDS—Redemption."

Security and Sources of Payment for the Bonds

Trust Estate. The Bonds, including the Series 2016D Bonds, are special limited obligations of the Finance Authority secured by and payable solely from the Trust Estate, which includes the Revenues described below and certain funds and accounts created and maintained pursuant to the Indenture. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Trust Estate."

The Bonds do not constitute or create a general obligation or other indebtedness of the State, the Finance Authority or any Governmental Unit within the meaning of any constitutional or statutory debt limitation. THE FINANCE AUTHORITY HAS NO TAXING POWERS. No provision of the Series 2016D Bonds will be construed or interpreted as a donation or lending of the credit of the Finance Authority, the State, or any Governmental Unit within the meaning of the Constitution of the State. The principal of and interest and premium, if any, on the Series 2016D Bonds do not constitute or give rise to a personal liability on the part of the members, directors and officers of the Finance Authority. No breach of any pledge, obligation or agreement of the Finance Authority will impose a pecuniary liability or a charge upon the

general credit of the State, the Finance Authority or any political subdivision of the State, or upon the taxing power of the State or any political subdivision of the State.

Common Debt Service Reserve Fund. The Finance Authority has established a Common Debt Service Reserve Fund under the Indenture to secure payment of debt service on any Bonds issued under the Indenture. The Common Debt Service Reserve Fund was initially funded on January 14, 2011, and as of May 31, 2016, the Common Debt Service Reserve Fund was funded in the amount of approximately $30,391,290. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Flow of Funds—Common Debt Service Reserve Fund."

Additional Bonds. The Finance Authority maintains an ongoing program to provide Loans and to purchase Securities from Governmental Units and expects to finance certain of those activities with the issuance of Additional Bonds on a parity with the Series 2016D Bonds. The Finance Authority must satisfy certain requirements set forth in the Indenture to issue such Additional Bonds. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Additional Bonds." The timing, amount and such other details of such Additional Bonds are not known as of the date of this Official Statement.

Continuing Disclosure Undertaking

The Finance Authority has undertaken for the benefit of the Series 2016D Bond Owners that, so long as the Series 2016D Bonds remain outstanding, the Finance Authority will provide certain annual financial information, operating data and audited financial statements with respect to the Finance Authority and each Governmental Unit expected by the Finance Authority to have loan repayment obligations in the then-current fiscal year constituting more than twenty percent (20%) of the estimated Revenues in the then-current fiscal year to the Municipal Securities Rulemaking Board (the "MSRB") in an electronic format prescribed by the MSRB and notice of certain material events to the MSRB in an electronic format prescribed by the MSRB in accordance with Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended (the "Rule"). The provisions of the Continuing Disclosure Undertaking may be amended under certain circumstances. See "CONTINUING DISCLOSURE UNDERTAKING."

Tax Considerations

In the opinion of Ballard Spahr LLP, Bond Counsel to the Finance Authority, interest on the Series 2016D Bonds is excludable from gross income for purposes of federal income tax, assuming continuing compliance with the requirements of the federal tax laws. Interest on the Series 2016D Bonds is not a preference item for purposes of either individual or corporate federal alternative minimum tax ("AMT"); however, interest paid to corporate holders of the Series 2016D Bonds may be indirectly subject to AMT under circumstances described under "TAX MATTERS" herein. Bond Counsel is also of the opinion that under the currently existing laws of the State of New Mexico, interest on the Series 2016D Bonds is excluded from net income of the owners thereof for State of New Mexico income tax purposes. See "TAX MATTERS" herein. Bond Counsel expresses no opinion regarding any other tax consequences relating to ownership or disposition of or the accrual or receipt of interest on the Series 2016D Bonds.

Professionals Involved in the Offering

At the time of the issuance and sale of the Series 2016D Bonds, Ballard Spahr LLP, Salt Lake City, Utah, as Bond Counsel to the Finance Authority, will deliver its opinion in the form included in APPENDIX D. Certain legal matters will be passed upon for the Finance Authority by its General Counsel. Certain matters relating to disclosure will be passed upon by Andrews Kurth LLP, Austin, Texas, Disclosure Counsel to the Finance Authority. Western Financial Group, LLC, Portland, Oregon has acted as municipal advisor to the Finance Authority (the "Municipal Advisor") in connection with its issuance of the Series 2016D Bonds. See "MUNICIPAL ADVISOR."

The Finance Authority's audited financial statements for the fiscal year ended June 30, 2015, included in APPENDIX A, have been audited by REDW, LLC, Certified Public Accountants, Albuquerque, New Mexico. See "FINANCIAL STATEMENTS." REDW, LLC has not been asked to consent to the use of its name and audited financial reports of the Finance Authority in this Official Statement nor has REDW, LLC participated in the preparation of this Official Statement.

Offering, Sale and Delivery of the Series 2016D Bonds

The Series 2016D Bonds are offered when, as and if issued, subject to approval as to their legality by Bond Counsel and the satisfaction of certain other conditions. It is anticipated that a single certificate for each maturity of the Series 2016D Bonds will be delivered to DTC or its agent on or about July 13, 2016. The Series 2016D Bonds were sold to Morgan Stanley & Co., LLC (the "Purchaser") pursuant to a competitive bidding process held on June 23, 2016.

Other Information

This Official Statement speaks only as of its date, and the information in it is subject to change. The quotations from, and summaries and explanations of, the statutes, regulations and documents in this Official Statement do not purport to be complete, and reference is made to those laws, regulations and documents for full and complete statements of their provisions. Copies, in reasonable quantity, of such laws, regulations and documents, and of the financial statements of the Finance Authority, may be obtained during the offering period, upon request to the Finance Authority and upon payment to the Finance Authority of a charge for copying, mailing and handling, at 207 Shelby Street, Santa Fe, New Mexico 87501, Tel: (505) 984-1454, Attention: Chief Financial Strategist.

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the Finance Authority and any purchaser or holder of Series 2016D Bonds.

THE SERIES 2016D BONDS

General

The Series 2016D Bonds will be dated the date of their initial delivery and interest will accrue on the Series 2016D Bonds from such date at the rates presented on the inside front cover page of this Official Statement (calculated on the basis of a 360-day year consisting of twelve 30-day months), and is payable on June 1 and December 1 of each year, commencing December 1, 2016. The Series 2016D Bonds will be issued in the aggregate principal amounts and will mature on the dates and in the amounts shown on the inside front cover. The Series 2016D Bonds are issuable in denominations of $5,000 or integral multiples of $5,000 (the "Authorized Denominations").

Book-Entry Only System

DTC will act as securities depository for all of the Series 2016D Bonds through its nominee, Cede & Co. One fully-registered bond in a denomination equal to the principal amount and maturity of the Series 2016D Bonds will be registered in the name of Cede & Co. Individual purchases of Series 2016D Bonds will be made in book-entry only form, and beneficial owners of the Series 2016D Bonds will not receive physical delivery of bond certificates, except as described in APPENDIX E. Upon receipt of payments of principal and interest, DTC will remit such payment to DTC participants for subsequent disbursement to the beneficial owners of the Series 2016D Bonds. For a more complete description of the book-entry only system, see "APPENDIX E—BOOK-ENTRY ONLY SYSTEM."

Redemption

Optional Redemption. The Series 2016D Bonds maturing on and after June 1, 2027, are subject to optional redemption at any time on and after June 1, 2026, in whole or in part, in such order of maturity as may be selected by the Finance Authority and by lot within each maturity (if in part, in integral multiples of $5,000), at the option of the Finance Authority, upon notice as provided in the General Indenture and at the redemption price of 100% of the principal amount of the Series 2016D Bonds to be redeemed, but without premium, plus interest accrued to the redemption date.

Mandatory Sinking Fund Redemption. The Series 2016D Bonds maturing on June 1 in the years 2039 and 2041 (together, the "Term Bonds") are subject to mandatory sinking fund redemption on each of the dates set forth below, at a price equal to one hundred percent (100%) of the principal amount of each Series 2016D Bond so redeemed and accrued interest to the redemption date, in the following respective principal amounts:

Term Bond Maturing June 1, 2039

Redemption Dates (June 1)	Principal to be Redeemed
2038	$2,930,000
2039†	2,920,000

† Final Maturity

Term Bond Maturing June 1, 2041

Redemption Dates (June 1)	Principal to be Redeemed
2040	$2,730,000
2041†	2,815,000

† Final Maturity

If less than all of the Term Bonds of a stated maturity are redeemed in a manner other than pursuant to a mandatory sinking fund redemption, the principal amount so redeemed will be credited toward a part or all of any one or more of any mandatory sinking fund payments for such Series 2016D Bonds, in such order as may be directed by the Finance Authority.

Notice of Redemption. In the event any of the Series 2016D Bonds are to be redeemed, notice of such redemption is to be mailed by first class mail, postage prepaid, to all Registered Owners of Series 2016D Bonds to be redeemed at their addresses as they appear on the registration books of the Registrar at least 30 days, but not more than 60 days, prior to the redemption date.

In addition, further notice of any redemption of Series 2016D Bonds is to be given by the Trustee at least two Business Days in advance of the mailed notice to Registered Owners, by registered or certified mail or overnight delivery service, to all registered securities depositories then in the business of holding substantial amounts (as reasonably determined by the Trustee) of obligations of types comprising the Series 2016D Bonds and to at least two national information services that disseminate notices of redemption of obligations such as the Series 2016D Bonds. Failure to give all or any portion of such further notice will not in any manner defeat the effectiveness of a call for redemption.

If at the time of mailing of any notice of redemption there are not on deposit with the Trustee moneys sufficient to redeem all the Series 2016D Bonds called for redemption, such notice is to state that such redemption is subject to the deposit of the redemption moneys with the Trustee not later than the redemption date and that such notice will be of no effect unless such moneys are so deposited.

A second notice of redemption is to be given, not later than 90 days subsequent to the redemption date, to Registered Owners of Series 2016D Bonds or portions thereof redeemed but who failed to deliver Series 2016D Bonds for redemption prior to the 60th day following such redemption date. Any notice mailed will be conclusively presumed to have been duly given, whether or not the owner of such Series 2016D Bonds receives the notice. Receipt of such notice is not a condition precedent to such redemption and failure so to receive any such notice by any of such Registered Owners will not affect the validity of the proceedings for the redemption of the Series 2016D Bonds.

Partially Redeemed Bonds. In case any Series 2016D Bond is redeemed in part, upon the presentation of such Series 2016D Bond for such partial redemption, the Finance Authority will execute and the Trustee will authenticate and deliver or cause to be delivered to or upon the written order of the Registered Owner thereof, at the expense of the Finance Authority, a Series 2016D Bond or Series 2016D Bonds of the same interest rate and maturity and in an aggregate principal amount equal to the unredeemed portion of such Series 2016D Bond. A portion of any Series 2016D Bond of a denomination of more than $5,000 to be redeemed will be in the principal amount of $5,000 or an integral multiple of $5,000 and, in selecting portions of such Series 2016D Bonds for redemption, the Trustee will treat each such Series 2016D Bond as representing that number of Series 2016D Bonds of $5,000 denomination which is obtained by dividing the principal amount of such Series 2016D Bonds by $5,000.

Defeasance

When a Bond has been deemed to be paid under the Indenture, it will no longer be secured by or entitled to the benefits of the Indenture, except for the purposes of any such payment. Any Bond will be deemed to be paid for all purposes of the Indenture when (1) the principal of and the applicable premium, if any, on such Bond (whether at maturity or prior redemption) plus interest on the Bond to the Bond's due date either have been paid or have been provided by irrevocably depositing with the Trustee or other escrow agent, in trust, and the Trustee or other escrow agent shall have irrevocably set aside exclusively for such payment moneys sufficient to make such payment, and/or noncallable Governmental Obligations maturing as to principal and interest in such amount and at such times as will insure the availability of sufficient moneys to make such payment, and (2) all necessary and proper fees, compensation and expenses of the Trustee and any paying agents pertaining to the Bonds with respect to which such deposit is made shall have been paid or the payment thereof provided for to the satisfaction of the Trustee.

SECURITY AND SOURCES OF PAYMENT FOR THE BONDS

Special Limited Obligations

The Bonds, including the Series 2016D Bonds, are special limited obligations of the Finance Authority payable solely from the Trust Estate. The Series 2016D Bonds do not constitute nor create a general obligation or other indebtedness of the State, the Finance Authority or any Governmental Unit within the meaning of any constitutional or statutory debt limitation. THE FINANCE AUTHORITY HAS NO TAXING POWERS. No provision of the Series 2016D Bonds will be construed or interpreted as a donation by or lending of the credit of the Finance Authority, the State or any Governmental Unit within the meaning of the Constitution of the State. The principal of and interest and premium, if any, on the Series 2016D Bonds do not constitute or give rise to a personal liability on the part of the members, directors and officers of the Finance Authority. No breach of any pledge, obligation or agreement of the Finance Authority will impose a pecuniary liability or a charge upon the general credit of the State, the Finance Authority or any political subdivision of the State, or upon the taxing power of the State or any political subdivision of the State.

Trust Estate

In the Indenture, the Finance Authority pledges and assigns the Trust Estate for the equal and ratable payment of the Bonds. The Trust Estate includes (i) Agreement Revenues (as defined below) and amounts in the Agreement Reserve Accounts subject to the uses provided for in the Indenture and described herein, (ii) Additional Pledged Loans, (iii) revenues received by the Finance Authority from the allocation of the NMFA Portion of the Governmental Gross Receipts Tax, (iv) all federally provided interest subsidies actually delivered to or for the account of the Finance Authority in relation to the Bonds, and (v) other amounts in certain funds and accounts created and maintained pursuant to the Indenture, all as more fully described below.

Agreement Revenues. The Agreements consist of Loan Agreements and Securities executed and delivered by Governmental Units in consideration for the financing of all or a portion of their respective projects by the Finance Authority. Under each Loan Agreement or issue of Securities, the respective Governmental Unit pledges to the Finance Authority for payment of all amounts due under their respective Agreements (i) revenues of specific enterprise systems or revenues attributable to certain taxes (the "Agreement Revenues" or, as defined in the Indenture, the "Agreement Pledged Revenues") and (ii) moneys in certain funds and accounts held by the Trustee. Each Governmental Unit executing a Loan Agreement or issuing Securities agrees to pay principal of and interest on its Loan promptly from its Agreement Revenues and to continue such payments until its Loan is paid in full. Each Governmental Unit that has entered into a Loan Agreement or has issued Securities has pledged specific Agreement Revenues to the repayment of its Loan. It should be noted that each Governmental Unit that has entered into an Agreement with the Finance Authority has the ability to incur additional obligations that may be secured on a parity basis with the Agreement Revenues as long as certain conditions are satisfied. See APPENDIX F for a list of the 2016D Governmental Units and the allocable portions of the Loans financed or refinanced with the proceeds of Series 2016D Bonds. Also, please see APPENDIX F for information relating to the largest repayment obligations. A Governmental Unit is not required to make up any Loan Payment not paid in full by another Governmental Unit or to make up any insufficiency in any other source of revenues. The Finance Authority reports that no Governmental Unit has failed to timely pay its obligations owing under its respective Agreement.

The following table lists the various types of revenues from which Agreement Revenues are derived based upon scheduled payments in fiscal year 2016-2017. The table also lists the amounts of those revenues and the percentage of the total Agreement Revenues of those revenues.

Type of Revenue	FY 2016-2017 Amounts	% of Total Agreement Revenues
Gross Receipts Tax	$ 35,006,784	32.9%
Enterprise System Revenues	26,771,986	25.2%
General Obligation (ad valorem taxes)	18,063,694	17.0%
Local Special Tax	10,792,379	10.2%
State Gross Receipts Tax	6,572,219	6.2%
Fire Protection Funds	4,283,319	4.0%
Special Assessment	2,424,749	2.3%
Governmental Gross Receipts Tax - State	1,843,789	1.7%
Law Enforcement Protection Funds	257,775	0.2%
Mill Levy	244,931	0.2%
Total	$ 106,261,625[(1)]	100.00%[(1)]

(1) Total may not add due to rounding. Assumes that the Loans financed or refinanced with proceeds of the Series 2016D Bonds are executed and delivered.

(Source: The Finance Authority.)

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The following table lists the ten Governmental Units (by revenue pledged) that, based on scheduled payments in fiscal year 2016-2017 and assuming no further prepayments of any Agreements, are expected to provide the largest amount of Agreement Revenues in fiscal year 2016-2017. The Agreement Revenues generated from such Agreements account for 39.537% of projected Agreement Revenues for fiscal year 2016-2017.

AGREEMENTS EXPECTED TO GENERATE THE LARGEST AGREEMENT REVENUES[1][2]

Governmental Unit	FY 2016-2017 Debt Service	% of Total Pledged Agreement Revenues[1][2]
City of Santa Fe (Gross Receipts Tax)	$ 7,113,284	6.694%
General Services Department (State Gross Receipts Tax)	5,811,391	5.469%
New Mexico Spaceport Authority (Gross Receipts Tax)	5,649,233	5.316%
Albuquerque Bernalillo County Water Utility Authority (Enterprise System Revenues)	5,472,731	5.150%
Farmington Schools (Ad Valorem Taxes)	3,856,665	3.629%
City of Albuquerque (Enterprise System Revenues)	3,211,900	3.023%
City of Albuquerque (Gross Receipts Tax)	3,157,610	2.972%
UNM Health Sciences Center (Local Special Tax)	3,100,670	2.918%
Taos County (Gross Receipts Tax)	2,337,971	2.200%
New Mexico Highlands University[3]	2,300,792	2.165%
Total	$ 42,012,248	39.537%

(1) Reflects a percentage of total Agreement Revenues, and does not include the NMFA Portion of Governmental Gross Receipts Taxes.

(2) Assumes that the Loans financed or refinanced with proceeds of the Series 2016D Bonds are executed and delivered.

(3) Any interest subsidy payments under the Federal interest subsidy programs which may be received by New Mexico Highlands University or any other Governmental Unit are not taken into account in evaluating revenues available to pay Loan payments pursuant to the respective Loans.

(Source: The Finance Authority.)

Although Agreement Revenues are received at various times throughout the year, they are held under the Indenture until June 1 of each year to be applied to pay debt service on the Bonds. For more information with respect to the Governmental Units with the largest repayment obligations, see "APPENDIX F—2016D GOVERNMENTAL UNITS, LARGEST REPAYMENT OBLIGATIONS."

The Finance Authority may require and has previously required the establishment and funding of an Agreement Reserve Fund in connection with certain Agreements. Amounts in a Governmental Unit's account of the Agreement Reserve Fund will be withdrawn by the Trustee and deposited into that Governmental Unit's account of the Debt Service Fund to the extent of any shortfall in payments by such Governmental Unit under its Agreement.

Additional Pledged Loans. The Finance Authority may make loans from or purchase securities with available funds in the Public Project Revolving Fund. At its option, the Finance Authority may designate such loans or securities as Additional Pledged Loans, and upon such designation, the principal and interest payments on such loans or securities become pledged by the Finance Authority to the payment of the Bonds. See "Flow of Funds" below under this caption.

The Governmental Gross Receipts Tax. Pursuant to Section 7-1-6.38, NMSA 1978, the Public Project Revolving Fund administered by the Finance Authority is allocated seventy-five percent (75%) (the "NMFA Portion of the Governmental Gross Receipts Tax") of all net receipts of a governmental gross receipts tax which is levied and collected pursuant to Section 7-9-4.3, NMSA 1978. The governmental gross receipts tax was enacted into law and first imposed in 1991 at a rate of five percent (5%) on governmental gross receipts. Governmental gross receipts are defined in Section 7-9-3.2, NMSA 1978, as all receipts of the State or any agency, institution, instrumentality or political subdivision thereof except any school district and any entity licensed by the State Department of Health that is principally engaged in providing health care services, from (i) the sale of tangible personal property other than water from facilities open to the general public; (ii) the performance of or admissions to recreational, athletic or entertainment services or events in facilities open to the general public; (iii) refuse collection, refuse disposal or both; (iv) sewage services; (v) the sale of water by a utility owned or operated by a county, municipality or other political subdivision of the State; and (vi) the renting of parking, docking or tie-down spaces or the granting of permission to park vehicles, tie-down aircraft or dock boats.

The definition of governmental gross receipts includes receipts from the sale of tangible personal property handled on consignment when sold from facilities open to the general public, but excludes cash discounts taken and allowed, governmental gross receipts tax payable on transactions reportable for the period and any type of time-price differential.

Certain receipts are excluded from the governmental gross receipts tax, including (i) receipts from the sale of gas or electricity by a utility owned or operated by a county, municipality or other political subdivision, (ii) receipts from operation of a cable television system owned or operated by a municipality, (iii) receipts from the sale of livestock, receipts of growers, producers, trappers or nonprofit marketing associations from selling livestock, or live poultry, and (iv) receipts from certain activities at a minor league baseball stadium.

In addition, there are certain deductions from the governmental gross receipts tax, including (i) certain receipts from selling tangible personal property to the United States or the State, (ii) receipts from selling tangible personal property to an Indian tribe, nation or pueblo, (iii) receipts from transactions in interstate commerce, (iv) certain receipts from selling tangible personal property to entities exempt from federal income tax pursuant to Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, and (v) receipts from the sale of prescription drugs.

Collection and Distribution Information. Governmental agencies are treated as taxpayers under the provisions of the State's Tax Administration Act, Section 7-1-1 et seq., NMSA 1978, and are responsible for paying the governmental gross receipts tax to the New Mexico Taxation and Revenue Department in accordance with the State's Tax Administration Act. Collections are first deposited into a tax administration suspense fund for the purpose of making disbursements for refunds, among other things. On the last day of each month, the balance in the suspense fund is identified by tax source and distributed to the appropriate municipalities or state agencies, including the Finance Authority. Collection of governmental gross receipts tax is administered by the New Mexico Taxation and Revenue Department. Governmental gross receipts taxes are to be paid on or before the 25th day of the month following the month in which the taxable event occurs.

Presented below is information from the New Mexico Taxation and Revenue Department concerning collections of the governmental gross receipts tax for the fiscal years 2011-2012 through 2015-2016.

GOVERNMENTAL GROSS RECEIPTS TAX COLLECTIONS
FISCAL YEARS 2011-2012 THROUGH 2015-2016[(1)]

	Fiscal Year 2011-2012	Fiscal Year 2012-2013	Fiscal Year 2013-2014	Fiscal Year 2014-2015	Fiscal Year 2015-2016
Total Net Receipts	$34,939,052	$36,766,258	$36,766,258	$36,396,929	$37,528,289
NMFA Portion of the Governmental Gross Receipts Tax	$26,204,287	$27,451,329	$27,297,696	$26,465,641	$28,146,217

(1) Collections for fiscal years shown above represent receipts for the period commencing May 1 of preceding fiscal year through April 30 of current fiscal year.
(Source: State of New Mexico Taxation and Revenue Department.)

Based upon data provided by the State of New Mexico Taxation and Revenue Department, the payers of the governmental gross receipts tax whose payments accounted for at least 5% of the total net receipts from the governmental gross receipts tax were the Albuquerque Bernalillo County Water Utility Authority, the City of Albuquerque, the City of Santa Fe and the City of Las Cruces. Although the Finance Authority has not verified and

does not guarantee the accuracy of such information, the Finance Authority does not have any reason to believe that the list of entities providing at least 5% of the governmental gross receipts tax is incorrect.

Funds and Accounts

The Indenture creates a Revenue Fund, a Program Fund (with separate accounts for each Agreement or Project), a Bond Fund, a Debt Service Fund (with separate accounts for each Agreement), an Agreement Reserve Fund (with a separate account for each Agreement that has a reserve requirement), a Common Debt Service Reserve Fund, and an Expense Fund, all of which are part of the Trust Estate. Amounts on deposit in accounts in the Debt Service Fund and in each Agreement Reserve Account shall only secure repayment of the Loan made under the related Agreement. Amounts in the accounts of the Program Fund are held by the Finance Authority and, upon request and submission of proper documentation by the respective Governmental Unit, the Finance Authority will disburse funds directly to the provider of goods or services relating to the Project for which an account has been established in the Program Fund.

Flow of Funds

Loan Payments. All Loan Payments and other amounts paid by Governmental Units pursuant to the Loan Agreements and Securities are to be paid directly to the Finance Authority on or before Loan Payment Dates for remittance to the Trustee prior to each Interest Payment Date, and the Trustee is directed to deposit all such payments immediately upon receiving them, in the following accounts and in the following priority:

First: to the related Account in the Debt Service Fund in an amount required to cause the aggregate amount on deposit in that Fund to equal the amount then required to make the principal and interest payments due or to next become due with respect to the Loan;

Second: to the related Account, if any, in the Agreement Reserve Fund to the extent necessary to cause the balance in said Account to equal the Agreement Reserve Requirement, if any, of such Account;

Third: in the event the Common Debt Service Reserve Fund has been used to satisfy amounts due under a Loan Agreement or in relation to certain Securities, then to the extent Loan Payments are received as to that specific Loan Agreement or Securities, to the Common Debt Service Reserve Fund to the extent necessary to cause the payments to the Common Debt Service Reserve Fund to equal the amounts withdrawn from the Common Debt Service Reserve Fund to satisfy amounts due under the Loan Agreement or as to such Securities; and

Fourth: to the payment of Program Costs (to the extent allocable to such Agreement).

On each Interest Payment Date for the Bonds, the Trustee is directed to transfer moneys in the respective Accounts of the Debt Service Fund to the Bond Fund to pay the interest on the related Bonds becoming due on such Interest Payment Date and to pay the principal of each related Bond due at maturity or by prior redemption, to the extent amounts are on deposit for such purpose. At least once each year, and more frequently if required pursuant to the provisions of a Supplemental Indenture, the Trustee must determine the amount necessary (i) to be transferred to the Bond Fund from each Debt Service Account on Interest Payment Dates for the Bonds from payments relating to a Governmental Unit's Agreement, (ii) to replenish the Governmental Unit's Account in the Agreement Reserve Fund and (iii) in certain cases, to pay the Governmental Unit's share of Program Costs for the year. The Trustee is directed to return any excess that the Trustee does not expect to be required for such payments to the related Governmental Unit or to credit such excess to the Loan Payments next coming due under the Governmental Unit's Agreement. In certain cases, any excess attributable to the difference in interest rates on the Governmental Unit's Loans and the related Bonds (including the Series 2016D Bonds) will be deposited into the Revenue Fund.

On the fifth day preceding a Loan Payment Date (or, if such fifth day is not a Business Day, on the Business Day next preceding such fifth day), if the amount on deposit in any Governmental Unit's Account of the Debt Service Fund is insufficient for payments coming due under the related Loan Agreement or Securities on the next Loan Payment Date, the Trustee is directed to transfer from the related Agreement Reserve Account, if any, to that Governmental Unit's Account of the Debt Service Account, an amount sufficient, together with amounts in such Debt Service Account, to pay the Principal Component and the Interest Component due under such Loan Agreement or Securities on such Loan Payment Date.

On the third day preceding a Loan Payment Date (or, if such third day is not a Business Day, on the next Business Day preceding such third day), if the amount on deposit in any Governmental Unit's account of the Debt Service Fund is insufficient, after applying any applicable Agreement Reserve Account or other source for the payment of Debt Service, the Trustee shall transfer the amount of such deficiency from the Common Debt Service Reserve Fund. See "Common Debt Service Reserve Fund" below under this caption.

Revenue Fund. During each Bond Fund Year, all Revenues constituting (i) receipts from the NMFA Portion of the Governmental Gross Receipts Tax, (ii) principal and interest payments from Additional Pledged Loans, and (iii) any Federally provided interest subsidies actually delivered to or for the account of the Finance Authority in relation to Bonds, including, but not limited to direct payments of the refundable interest credit (i.e., an interest subsidy) paid pursuant to Section 6431(b) of the Code in relation to "Build America Bonds" (as such term is defined in such section of the Code) are all required to be paid by the Finance Authority to the Trustee prior to each Interest Payment Date and shall be accounted for and maintained by the Trustee in the Revenue Fund. On each Interest Payment Date, the Trustee (except as otherwise provided in a Supplemental Indenture) is directed to transfer from the Revenue Fund (including any amounts in the separate account described in the next paragraph) to the Bond Fund (i) an amount equal to the principal and interest due on such Interest Payment Date on the portion of any Bonds, the proceeds of which were used to make Grants and (ii) if the amounts on deposit in the Bond Fund are insufficient for payments coming due with respect to the Bonds on such Interest Payment Date, an amount sufficient, together with amounts transferred from the Debt Service Account, to pay the principal and interest due on the Bonds on such Interest Payment Date.

At the conclusion of each Bond Fund Year, the Trustee is directed to retain in the Revenue Fund, in a separate account to be created therein (to the extent of amounts remaining in the Revenue Fund), the following:

- an amount equal to any deficiency in any account in the Agreement Reserve Fund;
- with respect to Agreements for which no Agreement Reserve Account was created in the Agreement Reserve Fund and a default in the payment of principal or interest under such Agreement has occurred and is continuing, an amount equal to the least of (i) ten percent (10%) of the proceeds of such Agreement, (ii) maximum annual debt service on such Agreement and (iii) 1.25 times average annual debt service on such Agreement; and
- with respect to Bonds issued to finance Grants and for which no other debt service reserve fund has been created, an amount equal to the least of (i) five percent (5%) of the proceeds of the Bonds issued to finance such Grant, (ii) one-half of maximum annual debt service on the Bonds issued to finance such Grants and (iii) 0.625 times average annual debt service on the Bonds issued to finance such Grant.

Pursuant to the Indenture, the Finance Authority is not required to contribute any amounts to fund the retention described in the preceding paragraph other than from amounts on deposit in the Revenue Fund at the end of each Bond Fund Year, and no default under the Indenture occurs solely by reason of any insufficiency of funds remaining in the Revenue Fund to fund such retention.

After making the foregoing deposits, at the conclusion of each Bond Fund Year, and after making the payments required by the Indenture during such Bond Fund Year, the Trustee is directed to transfer the balance on deposit in the Revenue Fund to the Finance Authority for deposit into the Subordinate Lien Revenue Fund. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Outstanding Subordinate Lien Bonds." After the moneys have been used for the purposes specified in the Subordinated Indenture (as defined below) and to make any deposits to the Common Debt Service Reserve Fund (as described below), the Finance Authority may use any remaining moneys for Public Project Revolving Fund purposes; redemption of Bonds prior to maturity by depositing the same into the Bond Fund; refinancing, refunding, purchasing or advance refunding of any Bonds; or any other lawful purpose.

The balance so transferred to the Subordinate Lien Revenue Fund is no longer pledged to the payment of debt service on the Bonds.

Common Debt Service Reserve Fund. The Finance Authority has established the Common Debt Service Reserve Fund under the Indenture to secure payment of debt service on any Bonds issued under the Indenture. The Common Debt Service Reserve Fund was initially funded on January 14, 2011, and, as of May 31, 2016, the Common Debt Service Reserve Fund was funded in the amount of approximately $30,391,290.

The Finance Authority shall determine, as of the end of each Bond Fund Year, the Required Common Debt Service Reserve Funding Level. The Finance Authority shall deposit the Annual Common Debt Service Reserve Deposit Amount with the Trustee in the Common Debt Service Reserve Fund within three (3) business days of receipt by the Finance Authority of the disbursement of the NMFA Portion of the Governmental Gross Receipts Tax distributed to the Finance Authority by the trustee under the Subordinated Indenture on June 16.

If amounts on deposit in the Common Debt Service Reserve Fund are greater than the Required Common Debt Service Reserve Funding Level for a given Bond Fund Year, then no additional deposit shall be made to the Common Debt Service Reserve Fund for such Bond Fund Year. Any such excess amount may be used during the subsequent Bond Fund Year, at the discretion of the Finance Authority, for the redemption of Bonds prior to maturity by depositing the amount into the Bond Fund or the defeasance of any Bonds. If the Finance Authority has deposited the entirety of the available Annual Common Debt Service Reserve Deposit Amount as of a Bond Fund Year end, but the amount in Common Debt Service Reserve Fund is less than the Required Common Debt Service Reserve Funding Level, then the Finance Authority shall not be required to fund from any other source any such difference in excess of the Annual Common Debt Service Reserve Deposit Amount; provided, however, if a funding difference remains (based on the annual recalculation of the Required Common Debt Service Reserve Funding Level), then the next year's available Annual Common Debt Service Reserve Deposit Amount shall be applied to that difference.

If the amounts on deposit in any Governmental Unit's Account of the Debt Service Fund are insufficient for payments coming due under the related Loan Agreement or Securities on the next Loan Payment Date, after applying any applicable Agreement Reserve Account or other source for the payment of Debt Service, on the third day preceding a Loan Payment Date (or, if such third day is not a Business Day, on the Business Day next preceding such third day), the Trustee shall transfer from the Common Debt Service Reserve Fund, an amount sufficient, together with amounts in the related Debt Service Account, to pay the Principal Component and the Interest Component due under such Loan Agreement or Securities on such Loan Payment Date. Amounts on deposit in the Common Debt Service Reserve Fund may not be applied toward payment of the Bonds, except to the extent that amounts are due and owing under the Bonds and amounts are not otherwise available for such payments in the Debt Service Fund.

Investment Earnings. All income earned from the investment of moneys in the respective Accounts held by the Finance Authority and the respective Accounts of the Debt Service Fund and the Agreement Reserve Fund (but only to the extent that the amount on deposit exceeds the related Agreement Reserve Requirement), shall be returned to the Governmental Units or shall be deposited in the related Account of the Debt Service Fund and applied as a credit to the Loan Payment next coming due under the Agreement, with all earnings received on the Governmental Unit's Accounts being allocated solely to the benefit of such Governmental Unit.

Application of Loan Prepayments

Covenants Applicable to the Series 2016D Bonds. The Finance Authority covenants pursuant to the Ninety-First Supplemental Indenture, for the purpose of matching, to the extent practicable, (i) the revenues received from Loan Payments received pursuant to the Loans reimbursed or originated with proceeds of the Series 2016D Bonds with debt service payable on the Series 2016D Bonds, and (ii) the overall debt service requirements on the Outstanding Bonds and the Series 2016D Bonds with revenues received from Loan Payments on all outstanding Loans, to take any one or more of the following actions separately or in combination, within 365 days following the receipt of a Prepayment of a Loan financed with proceeds of the Series 2016D Bonds:

For Prepayments funded with proceeds of bonds or another financing transaction, the interest on which is intended by the Governmental Unit to be exempt from inclusion in gross income under the Internal Revenue Code (a "Tax-Exempt Financing"), the Finance Authority must either, to the extent practicable, (i) originate or reimburse one or more new Loans in an aggregate principal amount equal to or greater than the amount of the portion of the Prepayment to be applied, and with a final maturity date and debt service requirements approximating, to the extent practicable, the final maturity date and debt service requirements for the portion of the Loan pursuant to which the Prepayment was made (or a pro rata portion thereof if a portion of the Prepayment is to be used to originate a new Loan or Loans), or (ii) call for optional redemption the Series 2016D Bonds from which the Loan relating to the Prepayment was initially funded and which Series 2016D Bonds are subject to redemption in an aggregate principal amount equal to or greater than the amount of the Prepayment (or a pro rata portion thereof if a portion of the Prepayment is to be applied), and with a final maturity date and debt service requirements approximating the final maturity date and debt service requirements of the Loan pursuant to which the Prepayment was made (or a pro rata portion thereof if a portion of the Prepayment is to be applied). See "THE SERIES 2016D BONDS—Redemption."

The Finance Authority will recalculate the respective Loan Payments due under any Loan Agreement in the case of a partial Prepayment of Loan Payments under such Loan Agreement in a manner consistent with the actions taken.

Historical Prepayments. During the fiscal years indicated below, the Finance Authority has received prepayments (including Prepayments under the Indenture as well as prepayments of obligations under the Subordinated Indenture) in the numbers and aggregate principal amounts presented in the following table. Because prepayment of some Loans by Governmental Units is optional for certain Governmental Units and because the Loan Payments that Governmental Units may prepay vary greatly in amount, the occurrence and aggregate principal amount of Prepayments in past fiscal years are not an indication of Prepayments to be received by the Finance Authority in future fiscal years.

Fiscal Year	Number of Prepayments	Aggregate Principal Amount
2006-2007	9	$ 9,145,000
2007-2008	21	2,973,716
2008-2009	32	10,223,706
2009-2010	23	6,945,375
2010-2011[(1)]	58	124,271,480
2011-2012[(1)]	55	118,727,583
2012-2013[(1)]	33	54,407,892
2013-2014[(1)]	23	71,812,973
2014-2015[(1)]	18	87,924,017
2015-2016[(1)(2)]	10	31,163,590

(1) The large amount of prepayments is attributable to a favorable interest rate climate that made it cost effective or economically beneficial for Governmental Units to refinance their respective loans.

(2) Reflects prepayments received for the period of July 1, 2015 through May 31, 2016, including Prepayments under the Indenture as well as prepayments under the Subordinated Indenture. As discussed above under "Covenants Applicable to the Series 2016D Bonds," the NMFA may originate additional Loans, redeem Outstanding Bonds that related to the prepaid Loans, if such Bonds are subject to redemption, or defease Outstanding Bonds that relate to the prepaid Loans. As of the date of this Official Statement, the NMFA has applied $190,697 of the proceeds of such prepayments to originate additional loans which, pursuant to a Pledge Notification, have been pledged to the Indenture if the prepaid loan relates to Bonds issued under the Indenture or have been pledged to the Subordinated Indenture if the prepaid loan relates to bonds issued under the Subordinated Indenture. The NMFA has also applied $29,515,000 of such prepayments to redeem obligations under the Indenture or the Subordinated Indenture. There remains $1,457,892 of prepayments for which the NMFA is working to identify new loans.

(Source: The Finance Authority.)

Additional Bonds

Additional Bonds or other indebtedness, bonds or notes of the Finance Authority payable on a parity with the Bonds out of the Trust Estate may be issued or incurred, only if certain requirements have been met, including the following:

(a) The Finance Authority must deliver to the Trustee a Cash Flow Statement (as defined in the Indenture), taking into account the issuance of the Additional Bonds or other indebtedness, bonds or notes. A "Cash Flow Statement" incorporates a variety of items including revenues, debt service, loan prepayments and discount factors for certain types of Loans and is more particularly described in "APPENDIX B—EXTRACTS OF CERTAIN PROVISIONS OF THE INDENTURE."

(b) All payments required by the Indenture to be made into the Bond Fund must have been made in full.

(c) The proceeds of the Additional Bonds or other indebtedness, bonds or notes must be used (i) to refund Bonds issued under the Indenture or other obligations of the Finance Authority (including the funding of necessary reserves and the payment of costs of issuance) or (ii) to make additional Loans or to purchase Securities (including the funding of necessary reserves and the payment of costs of issuance).

(d) No Event of Default has occurred and is continuing under the Indenture, except that the foregoing will not preclude the issuance of Additional Bonds or other indebtedness, bonds or notes if (i) the issuance of such Additional Bonds or other indebtedness, bonds or notes otherwise complies with the requirements of the Indenture and (ii) such Event of Default will cease to continue upon the issuance of the Additional Bonds or other indebtedness, bonds or notes and the application of the proceeds thereof.

Any of the foregoing requirements may be revised or deleted with written evidence from the Rating Agencies to the effect that such revision or deletion will not result in the rating on the Outstanding Bonds being lowered.

The Finance Authority maintains an ongoing program to provide loans and to purchase securities from Governmental Units and expects to finance certain of those activities with the issuance of Additional Bonds on a parity with the Series 2016D Bonds. The Finance Authority may issue Additional Bonds within the next two to three years. The issuance of such Additional Bonds depends on a variety of factors, including market conditions. No assurance can be given when, or if, such Additional Bonds will be issued. The timing, amount and other details of such other Additional Bonds are not known as of the date of this Official Statement.

No Obligations Senior to the Bonds

No additional indebtedness, bonds or notes of the Finance Authority payable on a priority senior to the pledge of the Revenues for payment of the Bonds will be created or incurred without the prior written consent of the Owners of one hundred percent (100%) of the Outstanding Bonds.

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Outstanding Parity Bonds

The following table presents the Series of Outstanding Parity Bonds that are expected to be outstanding under the Indenture as of July 1, 2016:

Series[(1)(2)]	Original Principal Amount Issued	Aggregate Principal Amount Outstanding as of 7/1/2016[(3)]
2006B	$ 38,260,000	$ 22,730,000
2007E	61,945,000	34,085,000
2008A	158,965,000	119,080,000
2008B	36,545,000	22,520,000
2008C	29,130,000	11,490,000
2009A	18,435,000	12,310,000
2009C	55,810,000	41,355,000
2009D-1	13,570,000	7,430,000
2009D-2	38,845,000	34,890,000
2009E	35,155,000	12,585,000
2010A-1	15,170,000	5,670,000
2010A-2	13,795,000	12,990,000
2010B-1	38,610,000	23,795,000
2010B-2	17,600,000	16,950,000
2011B-1	42,735,000	25,905,000
2011B-2	14,545,000	10,630,000
2011C	53,400,000	39,410,000
2012A	24,340,000	20,015,000
2013A	44,285,000	34,570,000
2013B	16,360,000	12,925,000
2014B	58,235,000	50,080,000
2015B	45,325,000	42,595,000
2015C	45,475,000	45,300,000
2016A	52,070,000	49,170,000
2016C	67,540,000	66,725,000
Total	$1,036,145,000	$775,205,000

(1) The official statements for the various Series of Outstanding Parity Bonds are available at the Internet site of the Finance Authority, http://www.nmfa.net, under "Investors, Public Project Revolving Fund."
(2) Does not include the Series 2016D Bonds.
(3) All series of bonds have maturities on June 1.
(Source: The Finance Authority.)

See "ANNUAL DEBT SERVICE REQUIREMENTS" for Debt Service Requirements on the Outstanding Parity Bonds and aggregate payments under Agreements relating to the Bonds. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Trust Estate" for a listing of the Governmental Units that have Agreements with the same revenue pledge, based on scheduled payments in fiscal year 2016-2017 and assuming no further prepayment, expected to generate the highest percentages of estimated annual Revenues in fiscal year 2016-2017.

Outstanding Subordinate Lien Bonds

Pursuant to a Subordinated General Indenture of Trust and Pledge dated as of December 1, 2005 (the "Subordinated Indenture"), the Finance Authority may incur obligations (the "Subordinate Lien Bonds") that have a lien on the revenues from the NMFA Portion of the Governmental Gross Receipts Tax and the revenues from Additional Pledged Loans (collectively, the "Subordinate Lien Revenues") that is subordinate to the lien of the Indenture on those revenues. The Subordinate Lien Bonds are additionally secured by their own pool of loans and securities executed and delivered to the Finance Authority by governmental units of the State in consideration for the financing of all or a portion of projects for such governmental units. The revenues derived from such loans and securities are pledged as security solely for the Subordinate Lien Bonds and are not pledged as security for the Bonds.

Pursuant to the Subordinated Indenture, the Finance Authority has issued various series of Subordinate Lien Bonds. The following table sets forth the various series of Subordinate Lien Bonds, the original aggregate principal amount and the aggregate principal amount of Subordinate Lien Bonds that are expected to be outstanding as of July 1, 2016:

Series[1]	Original Principal Amount Issued	Aggregate Principal Amount Outstanding as of 7/1/2016[2]
2006C	$ 39,860,000	$ 24,330,000
2007A	34,010,000	13,115,000
2007B	38,475,000	20,495,000
2007C	131,860,000	82,485,000
2013C-1	3,745,000	2,890,000
2013C-2	10,550,000	8,020,000
2014A-1	15,135,000	14,055,000
2014A-2	16,805,000	13,775,000
2015A	63,390,000	59,940,000
2015D	29,355,000	27,170,000
2016B	8,950,000	7,415,000
Total	$392,135,000	$273,690,000

(1) The official statements for the various series of outstanding Subordinate Lien Bonds are available at the Internet site of the Finance Authority, http://www.nmfa.net, under "Investors, Public Project Revolving Fund."

(2) All series of bonds have maturities on June 15.

(Source: The Finance Authority.)

The Finance Authority may issue additional bonds pursuant to the Subordinated Indenture from time to time to satisfy the financing needs of governmental entities in the State.

The Series 2016D Bonds have a lien on the Subordinate Lien Revenues senior to the lien securing the outstanding Subordinate Lien Bonds.

Supplemental Indentures and Amendments to Agreements; Rating Agency Discretion

Pursuant to the Indenture, the Finance Authority and the Trustee may, without the consent of or notice to any of the Owners of the Bonds, enter into an indenture or indentures supplemental to the Indenture in order to make certain amendments or changes to the Indenture, including any amendment with the prior written confirmation from the Rating Agencies that such amendment will not result in the rating on the Bonds and the PPRF Secured Obligations, following such amendment, to be lower than the rating on the Bonds and the PPRF Secured Obligations immediately prior to such amendment. See "APPENDIX B—EXTRACTS OF CERTAIN PROVISIONS OF THE INDENTURE—Supplemental Indentures."

In addition, the Finance Authority with the consent of the Trustee and the related Governmental Unit may, without the consent of any Owners of the Bonds, amend any Agreement, Additional Pledged Loan documents and any existing Security Documents with the prior written confirmation from the Rating Agencies that such amendment will not result in the rating on the Bonds following such amendment to be lower than the rating on the Bonds immediately prior to such amendment; or make any other change or amendment upon the delivery to the Trustee of a Cash Flow Statement and an Approval of Bond Counsel.

THE PLAN OF FINANCING

General

The proceeds of the Series 2016D Bonds will be used by the Finance Authority for the purpose of (i) originating Loans to or purchasing Securities from or reimbursing the Finance Authority for moneys used to originate Loans to or purchase Securities from the 2016D Governmental Units, the proceeds of which will be or were used to finance or refinance certain Projects for such 2016D Governmental Units and (ii) paying costs incurred in connection with the issuance of the Series 2016D Bonds. See "INTRODUCTION—Authority and Purpose." See APPENDIX F for a list of the 2016D Governmental Units and the amount of the Loans expected to be financed with proceeds of the Series 2016D Bonds.

Estimated Sources and Uses of Funds

The following tables set forth the estimated sources and uses of funds in connection with the issuance of the Series 2016D Bonds.

Sources of Funds	
Bond Proceeds	
Principal Amount	$116,485,000
Net Original Issue Premium	15,365,110
	$131,850,110
Other Sources of Funds	
NMFA Contribution	$504,646
Prior Renewal & Replacement Fund of 2016 Governmental Units	524,331
Prior Debt Service Reserve Fund of 2016 Government Units	704,866
	$ 1,733,843
Total Sources	$133,583,953
Uses of Funds	
Deposit to Program Fund Accounts(1)	$25,000,000
Deposit to the Public Project Revolving Fund(2)	25,076,223
Refunding Escrow Deposits for 2016 Governmental Units	81,457,307
Costs of Issuance(3)	2,050,423
Total Uses	$133,583,953

(1) Amounts in the Program Fund Account will be used to finance Loans to certain of the 2016D Governmental Units, which will be used to finance or refinance Projects for such 2016D Governmental Units and, as applicable, fund an agreement reserve fund. See "APPENDIX F—2016D GOVERNMENTAL UNITS; LARGEST REPAYMENT OBLIGATIONS."

(2) Amounts in the Public Project Revolving Fund will be used to reimburse the Finance Authority for Loans previously made to certain of the 2016D Governmental Units for certain Projects for such Governmental Units.

(3) Costs of issuance include purchaser's discount, legal fees (including legal fees of counsel to 2016D Governmental Units), rating agency fees, Trustee fees, financial advisory fees (including financial advisory fees of 2016D Governmental Units), NMFA Administrative fees, and other miscellaneous costs.

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ANNUAL DEBT SERVICE REQUIREMENTS

The following schedule shows the total debt service payable for the Series 2016D Bonds and all currently Outstanding Parity Bonds for each fiscal year through their respective final maturity dates.

ANNUAL DEBT SERVICE FOR THE BONDS[1]

Fiscal Year Ending 6/30	Series 2016D Bonds Principal	Series 2016D Bonds Interest	Outstanding Parity Bonds[2]	Total Annual Debt Service
2017	$ 3,665,000	$ 4,400,369	$ 87,582,604	$ 95,647,973
2018	4,565,000	4,798,300	86,872,076	96,235,376
2019	9,240,000	4,570,050	83,255,551	97,065,601
2020	10,310,000	4,108,050	77,643,026	92,061,076
2021	11,420,000	3,592,550	76,079,740	91,092,290
2022	10,010,000	3,021,550	72,193,016	85,224,566
2023	5,485,000	2,521,050	70,454,159	78,460,209
2024	3,745,000	2,246,800	64,441,870	70,433,670
2025	3,620,000	2,059,550	61,385,896	67,065,446
2026	3,715,000	1,914,750	54,830,137	60,459,887
2027	4,065,000	1,766,150	49,381,382	55,212,532
2028	4,600,000	1,603,550	48,689,698	54,893,248
2029	4,150,000	1,511,550	41,877,870	47,539,420
2030	3,450,000	1,345,550	34,635,071	39,430,621
2031	3,350,000	1,207,550	31,572,633	36,130,183
2032	3,490,000	1,073,550	30,752,022	35,315,572
2033	3,625,000	933,950	29,513,024	34,071,974
2034	3,785,000	788,950	26,773,896	31,347,846
2035	3,170,000	637,550	27,380,216	31,187,766
2036	2,790,000	510,750	16,447,260	19,748,010
2037	2,840,000	427,050	5,718,271	8,985,321
2038	2,930,000	341,850	5,668,192	8,940,042
2039	2,920,000	253,950	2,843,286	6,017,236
2040	2,730,000	166,350	2,784,600	5,680,950
2041	2,815,000	84,450	2,785,550	5,685,000
2042	-	-	2,788,950	2,788,950
2043	-	-	2,784,650	2,784,650
2044	-	-	2,782,850	2,782,850
2045	-	-	2,633,350	2,633,350
2046	-	-	1,957,000	1,957,000
Total	$116,485,000	$ 45,885,769	$1,104,507,847	$ 1,266,878,616

(1) Assumes the Series 2016D Bonds are issued and Outstanding. Totals may not add due to rounding.
(2) Includes principal and interest.
(Source: Western Financial Group, LLC.)

The following table shows estimated available Revenues pledged to the payment of the Bonds, total debt service requirements for the Series 2016D Bonds and all other Outstanding Parity Bonds and the resulting estimated annual coverage ratios. Revenues estimated for current and future fiscal years are based upon monthly trends in collections of the NMFA Portion of the Governmental Gross Receipts Tax for the period from April 1, 2015 through March 31, 2016 and scheduled payments under the Agreements and Additional Pledged Loans, and do not reflect any future Prepayments or delinquencies. The estimated annual coverage ratios are based in part on assumptions that may not be realized. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Trust Estate—The Governmental Gross Receipts Tax,” “—Agreement Revenues” and “—Additional Pledged Loans” for descriptions of the Revenues presented in the table under the headings “NMFA Portion of the Governmental Gross Receipts Tax” and “Aggregate Agreement Revenues.” See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Trust Estate” and “INVESTMENT CONSIDERATIONS” for a list of some factors which may affect Revenues.

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ESTIMATED REVENUES, ANNUAL DEBT SERVICE REQUIREMENTS
AND PROJECTED COVERAGE RATIOS[1]

Fiscal Year Ending 6/30	NMFA Portion of Governmental Gross Receipts Tax[2]	Aggregate Agreement Revenues[3]	Estimated Total Revenues	Total Annual Debt Service Requirement[4]	Estimated Annual Coverage Ratios
2017	$ 28,146,217	$ 106,261,624	$ 134,407,841	$ 95,647,973	1.41
2018	28,146,217	104,319,891	132,466,108	96,235,376	1.38
2019	28,146,217	105,300,901	133,447,118	97,065,601	1.37
2020	28,146,217	102,357,713	130,503,930	92,061,076	1.42
2021	28,146,217	95,090,211	123,236,428	91,092,290	1.35
2022	28,146,217	89,501,810	117,648,027	85,224,566	1.38
2023	28,146,217	84,674,211	112,820,428	78,460,209	1.44
2024	28,146,217	75,990,523	104,136,740	70,433,670	1.48
2025	28,146,217	72,987,341	101,133,558	67,065,446	1.51
2026	28,146,217	64,166,551	92,312,768	60,459,887	1.53
2027	28,146,217	58,894,843	87,041,060	55,212,532	1.58
2028	28,146,217	59,275,752	87,421,969	54,893,248	1.59
2029	28,146,217	60,863,720	89,009,937	47,539,420	1.87
2030	28,146,217	42,295,116	70,441,333	39,430,621	1.79
2031	28,146,217	37,897,836	66,044,053	36,130,183	1.83
2032	28,146,217	35,924,796	64,071,013	35,315,572	1.81
2033	28,146,217	36,115,235	64,261,452	34,071,974	1.89
2034	28,146,217	33,148,559	61,294,776	31,347,846	1.96
2035	28,146,217	32,937,903	61,084,120	31,187,766	1.96
2036	28,146,217	21,287,015	49,433,232	19,748,010	2.50
2037	28,146,217	11,643,308	39,789,525	8,985,321	4.43
2038	28,146,217	10,911,149	39,057,366	8,940,042	4.37
2039	28,146,217	6,869,762	35,015,979	6,017,236	5.82
2040	28,146,217	6,412,540	34,558,757	5,680,950	6.08
2041	28,146,217	6,024,001	34,170,218	5,685,000	6.01
2042	28,146,217	3,122,070	31,268,287	2,788,950	11.21
2043	28,146,217	2,907,927	31,054,144	2,784,650	11.15
2044	28,146,217	2,907,352	31,053,569	2,782,850	11.16
2045	28,146,217	2,758,176	30,904,393	2,633,350	11.74
2046	28,146,217	2,077,104	30,223,321	1,957,000	15.44

(1) Assumes the Series 2016D Bonds are issued and Outstanding. See "INTRODUCTION—Authority and Purpose" and "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Outstanding Parity Bonds." Totals may not add due to rounding.

(2) Fiscal year collections represent receipts for the period commencing May 1 of preceding fiscal year through April 30 of current fiscal year. Assumes annual receipt of the NMFA Portion of the Governmental Gross Receipts Tax will remain the same over the life of the Bonds.

(3) Assumes total Agreement Revenues to be received for Loans outstanding as of July 13, 2016, including the Loans financed or refinanced with proceeds of the Series 2016D Bonds not yet closed as of the date hereof. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Trust Estate—Agreement Revenues."

(4) Includes debt service for all Outstanding Parity Bonds. Assumes that no Additional Bonds will be issued under the Indenture. See "ANNUAL DEBT SERVICE REQUIREMENTS."

(Sources: The Finance Authority and Western Financial Group LLC.)

NEW MEXICO FINANCE AUTHORITY

General Information

The Finance Authority is a public body politic and corporate, separate and apart from the State, constituting a governmental instrumentality of the State. The Finance Authority was created in 1992 pursuant to the Act to coordinate the planning and financing of State and local public projects, to provide for long-term planning and assessment of State and local capital needs and to improve cooperation among the executive and legislative branches of State government and local governments in financing public projects. Pursuant to the Act, the Finance Authority and its corporate existence will continue until terminated by law, provided that no such law will take effect so long as the Finance Authority has bonds or other obligations outstanding, unless provision has been made for the payment of all such obligations. The Finance Authority is comprised of 11 members who also constitute the Finance Authority's board of directors and currently employs 39 persons, including a Chief Executive Officer. The Chief Executive Officer directs the business and affairs of the Finance Authority, subject to the policies, control and direction of the Finance Authority.

The Finance Authority staff provides a full range of services to its borrowers and other parties benefiting from or otherwise interested in the Finance Authority's financing programs. Those services include loan servicing and program fund administration, financial analysis relating to all aspects of the Finance Authority's programs, accounting, program marketing and development services, application assistance to borrowers, coordination and assistance with other funding sources, coordination with taxing and regulatory authorities, and coordination with various legislative authorities.

Powers

In addition to the power to issue bonds and other obligations to finance specific programs and projects, pursuant to the Act, the Finance Authority is granted all powers necessary and appropriate to carry out and effectuate its public and corporate purposes, including but not limited to the following powers:

(a) to procure insurance to secure payment on any loan, lease or purchase payments owed to the Finance Authority by a qualified entity in such amounts and from such insurers, including the federal government, as it may deem necessary or desirable, and to pay any premiums for such insurance;

(b) to fix, revise from time to time, charge and collect fees and other charges in connection with the making of loans and any other services rendered by the Finance Authority;

(c) to accept, administer, hold and use all funds made available to the Finance Authority from any sources;

(d) to borrow money and to issue bonds and provide for the rights of holders of the bonds;

(e) to establish and maintain reserve and sinking fund accounts to insure against and have funds available for maintenance of other debt service accounts;

(f) to invest and reinvest its funds and to take and hold property as security for the investment of such funds;

(g) subject to any agreement with bondholders to: (1) renegotiate any loan, lease or agreement; (2) consent to any modification of the terms of any loan, lease or agreement and, (3) purchase bonds, which may upon purchase be canceled; and

(h) to do any and all things necessary or convenient to carry out its purposes and exercise the powers given and granted in the Act.

The Finance Authority has no authority to impose or collect taxes.

Organization and Governance

The Finance Authority is composed of 11 members who serve as the governing body of the Finance Authority. Six of the members are ex officio members designated in the Act and five members are appointed by the Governor with the advice and consent of the State Senate. One of the appointed members must be the chief financial officer of a State higher educational institution. The remaining four appointed members must be residents of the State. The six ex officio members with voting privileges include four cabinet-level secretaries, each of whom are appointed by the Governor and serve at the pleasure of the Governor (the Secretary of Finance and Administration, the Secretary of Economic Development, the Secretary of Energy, Minerals and Natural Resources, and the Secretary of Environment), and two are chief executive directors of State-wide associations (the Executive Director of the New Mexico Municipal League and the Executive Director of the New Mexico Association of Counties). The appointed members serve at the pleasure of the Governor and the appointed members serve four-year terms. Vacancies for the appointed members are filled by appointment of the Governor for the remainder of any unexpired term. Any appointed member is eligible for reappointment.

The governing body of the Finance Authority exercises and oversees the exercise of the powers of the Finance Authority. The governing body of the Finance Authority satisfies those responsibilities through monthly meetings and through the standing committees that the governing body has established. A quorum of the governing body exists when a majority of the members then serving are present. A majority vote of a quorum of the members present may transact any business of the Finance Authority. A vacancy in the membership of the governing body does not impact the ability of a quorum to exercise all rights and duties of the Finance Authority. The committees are advisory and have no authority to act on behalf of the governing body, except that the Contracts Committee has authority to award certain contracts and the Investment Committee has authority to authorize certain investments. Each committee reviews and makes recommendations to the governing body concerning matters assigned to it by the governing body.

The Executive Committee provides oversight and direction relating to the operations of the Finance Authority. Other committees include the Finance and Loan Committee, the Audit Committee, the Economic Development Committee, the Investment Committee, the Disclosure Committee, and the Contracts Committee. The committees typically meet monthly.

The governing body has also established written policies concerning the exercise of the powers of the Finance Authority, including the administration of the Public Project Revolving Fund. The written policies serve as ongoing directions to staff and consultants with respect to standards to be applied in the conduct of the business of the Finance Authority.

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Governing Body and Key Staff Members

Current members of the Finance Authority, and their respective occupations and term expiration dates, are presented below. One position on the governing body is currently vacant.

Name	Occupation	Term Expires
John E. McDermott (Chair)(1)	President, McDermott Advisory Services, LLC	01/01/2017
William F. Fulginiti (Vice Chair)(2)	Executive Director, New Mexico Municipal League	not applicable
David Martin (Secretary)(1)(2)	Cabinet Secretary, Energy, Minerals and Natural Resources Department, State of New Mexico	not applicable
Katherine Ulibarri (Treasurer)(1)	Vice President for Finance and Operations, Central New Mexico Community College	12/31/2018
Jon Barela(1)(2)	Cabinet Secretary, Economic Development Department, State of New Mexico	not applicable
Duffy Rodriguez(1)(2)(3)	Acting Cabinet Secretary, Department of Finance and Administration	not applicable
Blake Curtis(1)(4)	Chief Executive Officer, Senior Vice President, Curtis & Curtis, Inc., Clovis, New Mexico	01/01/16
Ryan Flynn(1)(2)	Cabinet Secretary, Environment Department, State of New Mexico	not applicable
Steve Kopelman(2)	Executive Director, New Mexico Association of Counties	not applicable
Terry White(1)(5)	Chief Executive Officer of Sunwest Trust, Inc., Albuquerque, New Mexico	01/01/16

(1) Appointed by the Governor of the State and serves at the pleasure of the Governor.

(2) Ex officio member with voting privileges. An ex officio member may designate an alternate member. Alternate members may attend meetings and vote on all matters considered by the Finance Authority. Ex officio members that are cabinet secretaries are appointed to their cabinet positions by the Governor of the State and serve in those capacities at the pleasure of the Governor.

(3) Duffy Rodriguez, Deputy Secretary of Department of Finance and Administration, is serving as acting Cabinet Secretary replacing Tom Clifford who retired on May 27, 2016.

(4) Term has expired but continues to serve until replaced or reappointed.

(5) Term has expired and last day to serve on the Board of the Finance Authority was June 23, 2016.

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Presented below is certain information concerning key staff members of the Finance Authority involved in the issuance of the Series 2016D Bonds and the administration of the Finance Authority's financing programs.

Robert P. Coalter, Chief Executive Officer. Mr. Coalter began serving as the Chief Executive Officer of the Finance Authority in January 2014. Previously, Mr. Coalter served as Executive Director of the Texas Public Finance Authority (TPFA), one of the largest bond issuers in the State of Texas with over $5 billion in outstanding debt. Prior to his work at TPFA, Mr. Coalter served as Assistant Director of Treasury Operations for the Texas Comptroller of Public Accounts for 16 years. He has been employed in various positions within state government for over 20 years, working with senior officials and staff in the both the legislative and executive branches. Mr. Coalter holds a Masters of Business Administration in Finance and has been accountable for the issuance, payment, and compliance of over $90 billion dollars in various municipal instruments during his career.

Chief Financial Officer. Vacant. The Finance Authority is conducting a nationwide search for a new Chief Financial Officer, anticipated to be completed within calendar year 2016.

Michael J. Zavelle, Chief Financial Strategist. Mr. Zavelle joined the Finance Authority in June 2009. Mr. Zavelle has an extensive and varied background in finance with public and private universities, a major cultural organization, and as a capital markets banker in Asia responsible for client relations and for loan and bond underwriting, syndication and private placement. He served as a VP/CFO for Fisk University, Brooklyn College/CUNY, and Baruch College/CUNY, as Vice Chancellor for Administration & Planning for City University of New York, as SVP and Chief Administrative Officer for The New York Public Library, and as a Managing Director with Chase Manhattan Asia Limited in Hong Kong and Tokyo. Mr. Zavelle has a Bachelor of Arts degree in Economics from Dartmouth College and a Master of Business Administration degree from Harvard University.

Zach Dillenback, Chief Lending Officer. Mr. Dillenback joined the Finance Authority in February 2006, and was promoted to Chief Lending Officer in 2012. Mr. Dillenback has over 10 years of experience in the finance industry, the majority of such time being devoted to public finance. He holds a Bachelor of Arts degree in Finance from Florida State University and is in the process of obtaining an Executive Master of Business Administration degree from the University of New Mexico.

Marquita Russel, Chief of Programs. Ms. Russel joined the Finance Authority in September, 2000. Ms. Russel has approximately 20 years of experience in the financial services industry, in both marketing and financial analysis. Prior to joining the Finance Authority, Ms. Russel spent 10 years at the Illinois Development Finance Authority, where she held the positions of Marketing Director and Senior Program Administrator. During that time, Ms. Russel closed more than $1 billion of transactions, ranging from $5,000 microloans to $175 million tax-exempt hospital bonds. Ms. Russel earned her Bachelor of Science degree from Marquette University, Milwaukee, Wisconsin.

Daniel C. Opperman, General Counsel. Mr. Opperman joined the Finance Authority in November 2010 as Assistant General Counsel and was hired as the General Counsel in October 2012. Prior to joining the Finance Authority, Mr. Opperman served as General Counsel for the New Mexico Department of Transportation (NMDOT) for two years. Mr. Opperman obtained his law degree from the University New Mexico School of Law and his Bachelor of Arts degree in Economics from the University of New Mexico, and is a retired professional baseball player with the Los Angeles Dodgers organization.

Legislative Oversight

The Act also provides for the creation of a legislative oversight committee, whose membership is determined by the State Legislative Council. The oversight committee is required to monitor and oversee the operation of the Finance Authority, and in that capacity it, among other things: (i) meets on a regular basis to receive and review reports from the Finance Authority and to review and approve regulations proposed for adoption pursuant to the Act; (ii) monitors and provides assistance and advice on the public project financing program of the Finance Authority; (iii) oversees and monitors State and local government capital planning and financing; (iv) provides advice and assistance to the Finance Authority on planning, setting priorities for and financing of State and local capital projects; (v) undertakes an ongoing examination of the statutes, constitutional provisions, regulations and court decisions governing State and local government capital financing in the State; and (vi) reports its findings and recommendations, including recommended legislation or necessary changes, to the Governor and to each session of the State legislature (the "Legislature"), and makes available the report and proposed legislation.

The Public Project Revolving Fund Program

General. The Act created the Public Project Revolving Fund (the "PPRF") program of the Finance Authority in 1992 to pay the reasonably necessary costs of originating and servicing loans, grants or securities funded by the PPRF and to make loans or grants and to purchase or sell securities to assist qualified entities in financing the acquisition, construction, improvement, alteration or reconstruction of assets of a long-term capital nature, including land; buildings; water rights; water, sewerage and waste disposal systems; streets; airports; municipal utilities; public recreation facilities; public transportation systems; parking facilities; and machinery, furniture and equipment. Public projects financed through the PPRF in amounts in excess of $1 million per project require specific authorization by the Legislature. As of May 31, 2016, the Finance Authority had made 1,294 PPRF loans totaling approximately $2.68 billion. To implement the PPRF Program, the Finance Authority has been granted the following specific powers:

(a) to make loans to qualified entities that establish one or more dedicated sources of revenue to repay the loan from the Finance Authority;

(b) to make, enter into and enforce all contracts necessary, convenient or desirable for the purposes of the Finance Authority or pertaining to (1) a loan to a qualified entity, (2) a purchase or sale of securities individually or on a pooled basis, or (3) the performance of its duties and execution of any of its powers under the Act;

(c) to purchase or hold securities at prices and in a manner the Finance Authority considers advisable, giving due consideration to the financial capability of the qualified entity, and sell securities acquired or held by it at prices without relation to cost and in a manner the Finance Authority considers advisable;

(d) to prescribe the form of application or procedure required of a qualified entity for a loan or purchase of its securities, fix the terms and conditions of the loan or purchase and enter into agreements with qualified entities with respect to loans or purchases;

(e) to charge for its costs and services in review or consideration of a proposed loan to a qualified entity or purchase by the Finance Authority of securities, whether or not the loan is made or the securities purchased;

(f) to fix and establish terms and provisions with respect to: (1) a purchase of securities by the Finance Authority, including date and maturities of the securities; (2) redemption or payment before maturity; and (3) any other matters that in connection with the purchase are necessary, desirable or advisable in the judgment of the Finance Authority;

(g) to the extent permitted under its contracts with the holders of bonds of the Finance Authority, consent to modification of the rate of interest, time and payment of installment of principal or interest, security or any other term of a bond, contract or agreement of any kind to which the Finance Authority is a party;

(h) in connection with the purchase of any securities, to consider the ability of the qualified entity to secure financing from other sources and the costs of that financing and the particular public project or purpose to be financed or refinanced with the proceeds of the securities to be purchased by the Finance Authority;

(i) to acquire fee simple, leasehold, mortgagor's or mortgagee's interests in real and personal property and to sell, mortgage, convey or lease that property for Finance Authority purposes; and

(j) in the event of a default by a qualifying entity, enforce its rights by suit or mandamus or use all of the available remedies under State law.

Contingent Liquidity Account. In an effort to pursue its policy of maintaining a sufficient cash balance to meet the borrowing needs of eligible entities and improving the fund and cash balances of the PPRF program, the Finance Authority established a contingency account (the "Contingent Liquidity Account"). Although it will not be pledged to the Series 2016D Bonds, or any other Finance Authority bonds, the Contingent Liquidity Account is intended to enhance the Finance Authority's ability to meet the cash-flow needs of the PPRF program. Funds from the Contingent Liquidity Account may be used to pay debt service on Finance Authority bonds; however, such use is within the sole discretion of the Finance Authority and such funds may also be used for other purposes, including but not limited to payments of unforeseen expenses of the Finance Authority, urgent economic development projects, loan originations, or addressing other purposes as determined by the Finance Authority. As of May 31, 2016, the Contingent Liquidity Account was funded to an amount of approximately $30,391,290. The debt management policy relating to the PPRF was revised on November 19, 2015 to provide that the Contingent Liquidity Account will be funded to an amount no greater than the funding level for the Common Debt Service Reserve Fund. See SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Flow of Funds—Common Debt Service Reserve Fund."

Temporary Borrowing. The Finance Authority has entered into an arrangement (the "Wells Fargo Short-Term Borrowing") with Wells Fargo Bank, National Association ("Wells Fargo") for Wells Fargo to provide to the Finance Authority an amount up to $100,000,000 to reimburse the Finance Authority for loans made to eligible entities that are incurred prior to the issuance of a series of bonds or to make loans to eligible entities by using funds drawn from the Wells Fargo Short-Term Borrowing. Once the amounts are advanced, the Finance Authority has up to 180 days to repay the advancement. The Wells Fargo Short-Term Borrowing is currently scheduled to expire on December 10, 2020. The Wells Fargo Short-Term Borrowing is secured by proceeds of bonds that are anticipated to be issued subsequent to the advances. The Finance Authority has entered into the Wells Fargo Short-Term Borrowing to assist it with its cash flows. The Wells Fargo Short-Term Borrowing is not secured by the Trust Estate. The Finance Authority does not have any current plans to draw upon the Wells Fargo Short-Term Borrowing by the end of the year. However, the Finance Authority reserves the right to draw upon the Wells Fargo Short-Term Borrowing if it is expedient to do so.

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Other Bond Programs and Projects

The Finance Authority also participates in or administers other bond programs designed to provide financing to local governmental entities and state agencies for public projects. Such programs are not secured by the Trust Estate but are secured by other sources of revenues. The following table sets forth the different types of bond programs and the amount of bonds expected to be outstanding under such programs as of July 1, 2016.

Program	Project	Original Principal Amount	Outstanding as of 7/1/2016	Scheduled Final Maturity
Cigarette Tax	UNM Health Sciences Center 2004B	$ 10,000,000	$ 2,410,000	4/1/2019
Transportation	Highways 2006A	150,000,000	7,770,000	12/15/2018
Transportation	Highways 2006B Subordinate	40,085,000	1,500,000	12/15/2016
Transportation	Highways 2008A Subordinate	115,200,000	35,200,000	6/15/2024
Transportation	Highways 2008B Subordinate	220,000,000	100,000,000	12/15/2026
Transportation	Highways 2009A	112,345,000	5,065,000	6/15/2017
Transportation	Highways 2010A-1	95,525,000	30,270,000	12/15/2024
Transportation	Highways 2010A-2 Subordinate	79,100,000	52,355,000	12/15/2021
Transportation	Highways 2010B	461,075,000	444,405,000	6/15/2024
Transportation	Highways 2011A-1 Subordinate	80,000,000	80,000,000	12/15/2026
Transportation	Highways 2011A-2 Subordinate	120,000,000	120,000,000	12/15/2026
Transportation	Highways 2011A-3 Subordinate	84,800,000	84,800,000	12/15/2026
Transportation	Highways 2012	220,400,000	171,070,000	6/15/2026
Transportation	Highways 2014A Subordinate	70,110,000	70,110,000	6/15/2032
Transportation	Highways 2014B-1	61,380,000	61,380,000	6/15/2027
Transportation	Highways 2014B-2 Subordinate	18,025,000	18,025,000	6/15/2027

(Source: The Finance Authority.)

LITIGATION

To the knowledge of the Finance Authority, there is no controversy or litigation known to be pending or threatened to restrain or enjoin the issuance, sale, execution or delivery of the Series 2016D Bonds, the execution, adoption or effectiveness of the Indenture or the levying or collecting of any Revenues the loss of which would materially adversely affect the ability of the Finance Authority to pay debt service on the Series 2016D Bonds, or in any way contesting or affecting the validity or enforceability of the Series 2016D Bonds, the Indenture, or any proceeding and authority of the Finance Authority taken with respect to the foregoing. The Finance Authority will deliver a non-litigation certification as to the foregoing prior to the issuance of the Series 2016D Bonds.

SALE OF SERIES 2016D BONDS

The Series 2016D Bonds were sold to the Purchaser at an aggregate purchase price of $131,224,120.06 (being the par amount of the Series 2016D Bonds plus an original issue net premium of $15,365,110.45, and less a purchaser's discount of $625,990.39). The Series 2016D Bonds may be offered and sold to certain dealers (including dealers depositing the Series 2016D Bonds into investment trusts) at prices lower than the initial public offering prices set forth on the inside front cover pages of this Official Statement and such public offering prices may be changed from time to time.

Morgan Stanley, parent company of Morgan Stanley & Co. LLC., an underwriter of the Series 2016D Bonds, has entered into a retail distribution arrangement with Morgan Stanley Smith Barney LLC. As part of the distribution arrangement, Morgan Stanley & Co. LLC may distribute municipal securities to retail investors through the financial advisor network of Morgan Stanley Smith Barney LLC. As part of this arrangement, Morgan Stanley & Co. LLC may compensate Morgan Stanley Smith Barney LLC for its selling efforts with respect to the Series 2016D Bonds.

TAX MATTERS

Federal Income Tax

In the opinion of Ballard Spahr LLP, Bond Counsel to the Finance Authority, interest on the Series 2016D Bonds is excludable from gross income for purposes of federal income tax under existing laws as enacted and construed on the date of initial delivery of the Series 2016D Bonds, assuming the accuracy of the certifications of the Finance Authority and continuing compliance by the Finance Authority with the requirements of the Internal Revenue Code of 1986. Interest on the Series 2016D Bonds is not an item of tax preference for purposes of either individual or corporate federal alternative minimum tax ("AMT"); however, interest on Series 2016D Bonds held by a corporation (other than an S corporation, regulated investment company, or real estate investment trust) may be indirectly subject to federal AMT because of its inclusion in the adjusted current earnings of a corporate holder.

Original Issue Premium. Certain of the Series 2016D Bonds are offered at a premium ("original issue premium") over their principal amount. For federal income tax purposes, original issue premium is amortizable periodically over the term of such Series 2016D Bond through reductions in the holder's tax basis for such Series 2016D Bond for determining taxable gain or loss from sale or from redemption prior to maturity. Amortization of premium does not create a deductible expense or loss. Holders should consult their tax advisors for an explanation of the amortization rules.

Original Issue Discount. Certain of the Series 2016D Bonds are offered at a discount ("original issue discount") equal generally to the difference between public offering price and principal amount. Original issue discount on a Series 2016D Bond accrues as tax-exempt interest periodically over the term of the Series 2016D Bond. The accrual of original issue discount increases the holder's tax basis in the Series 2016D Bond for determining taxable gain or loss from sale or from redemption prior to maturity. Series 2016D Bondholders should consult their tax advisors for an explanation of the accrual rules.

State of New Mexico Income Tax

Bond Counsel is also of the opinion that under the currently existing laws of the State of New Mexico, interest on the Series 2016D Bonds is excluded from net income of the owners thereof for State of New Mexico income tax purposes.

No Further Opinion

Bond Counsel expresses no opinion regarding any other tax consequences relating to ownership or disposition of, or the accrual or receipt of interest on, the Series 2016D Bonds.

Changes in Federal and State Tax Laws

From time to time, there are Presidential proposals, proposals of various federal committees, and legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to herein or adversely affect the marketability or market value of the Series 2016D Bonds or otherwise prevent holders of the Series 2016D Bonds from realizing the full benefit of the tax exemption of interest on the Series 2016D Bonds. Further, such proposals may impact the marketability or market value of the Series 2016D Bonds simply by being proposed. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to Series 2016D Bonds issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value, marketability or tax status of the Series 2016D Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Series 2016D Bonds would be impacted thereby.

Purchasers of the Series 2016D Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Series 2016D Bonds, and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any proposed or pending legislation, regulatory initiatives or litigation.

LEGAL MATTERS

In connection with the issuance and sale of the Series 2016D Bonds, Ballard Spahr LLP, Salt Lake City, Utah, as Bond Counsel to the Finance Authority, will deliver its opinion in substantially the form included in APPENDIX D. Certain legal matters will be passed upon for the Finance Authority by its General Counsel. Certain matters relating to disclosure will be passed upon for the Finance Authority by Andrews Kurth LLP, Austin, Texas, Disclosure Counsel to the Finance Authority. The counsels involved in this transaction have not participated in any independent verification of the information concerning the financial condition or capabilities of the Finance Authority contained in this Official Statement.

MUNICIPAL ADVISOR

The Finance Authority has retained Western Financial Group, LLC, as municipal advisor in connection with the preparation of this Official Statement and with respect to the issuance of the Series 2016D Bonds. Western Financial Group, LLC is an independent advisory firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities.

FINANCIAL STATEMENTS

The financial statements of the Finance Authority for the year ended June 30, 2015, included in APPENDIX A of this Official Statement, have been audited by REDW, LLC, certified public accountants, Albuquerque, New Mexico, as set forth in its report thereon dated October 30, 2015. REDW, LLC has not been asked to consent to the use of its name and audited financial reports of the Finance Authority in this Official Statement nor has REDW, LLC participated in the preparation of this Official Statement.

In July 2012, the Finance Authority disclosed that what it believed was the audit of its financial statements for the fiscal year ended June 30, 2011 was not completed properly (the "Incomplete Audit"). Upon such discovery, the Finance Authority withdrew the Incomplete Audit. The Finance Authority then initiated an investigation and determined that its former controller had misrepresented the status of the Incomplete Audit and provided financial statements for use with third parties that he falsely represented as "audited." For additional information relating to the Incomplete Audit, see "2011 Audit Situation" at www.nmfa.net/investors/disclosures/.

CONTINUING DISCLOSURE UNDERTAKING

The Finance Authority will execute and deliver a Continuing Disclosure Undertaking in connection with the issuance of the Series 2016D Bonds pursuant to which it will agree to provide the following information:

- to the Municipal Securities Rulemaking Board ("MSRB") in an electronic format prescribed by the MSRB by March 31 of each fiscal year, or the next succeeding business day if March 31 is not a business day (and to the Trustee and to each holder of the Series 2016D Bonds who requests such information):

  1. annual financial information and operating data concerning the Revenues, such information to be of the type set forth in the tables under the caption "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Trust Estate–Agreement Revenues" and in the table captioned "Governmental Gross Receipts Tax Collections Fiscal Years 2010-2011 Through 2014-2015" under the caption "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Trust Estate—The Governmental Gross Receipts Tax–Collection and Distribution Information," in the Official Statement;

2. with respect to any Governmental Unit expected by the Finance Authority, on the last business day that is at least 45 days prior to the date specified for providing such information to the MSRB, to have Loan repayment obligations in the then-current fiscal year constituting more than 20% of the estimated Revenues for the then-current fiscal year (the "20% Test"), and each additional Governmental Unit designated by the Finance Authority by such business day, information concerning the four-year history of the specific revenues constituting such Governmental Unit's Agreement Pledged Revenues, or such shorter period for which such information is available;

3. audited financial statements for the Finance Authority, any Governmental Unit meeting the 20% Test and each additional Governmental Unit designated by the Finance Authority, or, if audited financial statements are not available by March 31 of each fiscal year, or the next succeeding business day if March 31 is not a business day, unaudited financial statements and audited financial statements as soon as such audited financial statements become available;

- in a timely manner to the MSRB in an electronic format prescribed by the MSRB, notice of a failure to provide the required annual financial information on or before the date specified in its written continuing disclosure undertaking;

- in a timely manner, but not more than ten business days after the occurrence of the event, to the MSRB in an electronic format prescribed by the MSRB, notice of the occurrence of any of the following events (if applicable) with respect to the Series 2016D Bonds:

  1. principal and interest payment delinquencies;

  2. unscheduled draws on debt service reserves reflecting financial difficulties;

  3. unscheduled draws on credit enhancements reflecting financial difficulties;

  4. substitution of credit or liquidity providers, or their failure to perform;

  5. adverse tax opinions or the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Series 2016D Bonds;

  6. defeasances;

  7. tender offers;

  8. bankruptcy, insolvency, receivership or similar proceedings; and

  9. rating changes.

- in a timely manner, but not more than ten business days after the occurrence of the event, to the MSRB in an electronic format prescribed by the MSRB, notice of the occurrence of any of the following events (if applicable) with respect to the Series 2016D Bonds, if material:

  1. mergers, consolidations, acquisitions, the sale of all or substantially all of the assets of the obligated persons or their termination;

  2. appointment of a successor or additional trustee or the change of the name of a trustee;

  3. non-payment related defaults;

4. modification of rights of owners of the Series 2016D Bonds;

5. bond calls; and

6. release, substitution, or sale of property securing repayment of the Series 2016D Bonds.

The Finance Authority may from time to time choose to provide notice of the occurrence of certain other events, in addition to those listed above, if, in the judgment of the Finance Authority, such other event is material with respect to the Series 2016D Bonds. However, the Finance Authority does not undertake to commit to provide any such notice of the occurrence of any material event except those events listed above.

The Finance Authority reserves the right to modify from time to time the Continuing Disclosure Undertaking, including the specific types of information provided or the format of the presentation of such information, to the extent necessary or appropriate in the judgment of the Finance Authority; provided that, the Finance Authority has agreed that any such modification will be done in a manner consistent with the Rule as determined by an opinion of counsel experienced in federal securities law selected by the Finance Authority. The Finance Authority acknowledges that its undertaking pursuant to the Rule described under this heading is intended to be for the benefit of the Owners of the Series 2016D Bonds and will be enforceable by the Owners; provided that the right to enforce the provisions of this undertaking are limited to a right to obtain specific performance of the Finance Authority's obligations, and any failure by the Finance Authority to comply with the provisions of the undertaking will not be an event of default with respect to the Series 2016D Bonds.

None of the Governmental Units have represented annual Loan repayment obligations exceeding 20% of estimated Revenues in the first full year immediately following issuance of the Series 2016D Bonds. See APPENDIX F for a discussion of Loans to Governmental Units with the largest outstanding principal loan balances.

In July 2012, the Finance Authority disclosed that what it believed was the audit of its financial statements for the fiscal year ended June 30, 2011 was not properly completed (the "Incomplete Audit"). See "FINANCIAL STATEMENTS." Due to the Incomplete Audit, the Finance Authority was unable to file its audit for the fiscal year ended June 30, 2011 in a manner that was in material compliance with its previous undertakings. Eventually, the audit for fiscal year ended June 30, 2011 was completed and made available, and the Finance Authority filed such audit with the MSRB as specified in its disclosure undertakings. In addition, the Finance Authority reports that it did not provide notice to the MSRB of an upgrade on its Subordinate Lien Bonds by Moody's in April 2011 from Aa3 to Aa2. The Finance Authority has since filed notice of such upgrade with the MSRB.

RATINGS

S&P and Moody's have assigned ratings of "AAA" and "Aa1," respectively, to the Series 2016D Bonds. An explanation of the significance of such ratings may be obtained from S&P and Moody's, respectively.

Such ratings reflect only the views of such organizations. The ratings are not a recommendation to buy, sell or hold the Series 2016D Bonds and there is no assurance that such ratings will continue for any given period of time or that such ratings will not be revised downward or withdrawn entirely by the rating agencies if, in their judgment, circumstances so warrant. Any downward revision or withdrawal of the ratings given to the Series 2016D Bonds may have an adverse effect on the market price of the Series 2016D Bonds. The Municipal Advisor has not undertaken any responsibility to bring to the attention of the owners of the Series 2016D Bonds any proposed revision or withdrawal of the ratings on the Series 2016D Bonds, or to oppose any such proposed revision or withdrawal. The Finance Authority undertakes no responsibility to oppose any such revision or withdrawal. Any such downward revision or withdrawal of the ratings or other actions by a rating agency may have an adverse effect on the market price of the Series 2016D Bonds.

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INVESTMENT CONSIDERATIONS

Availability of Revenues

The amount of Revenues actually received by the Finance Authority may be affected by several factors. Among other things, the amount of governmental gross receipts taxes that will be collected and distributed to the Finance Authority is subject to fluctuation based on the activities that generate those taxes, including general economic conditions. There can be no guarantee that the NMFA's Portion of the Governmental Gross Receipts Taxes collected in the future will be consistent with historical collection trends. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Trust Estate—The Governmental Gross Receipts Tax."

Pursuant to Section 7-9-4.3, NMSA 1978, revisions to laws of the State affecting, among other things, tax rates, taxed activities and distributions of governmental gross receipts taxes could be adopted in the future by the State legislature. There is no assurance that any future revisions to State laws will not adversely affect, among other things, tax rates, activities now subject to the governmental gross receipts tax or distribution of governmental gross receipts tax revenues to the Finance Authority. However, the State has pledged to and agreed with holders of any bonds or notes issued under the Act that the State will not limit or alter the rights vested by the Act in the Finance Authority to fulfill the terms of any agreements made with the holders thereof or in any way impair the rights and remedies of those holders until the bonds or notes together with the interest thereon, with interest on any unpaid installments of interest, and all costs and expenses in connection with any action or proceedings by or on behalf of those holders, are fully met and discharged.

As previously stated, the Series 2016D Bonds are also payable from Agreement Revenues. Agreement Revenues are derived from a variety of different sources including enterprise system revenues, property taxes and specific taxes. Those sources of Agreement Revenues may be adversely affected by a variety of factors including, but not limited to, general economic conditions, the demand and cost of certain services and governmental actions. There can be no guarantee that future Agreement Revenues will be consistent with historical receipts.

The mandate from the Budget Control Act of 2011 that became effective in March 2013 requires a reduction of federal spending ("Sequestration"). The Finance Authority receives an insignificant amount of federal revenues including federally provided interest subsidies for the Finance Authority's Series 2010A-2 Bonds. In addition, various entities throughout the State of New Mexico have been receiving federal revenues. While some of those entities may experience a reduction in the receipt of federal revenues due to Sequestration, the Finance Authority does not believe that any such reductions will impact the ability of the Finance Authority to pay debt service on its Bonds.

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ADDITIONAL INFORMATION

This Official Statement speaks only as of its date, and the information in this Official Statement is subject to change. The quotations from, and summaries and explanations of, the statutes, regulations and documents contained in this Official Statement do not purport to be complete, and reference is made to said laws, regulations and documents for full and complete statements of their provisions. Copies, in reasonable quantity, of such laws, regulations and documents, and of the financial statements of the Finance Authority, may be obtained during the offering period, upon request to the Finance Authority and upon payment to the Finance Authority of a charge for copying, mailing and handling, at 207 Shelby Street, Santa Fe, New Mexico 87501, Attention: Chief Executive Officer.

Any statements in this Official Statement involving matters of opinion, whether or not expressly stated as such, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the Finance Authority and the purchasers or holders of any of the Series 2016D Bonds.

NEW MEXICO FINANCE AUTHORITY

By /s/ John E. McDermott
John E. McDermott,
Chair

By /s/ Robert P. Coalter
Robert P. Coalter,
Chief Executive Officer

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APPENDIX A

AUDITED FINANCIAL STATEMENTS OF THE FINANCE AUTHORITY
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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New Mexico Finance Authority
(A Component Unit of the State of New Mexico)

Financial Statements, Supplemental Information
and
Independent Auditor's Report

June 30, 2015 and 2014

REDW LLC
CPAs | Business & Financial Advisors

New Mexico Finance Authority
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New Mexico Finance Authority

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New Mexico Finance Authority

Official Roster

Year Ended June 30, 2015

Governing Board
John E. McDermott, Chair
William Fulginiti, Vice Chair
David Martin, Secretary
Katherine Ulibarri, Treasurer
Steve Kopelman, Member
Ryan Flynn, Member
Tom Clifford, Member
Jon Barela, Member
Jerry L. Jones, Member
Blake Curtis, Member
Terry White, Member

Chief Executive Officer
Robert P. Coalter

Chief Financial Officer
Robert Brannon

Independent Auditor's Report

Governing Board
New Mexico Finance Authority
and
Mr. Timothy Keller
New Mexico Office of the State Auditor
Santa Fe, NM

Report on the Financial Statements

We have audited the accompanying financial statements of the New Mexico Finance Authority (the "Authority"), a component unit of the State of New Mexico, as of and for the years ended June 30, 2015 and 2014, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on the accompanying financial statements based on our audits. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

Albuquerque
7425 Jefferson St NE
Albuquerque, NM 87109
P 505.998.3200
F 505.998.3333

Phoenix
5353 N 16th St, Suite 200
Phoenix, AZ 85016
P 602.730.3600
F 602.730.3699

Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of June 30, 2015 and 2014, and the changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The accompanying supplementary schedules, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The supplementary schedules and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 30, 2015, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

REDW LLC

Albuquerque, New Mexico
October 30, 2015

New Mexico Finance Authority
Management's Discussion and Analysis
June 30, 2015 and 2014

Introduction

This section of the New Mexico Finance Authority's (the "Authority") annual financial statements presents management's discussion and analysis of the Authority's financial position at June 30, 2015 and its financial performance during the fiscal year then ended. This section should be read together with the Authority's financial statements and accompanying notes.

The New Mexico Finance Authority

The Authority was created by the New Mexico State Legislature in 1992 to finance infrastructure projects for the state's counties, cities, school districts and certain departments of the state government. The objective was to provide low-cost financing for borrowers who might not otherwise be able to access the tax-exempt bond market on a cost-effective basis. The 1992 statute created the Public Project Revolving Fund (PPRF) as the vehicle to accomplish this financing objective. As authorized by the statute, the Authority issues tax-exempt PPRF bonds to obtain the funds in which it loans to New Mexico governmental entities. The statute created the Governmental Gross Receipts Tax as a source of funding for Authority operations and to serve as a credit enhancement for the Authority's bonds. Although the legislature has created additional program responsibilities for the Authority, the PPRF remains the core of its activities.

Overview of the Financial Statements

The financial statements have been prepared using the economic resources measurement focus and accrual basis of accounting in accordance with generally accepted accounting principles. The Authority's basic financial statements are comprised of the following:

- The *Statement of Net Position* presents information on the assets and liabilities of the Authority, with the difference between the assets and the liabilities reported as net position. Over time, increases or decreases in net position serve as a useful indicator of whether financial position is improving or deteriorating.
- The *Statement of Revenues, Expenses and Changes in Net Position* present information reflecting how the net position of the Authority changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the cash flows. Thus, revenues and expenses are reported in the statement for some items that will only result in cash flows in future fiscal periods.
- The *Statement of Cash Flows* reports the cash flows from operating activities, noncapital financing activities, capital and related financing activities and investing activities, and the resulting change in cash and cash equivalents during the fiscal year.

The accompanying notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes can be found immediately following the financial statements.

Financial Highlights

- The Authority's overall financial improved slightly in the past year. The key indicator is total net position which increased by $40.7 million or 8.9%.
- During the fiscal year, unrestricted cash increased 9.4% or $1.9 million. Restricted cash increased by .4% or $.4 million. Restricted investments increased by 52.5% or $96.5 million.
- Loans receivable remained consistent from previous year.
- Intergovernmental receivables decreased by $12.1 million or 10.2%, primarily as a result of payments received in fiscal year 2015 and restructuring of the Administrative Office of the Courts intergovernmental receivable.
- Bonds payable increased by $8.7 million or 0.8% in 2015, the result of issuing of $166.9 million of new bonds, principal payments on outstanding bonds of $162.3 million, and amortization of bond premium of $4.1 million.
- Undisbursed loan proceeds increased by $43.2 million or 150.3% during 2015 due to the timing of a bond issuance at the end of the fiscal year.
- Appropriation revenue decreased by $5.9 million in fiscal year 2015, representing a 13.8% decrease from fiscal year 2014. The reduction reflects the closing out of all tranches from the appropriation for the State Small Business Credit Initiative program.
- The Authority experienced a $1.4 million or 31.0% decrease in administrative fees revenue from $4.6 million in 2014 to $3.2 million in 2015. This drop in revenue was in direct relation to the decreased number of loans in 2015 compared to 2014.
- Expenses decreased 5.4% from $114.9 million in 2014 to $108.7 million in 2015, representing an expected decrease of $6.2 million.
- Grant revenue and corresponding activity increased 15.9% or $8.8 million as the Authority experienced increased grant activity within the Colonias and Drinking Water programs during the year.
- There was one reversion to the State General Fund for fiscal year 2015 of $500 thousand related to the close out of a loan in the Behavioral Health program.

New Mexico Finance Authority
Management's Discussion and Analysis
June 30, 2015 and 2014

Statement of Net Position

The following presents condensed, combined statements of net position as of June 30, 2015, 2014, and 2013, with the dollar and percentage change:

	2015	Restated 2014	Restated 2013	Net Increase/ (Decrease)	Percentage Increase/ (Decrease)
Assets					
Cash and equivalents					
Unrestricted	$ 21,656,317	$ 19,792,613	$ 116,073,324	$ 1,863,704	9.4%
Restricted	113,366,876	112,880,142	109,965,262	486,734	0.4%
Investments – restricted	280,161,230	183,692,467	131,565,455	96,468,763	52.5%
Loans receivable, net of allowance	1,178,795,528	1,179,166,365	1,231,232,043	(370,837)	0.0%
Intergovernmental receivables	106,092,483	118,148,921	125,274,549	(12,056,438)	-10.2%
Other receivables	7,798,937	10,258,000	10,960,455	(2,459,063)	-24.0%
Capital assets	4,867	104,378	220,772	(99,511)	-95.3%
Other assets	19,500	19,500	118,630	-	0.0%
Total assets	**$ 1,707,895,738**	**$ 1,624,062,386**	**$ 1,725,410,490**	**$ 83,833,352**	5.2%
Deferred Outflows of Resources					
Deferred charge on refunding	$ 184,242	$ 1,191,181	$ -	$ (1,006,939)	-84.5%
Total deferred outflows of resources	**$ 184,242**	**$ 1,191,181**	**$ -**	**$ (1,006,939)**	-84.5%
Liabilities					
Bonds payable, net	$ 1,056,903,674	$ 1,048,141,351	$ 1,180,405,517	$ 8,762,323	0.8%
Undisbursed loan proceeds	71,940,001	28,744,630	45,485,533	43,195,371	150.3%
Advanced loan payments	74,332,049	72,189,707	68,380,111	2,142,342	3.0%
Accounts payable, accrued payroll and compensated absences	643,540	657,934	831,236	(14,394)	-2.2%
Line of credit	-	12,006,298	-	(12,006,298)	-100.0%
Other liabilities	4,254,194	4,200,346	4,998,215	53,848	1.3%
Total liabilities	**1,208,073,458**	**1,165,940,266**	**1,300,100,612**	**42,133,192**	3.6%
Net Position					
Invested in capital assets	4,867	104,378	220,772	(99,511)	-95.3%
Restricted for program commitments	483,282,743	445,061,112	211,361,534	38,221,631	8.6%
Unrestricted	16,718,912	14,147,811	213,727,572	2,571,101	18.2%
Total net position	**500,006,522**	**459,313,301**	**425,309,878**	**40,693,221**	8.9%
Total liabilities and net position	**$ 1,708,079,980**	**$ 1,625,253,567**	**$ 1,725,410,490**	**$ 82,826,413**	**5.1%**

The Authority's overall financial position increased slightly in the past year. The key indicator is total net position which increased by $40.7 million or 8.9%.

The 2013 net position was not reclassified as its inclusion in the financials is limited to the MD&A. Please see Note 2 Summary of Significant Accounting Policies – Net Position.

Assets

Loans receivable decreased by $0.4 million or 0.1% in 2015. New loans made during the year totaled $149.6 million while loan payments received were $152.3 million.

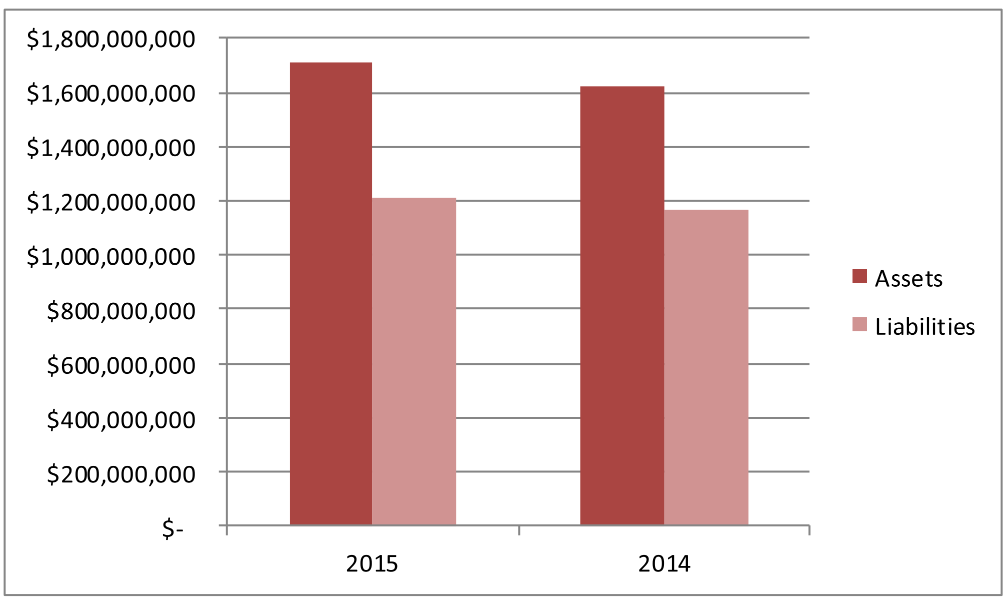
The allowance for uncollectible loans decreased $2.4 million due to changes in estimated losses based on the risk evaluations performed by a third party. The number and amount of early loan payoffs increased significantly from 2014 as interest rates began to fall.

Total cash and investments increased 31.2% from $316.4 million in 2014 to $415.2 million in 2015 due primarily to the closing of the 2015B bonds at the end of the fiscal year.

Liabilities

Bonds payable increased by $8.7 million in 2015 resulting from the issuance of $166.9 million of new bonds, principal payments and defeasances on outstanding bonds of $162.3 million, and amortization of bond premium of $4.1 million. Undisbursed loan proceeds increased by $43.2 million during 2015 due to a bond issuance occurring close to fiscal year-end. Advanced loan payments experienced a $2.1 million or 3.0% increase from 2014.

The following chart indicates the ratio of assets to liabilities:



Statement of Revenue, Expenses and Changes in Net Position

The following table presents the condensed combined statement of revenue, expenses and changes in net position for 2015, 2014, and 2013 fiscal years:

	2015	Restated 2014	Restated 2013	Net Increase/ (Decrease)	Percentage Increase/ (Decrease)
Operating Revenues					
Administrative and processing fees	$ 3,197,684	$ 4,631,509	$ 3,395,491	$ (1,433,825)	-31.0%
Interest on loans	48,645,757	48,723,703	52,942,880	(77,946)	-0.2%
Interest on investments	925,910	488,741	139,403	437,169	89.4%
Total operating revenues	52,769,351	53,843,953	56,477,774	(1,074,602)	-2.0%
Expenses					
Grants to local governments	54,240,349	50,824,441	48,828,884	3,415,908	6.7%
Bond issuance costs	1,243,632	674,398	10,918,272	569,234	84.4%
Professional services	2,146,157	2,189,377	2,651,079	(43,220)	-2.0%
Salaries and benefits	4,361,363	4,284,392	3,926,740	76,971	1.8%
Debt service – interest expense	46,707,522	54,319,247	53,026,726	(7,611,725)	-14.0%
Other expense	(11,884)	2,580,937	4,636,406	(2,592,821)	-100.5%
Total operating expenses	108,687,139	114,872,792	123,988,107	(6,185,653)	-5.4%
Net operating loss	(55,917,788)	(61,028,839)	(67,510,333)	5,111,051	-8.4%
Nonoperating Revenues (Expenses)					
Appropriation revenue	37,157,026	43,086,860	34,033,130	(5,929,834)	-13.8%
Grant revenue	64,031,220	55,224,996	48,692,048	8,806,224	15.9%
Reversions and transfers	(4,577,237)	(3,931,693)	(2,953,157)	(645,544)	16.4%
	96,611,009	94,380,163	79,772,021	2,230,846	2.4%
Increase in net position	40,693,221	33,351,324	12,261,688	7,341,897	22.0%
Net position, beginning of year, as restated	459,313,301	425,961,977	413,048,190	33,351,324	
Net position, end of year	**$ 500,006,522**	**$ 459,313,301**	**$ 425,309,878**	**$ 40,693,221**	**8.9%**

Operating revenue decreased 2.0% to $52.8 million in 2015. Interest on investments increased, experiencing 89.4% incline compared to 2014 due to a larger portion of cash being invested in long-term investments. Appropriation revenue decreased 13.8% while grant revenue increased 15.9%. The loan interest decline directly relates to lower outstanding loans receivable.

Overall operating costs decreased 5.4% due to increased grant expenses of $3.4 million and a decrease of interest expense of $7.6 million. The decrease in interest expense was due to recognition of amortized bond premium expense for 2004 and 2005 called bonds. Grant expense increased in 2015 after grant activity recovery efforts in fiscal years 2013 and 2014.

Long-Term Debt

The Authority's long-term debt consists of outstanding bond issues related to the various programs administered by the Authority. At the end of fiscal year 2015, the total amount outstanding was $1.1 billion (excluding the $1.4 billion in GRIP bonds which are administered

by, but are not a direct liability of the Authority). More detailed information about the Authority's long-term debt is presented in Note 7 to the financial statements.

During the fiscal year, the Authority issued $166.9 million in PPRF bonds, primarily to directly fund loans and to reimburse the PPRF loan fund for loans already made.

Programs

The Authority accounts for each of its programs separately, each with its own assets, liabilities, net position, income and expense. The Public Project Revolving Fund is highlighted in the following discussion due to the significance of the program.

Public Project Revolving Fund

The Authority began its existence in 1992 to administer the PPRF. The mission of the PPRF is to coordinate the planning and financing of state and local public projects with borrowers who could not, on their own, access the bond market on a cost-effective basis. Qualified entity's, including without limitation counties, municipalities and school districts, are eligible to borrow from the PPRF. Since 1993, the PPRF has made 1,228 loans totaling $2.6 billion.

The PPRF makes loans of less than $5 million from its own funds on hand. It then replenishes its cash balance at a later date by "packaging" the loans as collateral and selling tax-exempt bonds. Loans for amounts larger than $5 million are funded by closing the loans at the same time a reimbursement bond issue closes, thus ensuring a precise matching of loan and bond interest rates.

The PPRF operates, in many respects, in the same manner as a bank or other lending institution. Infrastructure finance agencies similar to the PPRF are often called "bond banks." Financial statements for the PPRF are presented in the following pages in a format similar to that employed by commercial banking organizations.

Public Project Revolving Fund
Statements of Net Position
June 30

	2015	2014	Restated 2013	Net Increase/ (Decrease)	Percentage Increase/ (Decrease)
Assets					
Cash and equivalents					
Unrestricted	$ 21,129,169	$ 18,662,427	$ 79,007,637	$ 2,466,742	13.2%
Restricted	74,239,292	86,535,872	79,173,378	(12,296,580)	-14.2%
Restricted investments	231,414,125	122,591,262	130,787,736	108,822,863	88.8%
Accounts receivable and other	6,462,198	8,794,009	10,367,285	(2,331,811)	-26.5%
Loans receivable, net of allowance	1,058,275,504	1,081,631,189	1,138,450,511	(23,355,685)	-2.2%
Due from the State of New Mexico	96,135,000	104,525,000	108,025,000	(8,390,000)	-8.0%
Capital assets	(29,209)	70,302	186,696	(99,511)	-141.5%
Other assets	7,824,918	9,353,716	13,073,586	(1,528,798)	-16.3%
Total assets	**$ 1,495,450,997**	**$ 1,432,163,777**	**$ 1,559,071,829**	**$ 63,287,220**	4.4%
Deferred Outflows of Resources					
Deferred charge on refunding	$ 184,242	$ 1,191,181	$ -	$ (1,006,939)	-84.5%
Total deferred outflows of resources	**$ 184,242**	**$ 1,191,181**	**$ -**	$ (1,006,939)	-84.5%
Liabilities					
Accounts payable and accrued payroll liabilities	$ 1,445,741	$ 2,751,301	$ 6,202,814	$ (1,305,560)	-47.5%
Undisbursed loan proceeds	71,877,909	28,682,538	45,423,441	43,195,371	150.6%
Borrowers' debt service and reserve deposits	77,563,762	86,969,969	72,016,499	(9,406,207)	-10.8%
Bonds payable, net	1,048,093,351	1,036,144,409	1,165,236,955	11,948,942	1.2%
Total liabilities	**1,198,980,763**	**1,154,548,217**	**1,288,879,709**	**44,432,546**	3.8%
Net Position					
Invested in capital assets	(29,209)	70,302	186,696	(99,511)	-141.5%
Restricted for program commitments	276,556,622	262,175,614	103,752,754	14,381,008	5.5%
Unrestricted	20,127,063	16,560,825	166,252,670	3,566,238	21.5%
Total net position	**296,654,476**	**278,806,741**	**270,192,120**	**17,847,735**	6.4%
Total liabilities and net position	**$ 1,495,635,239**	**$ 1,433,354,958**	**$ 1,559,071,829**	**$ 62,280,281**	**4.3%**

Loan Volume

	2015	2014	Since Inception
Amount of loans made	$149.2 million	$104.0 million	$2.51 billion
Number of loans made	49	63	1,228
Average loan size	$3.01 million	$1.63 million	$2.1 million

Public Project Revolving Fund
Statements of Revenue, Expenses and Changes in Net Position
For the Years Ended June 30

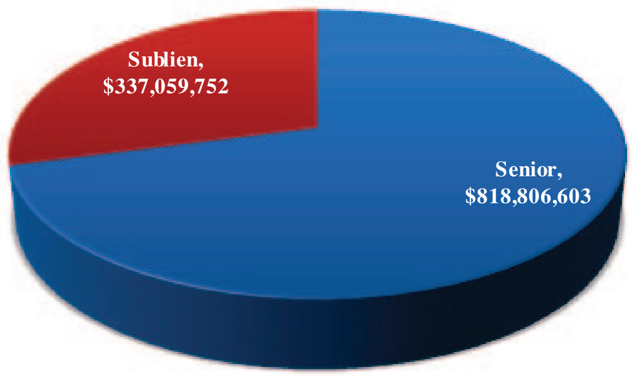
	2015	2014	Restated 2013	Net Increase/ (Decrease)	Percentage Increase/ (Decrease)
Interest Income					
Loans	$ 46,430,667	$ 46,548,780	$ 50,708,332	$ (118,113)	-0.3%
Investments	504,597	245,422	127,387	259,175	105.6%
Total interest income	46,935,264	46,794,202	50,835,719	141,062	0.3%
Interest Expense					
Bonds	46,321,567	53,772,342	52,317,500	(7,450,775)	-13.9%
Short-term borrowing	359,592	144,082	94,931	215,510	149.6%
Total interest expense	46,681,159	53,916,424	52,412,431	(7,235,265)	-13.4%
Net Interest Income (Loss)					
Interest income (loss) less interest expense	254,105	(7,122,222)	(1,576,712)	7,376,327	-103.6%
Provision for loan losses	62,215	1,900,656	(699,842)	(1,838,441)	-96.7%
Net interest loss after provision for loan losses	316,320	(5,221,566)	(2,276,554)	5,537,886	-106.1%
Noninterest Income					
Loan administration fees	1,819,441	1,451,116	1,659,473	368,325	25.4%
Appropriation revenues	24,267,401	29,091,277	26,585,797	(4,823,876)	-16.6%
Total noninterest income	26,086,842	30,542,393	28,245,270	(4,455,551)	-14.6%
Noninterest Expense					
Salaries and benefits	2,322,032	2,179,170	2,507,794	142,862	6.6%
Professional services	1,048,599	970,669	874,564	77,930	8.0%
Bond issuance costs	1,243,632	674,398	674,703	569,234	84.4%
Other	908,102	1,561,926	10,808,047	(653,824)	-41.9%
Total noninterest expense	5,522,365	5,386,163	14,865,108	136,202	2.5%
Excess of revenues over expenditures	20,880,797	19,934,664	11,103,608	946,133	4.7%
Transfers to other funds or agencies	(3,033,062)	(11,320,043)	(7,490,781)	8,286,981	-73.2%
Increase (decrease) in net position	**17,847,735**	**8,614,621**	**3,612,827**	**9,233,114**	107.2%
Net position, beginning of year, as restated	**278,806,741**	**270,192,120**	**266,579,293**	**8,614,621**	3.2%
Net position, end of year	**$ 296,654,476**	**$ 278,806,741**	**$ 270,192,120**	**$ 17,847,735**	**6.4%**

Net Interest Income

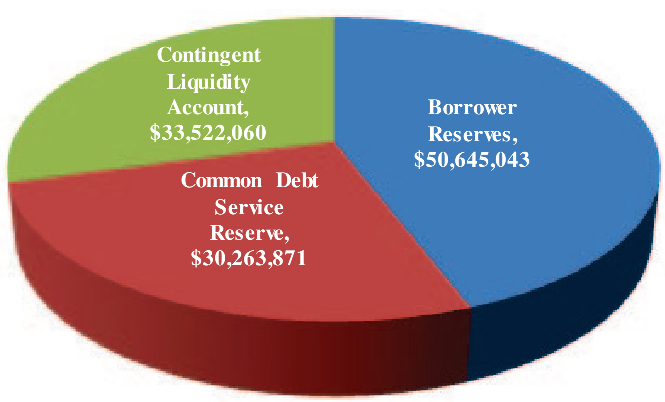
As a not-for profit lender, the Authority attempts to pass on to its borrowers the same rates it pays on the bonds it issues to provide the funds it loans. Therefore, in its planning and management processes, the Authority attempts to achieve approximately zero net interest income in the PPRF. In 2015, the PPRF had net interest income of $0.3 million, compared to a $7.1 million loss in 2014. This is a result of market conditions in which $87.9 million in PPRF loans exercised their early call provisions in 2014 and 2015 and the Authority relent those loan repayments at moderately lower interest rates. See Note 14 Contingencies – Loan Prepayment and Bond Call Provisions.

PPRF Indentures

The PPRF maintains a General Indenture of Trust (Senior Lien) and a Subordinated Indenture of Trust (Sub Lien). At the end of the fiscal year there were 651 loans including intergovernmental totaling $1.2 billion outstanding; 71% in the Senior and 29% in the Subordinate. This is an increase of 2.64% from $1.19 billion in 2014 primarily as a result of increased loan prepayments, payoffs, and natural maturities. In turn this has increased cash which will be used to call and defease bonds in 2016.



Currently the Senior Lien has a AAA rating from Standard & Poors and a Aa2 from Moodys and the Subordinate Lien a AA and Aa1 respectively. In order to maintain such a rating the PPRF holds reserves and credit enhancements. These include the Common Debt Service Reserve, Contingent Liquidity Account, and pooled borrower debt service reserve. The Common Debt Service Reserve is subject to the General indenture of Trust for the Senior Lien, borrower reserves are pledged to the individual loans within their respective liens, and the Contingent Liquidity Account is considered to be held outside the General and Subordinated Indentures of Trust.



Governmental Gross Receipts Tax

The Governmental Gross Receipts Tax (GGRT) is a tax imposed on the gross receipts of municipalities for services rendered to customers such as water, sewer, and solid waste collection. 75% of GGRT collections are appropriated to the PPRF. The Authority's share of GGRT collections was $26.5 million in 2015, a $0.8 million decrease from the $27.3 million received in 2014. The GGRT funds are used as follows:

- As a credit enhancement for the PPRF bonds. In the event of defaults on loans, GGRT funds can be used to make up for any shortfall in funds available for bond payments.
- To fund loans to borrowers, especially smaller loans which the Authority may choose to not reimburse in a bond issue.
- To pay operating expenses of the PPRF.

Other Programs

The PPRF accounts for a large portion of total Authority activity. At June 30, 2015, and for the year then ended, the relationships were as follows:

	PPRF	Total Authority	% PPRF
Total assets	$1.5 billion	$1.7 billion	88%
Net assets	$296.7 million	$500.0 million	59%
Revenues	$73.0 million	$90.2 million	81%

There are 23 other programs administered by the Authority, some of which are loan programs and some of which are grant programs.

A rise occurred in grant volume for the Drinking Water Revolving Loan Fund program because of increased grant subsidies being awarded for qualifying drinking water facilities projects in New Mexico. The cause was due to various larger projects being approved during the fiscal year.

Similar to the Drinking Water Revolving Loan Fund program, an increase in the Colonias Infrastructure program grant activity reflects the fact that the program saw an increased number of projects being approved during 2015. This is the result of the Colonias Infrastructure Act taking effect July 1, 2011 and the number of approved projects increasing as more funding is available.

A for profit limited liability company operated by the Authority has been awarded a total of $201 million allocation of New Markets Tax Credits by the U.S. Treasury Department. Under this program, the Authority can provide federal income tax credits to incentivize businesses to create jobs and otherwise contribute to the economic development of the state. Prior to 2015, the Authority made twelve awards totaling $151.3 million. During 2015, the Authority made no

additional awards. The tax credits have no impact on the financial statements of the Authority beyond the expenses incurred to administer the program and the fees charged to applicants and recipients of the credits, which are minimal.

Contacting the Authority's Financial Management

This financial report is designed to provide citizens, taxpayers, customers, legislators, investors, and creditors with a general overview of the Authority's finances and to demonstrate the Authority's accountability for the money it receives. Substantial additional information is available on the Authority's website at www.nmfa.net. If you have any questions about this report or need additional financial information, contact:

New Mexico Finance Authority (NMFA)
207 Shelby Street
Santa Fe, New Mexico 87501

Financial Statements

	2015	2014, restated (Note 16)
Assets		
Current assets		
Cash and cash equivalents		
Unrestricted	$ 21,656,317	$ 19,792,613
Restricted	113,366,876	112,880,142
Interest receivable	6,657,501	7,431,412
Grants and other receivable	950,402	2,640,545
Prepaid rent	19,500	19,500
Administrative fees receivable	191,034	186,043
Loans receivable, net of allowance	96,135,492	93,384,387
Intergovernmental receivables	6,499,184	7,341,438
Total current assets	245,476,306	243,676,080
Noncurrent assets		
Restricted investments	280,161,230	183,692,467
Loans receivable, net of allowance	1,082,660,036	1,085,781,978
Intergovernmental receivables	99,593,299	110,807,483
Capital assets, net of accumulated depreciation	4,867	104,378
Total assets	$ 1,707,895,738	$ 1,624,062,386
Deferred Outflows of Resources		
Deferred charge on refunding	$ 184,242	$ 1,191,181
Total deferred outflows of resources	$ 184,242	$ 1,191,181
Liabilities		
Current liabilities		
Accounts payable	$ 244,901	$ 292,954
Accrued payroll	112,716	91,540
Compensated absences	285,923	273,440
Bond interest payable	3,482,270	3,625,714
Undisbursed loan proceeds	71,940,001	28,744,630
Advanced loan payments	74,332,049	72,189,707
Line of credit	-	12,006,298
Bonds payable, net	75,943,000	70,430,000
Other liabilities	771,924	574,632
Total current liabilities	227,112,784	188,228,915
Noncurrent liabilities		
Bonds payable	980,960,674	977,711,351
Total liabilities	1,208,073,458	1,165,940,266
Net Position		
Net investment in capital assets	4,867	104,378
Restricted for program commitments	483,282,743	445,061,112
Unrestricted	16,718,912	14,147,811
Total net position	500,006,522	459,313,301
Total liabilities and net position	$ 1,708,079,980	$ 1,625,253,567

The accompanying notes are an integral part of these financial statements.

Statements of Revenues, Expenses and Changes in Net Position
For the Years Ended June 30

	2015	2014, restated (Note 16)
Operating Revenues		
Administrative fees revenue	**$ 2,385,583**	$ 3,199,839
Processing fee	**812,101**	390,004
Interest on loans	**48,645,757**	48,723,703
Interest on investments	**925,910**	488,741
Total operating revenues	**52,769,351**	52,802,287
Operating Expenses		
Grants to others	**54,240,349**	50,824,441
Bond issuance costs	**1,243,632**	674,398
Administrative fees	**134,365**	189,383
Professional services	**2,146,157**	2,189,377
Salaries and benefits	**4,361,363**	4,284,392
Other operating costs	**1,632,550**	1,757,243
Depreciation expense	**102,187**	116,394
Bond interest expense	**46,707,522**	54,319,247
Provision for loan losses	**(2,370,845)**	(822,108)
Interest expense	**489,859**	298,359
Total operating expenses	**108,687,139**	113,831,126
Net operating loss	**(55,917,788)**	(61,028,839)
Nonoperating Revenues (Expenses)		
Appropriation revenue	**37,157,026**	43,086,860
Grant revenue	**64,031,220**	55,224,996
Transfers to the State of New Mexico	**(4,577,237)**	(3,931,693)
Increase in net position	**40,693,221**	33,351,324
Net position, beginning of year, as restated (Note 16)	**459,313,301**	425,961,977
Net position, end of year	**$ 500,006,522**	$ 459,313,301

The accompanying notes are an integral part of these financial statements.

Statement of Cash Flows
For the Years Ended June 30

	2015	2014, restated (Note 16)
Cash flows from operating activities		
Cash paid for employee services	**$ (4,327,704)**	$ (4,277,609)
Cash paid to vendors for services	**(3,221,411)**	(4,879,471)
Intergovernmental payments received	**12,056,839**	7,125,630
Loans payments received	**154,100,150**	156,697,761
Loans funded	**(104,764,054)**	(116,741,280)
Grants to local governments	**(54,240,349)**	(50,824,441)
Cash received from federal government for revolving loan funds	**24,735,441**	12,448,854
Interest on loans	**49,419,453**	49,600,877
Proceeds from line of credit	**30,573,802**	17,536,712
Payments of line of credit	**(42,580,100)**	(5,530,414)
Administrative fees received	**3,083,524**	4,268,188
Net cash provided by operating activities	**64,835,591**	65,424,807
Cash flows from noncapital financing activities		
Appropriations received from the State of New Mexico	**37,157,026**	43,086,860
Cash transfers from the State of New Mexico	**39,356,801**	42,775,670
Cash transfers to the State of New Mexico	**(4,638,259)**	(3,931,221)
Proceeds from the sale of bonds, including premiums	**186,584,472**	62,595,000
Payment of bonds	**(162,345,000)**	(197,526,239)
Bond issuance costs	**(1,243,632)**	(674,398)
Bond interest expense paid	**(61,811,035)**	(53,477,874)
Net cash provided by (used in) noncapital financing activities	**33,060,373**	(107,152,202)
Cash flows from investing activities		
Purchase of investments	**(113,028,816)**	(60,323,486)
Sale of investments	**16,557,380**	8,196,474
Interest received on investments	**925,910**	488,576
Net cash used in investing activities	**(95,545,526)**	(51,638,436)
Net increase (decrease) in cash and cash equivalents	**2,350,438**	(93,365,831)
Cash and cash equivalents, beginning of year	**132,672,755**	226,038,586
Cash and cash equivalents, end of year	**$ 135,023,193**	$ 132,672,755

The accompanying notes are an integral part of these financial statements.

	2015	2014, restated (Note 16)
Reconciliation of net operating loss to net cash provided by (used in) operating activities		
Net operating loss	**$ (55,917,788)**	$ (61,028,839)
Adjustments to change in net position		
Depreciation	**102,187**	116,394
Amortization on bond premiums	**(15,203,907)**	(2,298,264)
Provision for loan losses	**(62,215)**	(1,238,151)
Interest on investments	**(925,909)**	(488,741)
Bond interest paid	**62,039,377**	56,766,702
Bond issuance costs	**1,243,632**	674,398
Cash received from federal grants	**24,735,441**	12,448,854
Interest expense	**361,913**	149,168
Changes in assets and liabilities		
Interest receivable	**773,911**	876,416
Grants and other receivable	**1,698,434**	652,045
Due from other funds	**1,279,769**	2,752,121
Administrative fees receivable	**(13,282)**	26,300
Notes receivable	**-**	967,099
Loans receivable, net of allowance	**433,052**	53,303,831
Intergovernmental receivables	**12,056,438**	7,125,628
Accounts payable	**(48,053)**	(210,841)
Accrued payroll	**21,176**	7,420
Compensated absences	**12,483**	(637)
Due to other funds	**(930,230)**	(2,328,339)
Funds held for others	**-**	(80,263)
Undisbursed loan proceeds	**43,195,373**	(16,740,903)
Advanced loan payments	**2,142,342**	3,809,596
Notes payable	**(349,547)**	(967,099)
Line of credit	**(12,006,298)**	12,006,298
Other liabilities	**197,292**	(875,386)
Net cash provided by operating activities	**$ 64,835,591**	$ 65,424,807

The accompanying notes are an integral part of these financial statements.

Agency Funds - Statement of Assets and Liabilities
For the Years Ended June 30

	2015	2014
Assets		
Cash held by Trustee		
Program funds	**$ 88,409,455**	$ 97,782,134
Expense funds	**85,820**	171,363
Revenue funds	**474,191**	7,135,444
Rebate fund	**1,540,906**	3,126,037
Bond reserve funds	**506,879**	824,863
Total assets	**$ 91,017,251**	$ 109,039,841
Liabilities		
Accounts payable	**$ 1,626,726**	$ 1,712,100
Debt service payable	**981,070**	9,545,607
Program funds held for the NM Department of Transportation	**88,409,455**	97,782,134
Total liabilities	**$ 91,017,251**	$ 109,039,841

The accompanying notes are an integral part of these financial statements.

1) Nature of Organization

The New Mexico Finance Authority (the "Authority"), a component unit of the State of New Mexico (the "State"), is a public instrumentality of the State, organized and existing pursuant to the New Mexico Finance Authority Act (the "Act") created by the Laws of 1992 Chapter 61, as amended. The Authority has broad powers to provide financing for an array of infrastructure and economic development projects. The Authority also provides for long-term planning and assessment of state and local capital needs and improves cooperation among the executive and legislative branches of state government and local governments in financing public projects.

The Authority's governing board is composed of eleven members including the Secretary of the Department of Finance and Administration; the Secretary of Economic Development; the Secretary of Energy, Minerals and Natural Resources; and the Secretary of the Environment Department. The Executive Director of the New Mexico Municipal League and the Executive Director of the New Mexico Association of Counties are ex-officio members of the Authority with voting privileges. The Governor, with the advice and consent of the Senate, appoints to the Authority Board, whose membership must include the chief financial officer of an institution of higher education and four other members who are residents of the State. The appointed members serve at the pleasure of the Governor.

The Authority issues loans to entities pursuant to the rules and regulations governing the Public Projects Revolving Loan Fund Program (PPRF). The PPRF provides low cost financing to local government entities for a variety of infrastructure projects throughout the State. The PPRF Program receives 75 percent of the Governmental Gross Receipts Tax of the State of New Mexico pursuant to section 7-1-6.1 NMSA, 1978, and may issue bonds in amounts deemed necessary to provide sufficient money for the purposes set forth by the New Mexico Finance Authority Act. Bonds are issued under a Master Indenture as well as individual Series Indentures, proceeds and covenants of which are administered through a trust relationship established by contract with a trust company or bank bearing trust powers (Trustee) and the Authority. The Authority may also serve as conduit issuer of revenue bonds for other governmental agencies.

The Authority manages the Drinking Water State Revolving Loan Program (DWRLF) and the Water Trust Board Program (WTB).

The DWSRF provides low cost financing for the construction of and improvements to drinking water facilities throughout New Mexico in order to protect drinking water quality and public health. This program is primarily funded through a federal capitalization grant which the State is required to match by 20 percent.

The WTB program provides grant and interest free loans to support water projects which support water use efficiency, resource conservation and protection and fair distribution and allocation of water.

Other significant programs administered by the Authority include:

- The Local Transportation Infrastructure Projects Program provides for grants and low-cost financial assistance for local governments transportation projects which are not eligible for federal funding and funding for which have not been set by the existing Local Government Road Fund.
- The Economic Development Program provides comprehensive financing tools to stimulate economic development projects statewide.
- The New Markets Tax Credit Program, whereby the Authority acts as the managing member in Finance New Mexico, LLC, a for-profit limited liability company which receives allocations of federal tax credits under Section 45D of the Internal Revenue Code.
- The Primary Care Capital Program is a revolving loan program which provides financial assistance to rural primary care health clinics for infrastructure, construction and capital equipment purchases. These loans provide 20 percent annual loan forgiveness if the borrower agrees to a contract-for-services to provide medical care free or at reduced prices to sick and indigent clients.
- The Water and Wastewater Project Grant Program provides grant funding for water and wastewater system projects authorized by legislation.
- The Local Government Planning Grant Program provides grants to qualified entities on a per project basis for water and wastewater related studies, long-term water management plans and economic development plans.
- The State Capital Improvement Financing Program accounts for the issuance of revenue bonds the proceeds of which were used to finance capital improvements to a state facility located adjacent to the State Capitol.
- The UNM Health Sciences Program administers the financing of several capital projects for UNM Health Sciences Center. The Authority issued bonds, secured by authorized distributions of cigarette excise taxes, for the purpose of designing, constructing, equipping and furnishing additions and improvements to the University of New Mexico Hospital and the Cancer Research and Treatment Center.
- The Colonias Infrastructure Act appropriates to the Authority 5% of the senior lien severance tax bond proceeds for loans and grants to certain communities in southern New Mexico that lack basic infrastructure for water and wastewater, solid waste disposal, flood and drainage control, roads and housing.
- Through a Memorandum of Understanding entered into with the New Mexico Economic Development Department, the Authority received $13.2 million of federal State Small Business Credit Initiative funds in 2011 to help increase the flow of

capital to small businesses by mitigating bank risk. The Authority uses the funds to buy loan participations from banks for economic development projects under a program marketed as the Collateral Support Participation.

The Authority is not subject to the supervision or control of any other board, bureau, department or agency of the State, except as specifically provided in the Act. Bonds and other obligations issued by the Authority under the provisions of the Act are not a debt or liability of the State or any subdivision thereof. The New Mexico Finance Authority Finance Committee was created by the Act and was appointed by the Legislative Council Service to provide legislative oversight.

The financial statements include the accounts of the Authority and its blended component unit, Finance New Mexico LLC (FNMLLC). All intercompany transactions and balances are eliminated. The condensed financial statements of FNMLLC are disclosed in Note 16.

2) Summary of Significant Accounting Policies

Accounting Principles
The financial statements of the Authority have been prepared in accordance with accounting principles generally accepted in the United States of America as applied to governmental units and funds. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting.

Basis of Presentation
The financial statements of the Authority have been prepared using the economic resources measurement focus and the accrual basis of accounting. All of the Authority's activities, except those in which the Authority acts as an agent, are reported as an enterprise fund. Enterprise funds are used for activities for which a fee is charged to external users for goods and services.

The Authority distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing financial services in connection with on-going operations. Primary operating revenues includes financing income and fees charged to program borrowers. Operating expenses include interest expense, program support, as well as funds granted to others in the form of loan forgiveness and other subsidies to governmental entities.

Nonoperating items consist primarily of governmental gross receipts and other tax distributions reported as appropriations, grant revenue, and transfers-out for excess distributions and reversions of prior year appropriated revenue.

Revenues from grants that are restricted for specific uses are recognized as revenues and as receivables when the related costs are incurred. When restricted resources meet the

criteria to be available for use and unrestricted resources are also available, it is the Authority's policy to use restricted resources first. Expenses are recorded when they are incurred. Expenses charged to federal programs are recorded utilizing the cost principles prescribed or permitted by the various funding sources.

Agency Funds
Agency Funds are used to report resources held by the Authority in a purely custodial capacity. These funds result from transactions associated with the Authority acting as fiscal agent for the New Mexico Department of Transportation (the "Department") on several of the Department's bond transactions. The amounts reported as agency funds do not belong to the Authority and are held in separate accounts on the Authority's books in the name of the Department. Accordingly, all assets held and reported in the Agency Funds are offset by a corresponding liability.

Cash, Cash Equivalents and Investments
The Authority considers all highly liquid financial instruments with a maturity of three months or less when purchased to be cash equivalents. Cash and cash equivalents consist of cash on deposit with Wells Fargo Bank and the Bank of Albuquerque which also acts as bond trustee. Certain proceeds of the Authority's bonds, as well as certain resources set aside for their repayment are invested in certain allowable securities.

Accounts Receivable
Accounts receivable consists of payments due from governmental entities, administrative fees due from projects, and other receivables arising from the normal course of operations.

Loans Receivable
Loans are carried at amounts advanced, net of collections and reserves for loan losses, if any. Loans that become past due as to principal and interest are evaluated for collectability. Generally, loans are not placed on nonaccrual status because they are insured, guaranteed, or collateralized.

The allowance for loan losses is maintained to cover possible losses inherent in the loan portfolio based on management's evaluation of the loan portfolio, giving consideration to various factors, including collateral value, past loan loss experience, current facts and economic conditions. The allowance is based on management's estimates, and ultimate losses may vary from the current estimates. These estimates are reviewed periodically and any necessary adjustments are reported in income in the period they become known.

Intergovernmental Receivables
Intergovernmental receivables consist of amounts due from the State based on legislated appropriation of specified taxes for repayment of certain bonds issued by the Authority on behalf of State entities. The related statute directs the Authority to issue bonds and make proceeds available to specified State entities to fund various projects. The statute

appropriates a portion of existing taxes or fees to fund the payment of the related bonds. No allowance has been established, as all such receivables are considered collectable.

Capital Assets
Capital assets are recorded at historical cost and depreciated over their estimated useful lives. Donated capital assets are recorded at their estimated fair value at the date of donation. Additions, improvements and other capital outlays individually exceeding $5,000 that significantly extend the useful life of an asset are capitalized.

Estimated useful life is management's estimate of how long the asset is expected to meet service demands. Straight-line depreciation is used, based on estimated useful lives ranging from three to seven years.

Deferred Outflows/Inflows of Resources
The statement of net position, where applicable, includes separate sections for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources represent consumption of net position that applies to future periods that will be recognized as an expense in future periods. Deferred inflows of resources represent an acquisition of net position that applies to future periods and will be recognized as revenues in future periods.

Bond Discounts and Premiums
Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount.

Compensated Absences
Full-time employees with ten years or less employment with the Authority are entitled to fifteen days' vacation leave. Employees with more than ten years' service receive twenty days. When employees terminate, they are compensated at their current hourly rate for accumulated unpaid vacation leave.

Full-time employees are entitled to twelve days of sick leave each fiscal year. When employees terminate, they are compensated at twenty-five (25%) of their current hourly rate of accumulated unpaid sick leave up to 300 hours. Part-time employees accrue vacation leave and sick leave on a prorated basis based on the number of hours they work. Accrued compensated absences are recorded and liquidated in the PPRF operating fund.

Undisbursed Loan Proceeds
Undisbursed loan proceeds represent loan amounts awaiting disbursement to loan recipients. Funds are not automatically disbursed in their entirety when a loan closes. Proceeds are disbursed as the related project costs are incurred. The accounts, in the majority, represent loans of the PPRF program.

Net Position

The difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources, is referred to as net position. Net position is categorized as net investment in capital assets (net of related debt), restricted and unrestricted, based on the following:

Net investment in capital assets is intended to reflect the portion of net position which is associated with capital assets less outstanding capital asset related debt. The net of related debt is the debt less the outstanding liquid assets and any associated unamortized cost. The Authority has no capital asset related debt.

Restricted net position has third-party (statutory, bond covenant or granting agency) limitations on their use. When there is an option, the Authority spends restricted resources first.

Management modified the net position presentation of the restricted and unrestricted categories. Comparative amounts in the fiscal year 2014 net position balances were reclassified for consistency with the fiscal year 2015 presentation. These reclassifications had no effect on the reported change in net position.

Program Restricting Statute, bond covenant or granting agency

PPRF	6-21-6 NMSA 1978; General and Subordinated Indentures of Trust
Child Care	24-24-4.0 NMSA 1978
Cig Tax	6-21-6.10 NMSA 1978; Bond Purchase Agreement
DWSRF	6-21A-4 NMSA 1978; EPA Capitalization Grant Agreements
Primary Care	24-1C-4 NMSA 1978
Local Road	6-21-6.8 NMSA 1978
NMTC	6-25-6.1 NMSA 1978; NMTC Allocation Agreement
UNM Health	6-21-6.7 NMSA 1978
State Capitol	Laws 1997, Ch. 178; Bond Resolution
State Office	6-21C-5, NMSA 1978; Bond Resolution
Equipment Loan	6-21-6 NMSA 1978
Water Trust Board	72-4A-9 NMSA 1978
WWWGF	6-21-6.3 NMSA 1978
Emerg Drought	Executive Order 2002-19, Executive Order 2012-006
LGPF	6-21-6.4 NMSA 1978
Econ Development	6-25-1 NMSA 1978
Local Transport	6-21-6.12 NMSA 1978
SSBCI	6-25-13 NMSA 1978; SSBCI Allocation Agreement
Colonias	6-30-1.0 NMSA 1978
Bio Mass	Laws 2006, Ch. 111, Sec. 55(2)

Unrestricted net position represents net position not otherwise classified as invested in capital assets or restricted net position.

Income Taxes
The Authority is a tax-exempt, quasi-governmental organization under Section 115 of the Internal Revenue Code. Accordingly, no provision for income taxes has been included in the accompanying financial statements. The Authority is subject to other Internal Revenue Code sections relating to the tax-exempt status of the bonds issued by the Authority.

Use of Estimates
The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

Budget
The Authority's budget represents a financial plan, not a legal constraint, therefore, budgetary comparison information is not presented in the financial statements or as required supplementary information.

Recently Issued Accounting Standards
In June 2012, GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions* (GASB 68). The objective of this Statement is to improve the information provided in government financial reports about pension related financial support provided by certain nonemployer entities that make contributions to pension plans that are used to provide benefits to the employees of other entities. The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2014. Adopting GASB 68 did not impact the Authority's financial statements.

In October 2013, GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68* (GASB 71). The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, Accounting and Financial Reporting for Pensions. The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2014. Adopting GASB 71 did not impact the Authority's financial statements.

In February 2015, GASB issued Statement No. 72, *Fair Value Measurement and Application* (GASB 72). The objective is to establish general principles for measuring fair value and standards of accounting and financial reporting for assets and liabilities measured at fair value. The provisions of this Statement are effective for financial

statements for periods beginning after June 15, 2015. The Authority has not completed the process of evaluating the impact of GASB 72 on its financial statements.

In June 2015, GASB issued Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68* (GASB 73). The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability. The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2016. The Authority has not completed the process of evaluating the impact of GASB 73 on its financial statements.

In June 2015, GASB issued Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* (GASB 74). The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2016. The Authority has not completed the process of evaluating the impact of GASB 74 on its financial statements.

In June 2015, GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (GASB 75). The objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2017. The Authority has not completed the process of evaluating the impact of GASB 75 on its financial statements.

In June 2015, GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments* (GASB 76). The objective of this Statement is to identify—in the context of the current governmental financial reporting environment—the hierarchy of generally accepted accounting principles (GAAP). The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2015. The Authority has not completed the process of evaluating the impact of GASB 76 on its financial statements.

In August 2015, GASB issued Statement No. 77, *Tax Abatement Disclosures* (GASB 77). The objective is to improve financial reporting by giving users of financial statements essential information that is not consistently or comprehensively reported to the public at present. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2015. The Authority has not completed the process of evaluating the impact of GASB 77 on its financial statements.

3) Cash and Cash Equivalents and Investments

The Authority follows GASB No. 40, *Deposit and Investment Risk Disclosures*. This statement requires the disclosure of applicable interest rate, credit, custodial credit, concentration of credit and foreign currency risks.

Investments conform to the provisions of the Statements of Investment Policies, Objectives and Guidelines adopted by the Board on March 26, 2008, as revised. The investment policy applies to all of the Authority's funds; including funds the Authority may manage for others, except for those funds where trust indentures, bond resolutions, or other documents or agreements control the investment of funds. This policy is the Authority master investment policy and may be amended or supplemented as applied to specific categories of funds by adoption of addenda by the Board applicable to specific categories of the Authority funds.

Except where prohibited by statute, trust indenture, or other controlling authority, the Authority consolidates cash and reserve balances from all funds to maximize investment earnings and to increase efficiencies with regard to investment pricing, safekeeping, and administration. Investment income is allocated to the various funds based on their respective participation. The primary objectives, in order of priority, of investment activity shall be safety, liquidity and yield.

Investments shall be undertaken in a manner that seeks to ensure the preservation and principal in the overall portfolio while mitigating credit risk and interest rate risk.

The Authority has Primary Care Capital Program funds invested in the New Mexico State Treasurer's Office investment pool. State law (Section 8-6-3 NMSA 1978) requires investments of these funds be managed by the New Mexico State Treasurer's Office.

<u>Credit Risk</u>
The Authority minimizes credit risk (the risk of loss due to the failure of securities issuer or backer) by limiting investments, prequalifying financial institutions, broker/dealers, intermediaries and advisors with which the Authority will do business and diversifying the investment portfolio so that the impact of potential losses from any one type of security or from any one individual issuer will be minimized.

The New Mexico State Treasurer pools are not rated.

Finance NM LLC cash balances are maintained in several accounts in several banks. At times, these balances may exceed the federal insurance limits; however, Finance NM LLC has not experienced any losses with respect to its bank balances in excess of government provided insurance. Management believes that no significant concentration of credit risk exists with respect to these cash balances at June 30, 2015 and 2014.

Interest Rate Risk

The Authority minimizes interest rate risk (the risk that the market value of securities in the portfolio will decline due to changes in market interest rates) by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market prior to maturity and by investing operating funds primarily in short-term securities limiting the average maturity of the portfolio.

For the Primary Care Capital program funds invested in the New Mexico State Treasurer's Office investment pool, the New Mexico State Treasurer's Office has an investment policy that limits investment maturities to five years or less on allowable investments. This policy is a means of managing exposure to fair value losses arising from increasing interest rates. This policy is reviewed and approved annually by the New Mexico State Board of Finance.

For additional GASB 40 disclosure information regarding cash held by the New Mexico State Treasurer, the reader should refer to the separate audit report for the New Mexico State Treasurer's Office for the fiscal years ended June 30, 2015 and 2014.

State General Fund Investment Pool

The Authority, as required by Section 24-1C-4, NMSA 1978, administers the Primary Care Capital Fund (PCC Fund), which was created as a revolving fund in the State Treasurer's Office (STO). PCC Funds are deposited into the State General Fund Investment Pool (SGFIP), as are funds of state agencies, and as of the end of fiscal year 2015 totaled $529,786, representing less than 1% of total Authority funds.

During the period from July 2006 – January 2013, draws by agencies, including the Authority, against the SGFIP were not reconciled by the STO against the State's centralized accounting system (SHARE), causing uncertainty as to the validity of the draws and the ability of the STO to fulfill the withdrawals. The State has pledged that any draws will be honored in their entirety.

It is important to note that all other funds of the Authority, including Public Project Revolving Funds that are subject to the General and Subordinated Indentures of Trust, are held outside of the STO with a Trustee and are secured in accordance with the Authority's Investment Policy. Furthermore, the Authority operates an independent accounting system separate from SHARE. The PCC Funds are the only Authority funds entered as transaction entries into SHARE.

Permitted Investments

As provided in Sections 6-21-6 and 6-21-2 of the Act, money pledged for or securing payment of bonds issued by the Authority shall be deposited and invested as provided in the bond resolution, trust indenture or other instrument under which the bonds were issued. The following table identifies the investment types permitted by the investment policy:

	Description	Maximum Percentage of Authority Funds [1]
A	Direct and general U.S. Government Obligations (Treasury Bills, Treasury Notes, Treasury Bonds)	100%
B	U.S. Government Agencies (any federal agency or instrumentality notes, bonds, debentures, with implicit guarantee of the United States of America)	75%
C	SEC-registered money market funds with total assets at time of deposit in excess of $100,000,000[2]	100%
E	Certificates of deposits and bank deposits[3]	20%
F	Commercial paper issued by corporations organized and operating on the United States and rated A1 P1 or equivalent by two or more rating services.	10%
G	Bonds or notes issued by any municipality, county or school district of the State	10%
H	Overnight repurchase agreements[4]	25%
I	Investment contracts (guaranteed investment contracts (GIC's) and flexible repurchase agreements)[1]	N/A
J	State Treasurer's Short-term Investment Fund	50%

Investment of Bond Proceeds

All or any portion of the proceeds of bonds or other obligations of the Authority may be invested in a GIC or flexible repurchase agreement without regard to the investment allocation ranges set forth in the investment policy, if the GIC or repurchase agreement provides for disbursement upon request of the Authority in amounts necessary to meet expense requirements for the bonds or other obligations.

[1] Limits do not apply to cash invested by trustee per bond indenture.

[2] Money markets must be rated AAA by Standards & Poor or Aaa by Moody and in compliance with the diversification, quality and maturity requirements 2a-7 of the U.S. Securities and Exchange Commission applicable to money markets with no sales load or deferred sales charge.

[3] Interest bearing certificates of deposit or bank deposits must be in banks having a branch location in New Mexico, and all principal and interest must be fully insured by the Federal Deposit Insurance Corporation or secured by obligations described in A) and B) above, registered in the name of the Authority and held by a third party safe-keeping agent, or collateralized as required by 6.10.16 NMSA at 102% of the value of the deposit that is not FDIC insured.

[4] Investment contracts and repurchase agreements investments must be fully secured by obligations described in A) and B) above with all collateral held by an independent third party safekeeping agent.

Cash and equivalents at June 30, 2015 and 2014 were as follows:

Description	Balance at June 30, 2015	Rated	Percentage of Authority Funds [1]
Bank deposits, collateralized, at the Bank of Albuquerque in the name of the State Treasurer	$ -	N/A	<1%
Finance NM LLC cash accounts	657,456	N/A	<1%
Wells Fargo deposit account	307,072	N/A	<1%
Wells Fargo Repurchase agreement -fully secured[2]	374,361	N/A	<1%
Government money market funds	133,684,304	AAA	32%
Total cash and equivalents	$ 135,023,193		
Cash held in agency fund	$ 91,017,251[3]		

Description	Balance at June 30, 2014	Rated	Percentage of Authority Funds
Bank deposits, collateralized, at the Bank of Albuquerque in the name of the State Treasurer	$ 1,023	N/A	<1%
Finance NM LLC cash accounts	532,300	N/A	<1%
Wells Fargo deposit account	213,482	N/A	<1%
Wells Fargo Repurchase agreement -fully secured[4]	248,028	N/A	<1%
Government money market funds	131,677,922	AAA	42%
Total cash and equivalents	$ 132,672,755		
Cash held in agency fund	$ 109,039,841		

Maturity Restrictions

It is the policy of the Authority to diversify investment maturities based on cash flow requirements. Unless matched to a specific cash flow, the Authority will invest in securities maturing five years or less from date of purchase.

Investments consist of bond proceeds which are restricted to uses specified in the related bond indentures. Such restricted investments at June 30, 2015 and 2014 are comprised of the following:

[1] Limits described in the "permitted investments" section above do not apply to cash invested by trustee per bond indenture.
[2] Wells Fargo accounts FDIC insured for $250,000. Remaining $317,867 as of June 30, 2015 is secured by a pledge of Agency securities in the name of the State of New Mexico monitored by the New Mexico State Treasurer's Office.
[3] All cash held as agent by the Authority is fully collateralized by securities held in the name of the Authority.
[4] Wells Fargo accounts FDIC insured for $250,000. Remaining $308,490 as of June 30, 2014 is secured by a pledge of Agency securities in the name of the State of New Mexico monitored by the New Mexico State Treasurer's Office.

Description	Fair Value at June 30, 2015	Average Years to Maturity	Percentage of Authority Funds
U.S. Treasury notes	$ 224,598,139	1.36	54%
Primary Care Capital Program funds held with the State Treasurer Fund Investment Pool	529,786	1 day to 5 years	<1%
Federal Home Loan Mortgage Corporation bonds	55,033,304	0.50	13%
Total restricted investments	$ 280,161,229		

Description	Fair Value at June 30, 2014	Average Years to Maturity	Percentage of Authority Funds
U.S. Treasury notes	$ 120,084,268	.98	38%
Primary Care Capital Program funds held with the State Treasurer Fund Investment Pool	1,407,522	1 day to 5 years	<1%
Federal Home Loan Mortgage Corporation bonds	62,200,677	1.33	20%
Total restricted investments	$ 183,692,467		

4) Loans Receivable

Loans receivable activity for the fiscal year ending June 30, 2015 and 2014, respectively, were as follows:

Program Description	Term (Years)	Rates	2014	Increases	Decreases	2015
Public Projects Revolving Loan Fund	1 to 30	0% to 6%	$ 1,082,705,619	$ 120,023,720	$ 143,441,622	$ 1,059,287,717
Drinking Water State Revolving Loans	1 to 30	0% to 4%	64,933,358	20,656,717	3,962,953	81,627,122
Drinking Water State Revolving Loans-ARRA	1 to 20	1%	2,305,678	-	1,070,063	1,235,615
Primary Care Capital Fund Loans	10 to 20	3%	3,584,307	600,000	304,529	3,879,778
Water Projects Fund Loan Grants	10 to 20	0%	21,222,996	5,808,843	2,101,398	24,930,441
Smart Money Participation Loans	3 to 20	2% to 5%.	4,681,764	38,133	867,086	3,852,811
Behavioral Health Care Loan	15	3%	174,605	-	174,605	-
Cigarette Tax - Behavioral Health Care Capital Loans	15	3%	993,698	32,770	53,159	973,309
Pooled Equipment Certificates of Participation Loans	5 to 20	4% to 6.4%	53,000	-	25,000	28,000
Colinias Infrastructure Fund Loans	10 to 20	3%	661,350	1,046,924	157,468	1,550,806
SSBCI Loans	10 to 20	3%	3,312,527	1,346,316	130,872	4,527,971
Child Care Revolving Loans	8	3%	19,810	-	6,350	13,460
			1,184,648,712	149,553,423	152,295,105	1,181,907,030
Less allowance for loan losses			(5,482,347)	-	2,370,845	(3,111,502)
Totals			$ 1,179,166,365	$ 149,553,423	$ 154,665,950	$ 1,178,795,528

Program Description	Term (Years)	Rates	2013	Increases	Decreases	2014
Public Projects Revolving Loan Fund	1 to 30	0% to 6%	$ 1,140,530,507	$ 104,821,188	$ 162,646,076	$ 1,082,705,619
Drinking Water State Revolving Loans	1 to 30	0% to 4%	63,341,227	5,662,622	4,070,491	64,933,358
Drinking Water State Revolving Loans-ARRA	1 to 20	1%	2,616,809	-	311,131	2,305,678
Primary Care Capital Fund Loans	10 to 20	3%	4,216,376	-	632,069	3,584,307
Water Projects Fund Loan Grants	10 to 20	0%	18,336,546	7,301,228	4,414,778	21,222,996
Smart Money Participation Loans	3 to 20	2% to 5%.	4,161,711	576,000	55,947	4,681,764
Behavioral Health Care Loan	15	3%	198,512	-	23,907	174,605
Cigarette Tax - Behavioral Health Care Capital Loans	15	3%	441,272	587,230	34,804	993,698
Pooled Equipment Certificates of Participation Loans	5 to 20	4% to 6.4%	108,000	-	55,000	53,000
Colinias Infrastructure Fund Loans	10 to 20	3%	202,731	546,253	87,634	661,350
SSBCI Loans	10 to 20	3%	2,461,746	2,127,931	1,277,150	3,312,527
Child Care Revolving Loans	8	3%	25,970	-	6,160	19,810
			1,236,641,407	121,622,452	173,615,147	1,184,648,712
Less allowance for loan losses			(5,409,364)	(895,092)	822,109	(5,482,347)
Totals			$ 1,231,232,043	$ 120,727,360	$ 174,437,256	$ 1,179,166,365

The following is a summary of scheduled payments to be collected on loans receivable as of June 30, 2015:

	Principal	Interest	Total
Fiscal year ending June 30			
2016	$ 96,135,492	$ 40,173,592	$ 136,309,084
2017	90,097,345	37,936,651	128,033,996
2018	88,522,295	35,519,614	124,041,909
2019	87,765,040	32,902,304	120,667,344
2020	78,548,431	30,221,993	108,770,424
2021 – 2025	344,927,763	115,904,758	460,832,521
2026 – 2030	236,181,161	57,324,074	293,505,235
2031 – 2035	128,283,537	21,402,520	149,686,057
2036 – 2040	27,449,687	2,899,196	30,348,883
2041 – 2045	3,996,279	422,892	4,419,171
Subtotals	1,181,907,030	$ 374,707,594	$ 1,556,614,624
Less allowance for loan losses	(3,111,502)		
Loans receivable net	$ 1,178,795,528		

5) Intergovernmental Receivables

The Authority has agreements with various state entities relating to the issuance of bonds. Pursuant to the underlying legislation and resolutions, the bond proceeds financed various state projects. Pursuant to the legislation, the debt service on these bonds is payable solely from revenues from the State and state entities. Intergovernmental receivables represent amounts due to the Authority under these agreements.

Intergovernmental receivables activity during the year ended June 30, 2015 and 2014, respectively, were as follows:

State Entity	Revenue Pledge	Rates	Maturity	2014	Increases	Decreases	2015	Due in One Year
Administrative Office of the Courts	Court Facilities fees	3.05% to 5.00%	6/15/2025	$ 37,560,000	$ -	$ 37,560,000	$ -	$ -
Administrative Office of the Courts	Court Facilities fees	1.25% to 5.0%	6/15/2025	-	30,685,000	490,000	30,195,000	2,390,000
University of New Mexico Health Sciences Center	Cigarette excise tax	3.88% to 5.00%	6/15/2025	23,445,000	-	125,000	23,320,000	480,000
General Services Department - State of New Mexico	State Gross Receipts tax	4.25% to 5.00%	6/1/2036	43,520,000	-	900,000	42,620,000	945,000
University of New Mexico Health Sciences Center	Cigarette excise tax	2.25% to 5.00%	4/1/2019	8,850,000	-	1,955,000	6,895,000	1,920,000
University of New Mexico Health Sciences Center	Cigarette excise tax	2.13% to 3.94%	4/1/2019	3,828,921	-	766,438	3,062,483	764,184
General Services Department - State of New Mexico	Income from Land Grant Permanent Fund	7.00%	3/15/2015	945,000	-	945,000	-	-
			Totals	$ 118,148,921	$ 30,685,000	$ 42,741,438	$ 106,092,483	$ 6,499,184

State Entity	Revenue Pledge	Rates	Maturity	2013	Increases	Decreases	2014	Due in One Year
Administrative Office of the Courts	Court Facilities fees	3.05% to 5.00%	6/15/2025	$ 40,085,000	$ -	$ 2,525,000	$ 37,560,000	$ 2,650,000
University of New Mexico Health Sciences Center	Cigarette excise tax	3.88% to 5.00%	6/15/2025	23,565,000	-	120,000	23,445,000	125,000
General Services Department - State of New Mexico	State Gross Receipts tax	4.25% to 5.00%	6/1/2036	44,375,000	-	855,000	43,520,000	900,000
University of New Mexico Health Sciences Center	Cigarette excise tax	2.25% to 5.00%	4/1/2019	10,825,000	-	1,975,000	8,850,000	1,955,000
University of New Mexico Health Sciences Center	Cigarette excise tax	2.13% to 3.94%	4/1/2019	4,599,549	-	770,628	3,828,921	766,438
General Services Department - State of New Mexico	Income from Land Grant Permanent Fund	7.00%	3/15/2015	1,825,000	-	880,000	945,000	945,000
			Totals	$ 125,274,549	$ -	$ 7,125,628	$ 118,148,921	$ 7,341,438

The following is a summary of scheduled payments to be collected on the receivables from state entities as of June 30, 2015:

	Principal	Interest	Total
Fiscal year ending June 30			
2016	$ 6,499,184	$ 5,227,638	$ 11,726,822
2017	6,668,814	4,941,892	11,610,706
2018	6,855,443	4,622,647	11,478,090
2019	7,159,042	4,293,575	11,452,617
2020	7,385,000	3,953,945	11,338,945
2021-2025	41,845,000	13,906,005	55,751,005
2026-2030	11,505,000	6,290,750	17,795,750
2031-2035	14,755,000	3,142,500	17,897,500
2036-2040	3,420,000	171,000	3,591,000
Intergovernmental receivables	$ 106,092,483	$ 46,549,952	$ 152,642,435

6) Capital Assets

A summary of changes in capital assets during the fiscal year 2015 and 2014, respectively, was as follows:

	Balance at June 30, 2014	Increases	Decreases	Balance at June 30, 2015
Depreciable assets				
Furniture and fixtures	$ 28,665	$ -	$ -	$ 28,665
Computer hardware and software	731,618	2,675	-	734,293
Leasehold improvement	8,241	-	-	8,241
	768,524	2,675	-	771,199
Accumulated depreciation				
Furniture and fixtures	(28,665)	-	-	(28,665)
Computer hardware and software	(627,240)	(102,186)	-	(729,426)
Leasehold improvement	(8,241)	-	-	(8,241)
	(664,146)	(102,186)	-	(766,332)
Net total	$ 104,378	$ (99,511)	$ -	$ 4,867

	Balance at June 30, 2013	Increases	Decreases	Balance at June 30, 2014
Depreciable assets				
Furniture and fixtures	$ 28,665	$ -	$ -	$ 28,665
Computer hardware and software	731,618	-	-	731,618
Leasehold improvement	8,241	-	-	8,241
	768,524	-	-	768,524
Accumulated depreciation				
Furniture and fixtures	(28,665)	-	-	(28,665)
Computer hardware and software	(510,846)	(116,394)	-	(627,240)
Leasehold improvement	(8,241)	-	-	(8,241)
	(547,752)	(116,394)	-	(664,146)
Net total	$ 220,772	$ (116,394)	$ -	$ 104,378

Depreciation expense for the fiscal year ending June 30, 2015 and 2014, respectively, was $102,187 and $116,394.

7) Bonds Payable

Bonds have been issued to provide financing for various Authority programs and are collateralized as follows:

- Loan Agreements and securities executed and delivered by governmental units in consideration for the financing of all or a portion of their respective projects by the Authority.
- Amounts held in the Agreement Reserve Accounts.
- Additional pledged loans.
- Revenues received by the Authority from the allocation of the Authority's portion of the Governmental Gross Receipts tax.
- Revenues pledged through legislation as security for the payment of principal and interest on bonds. These revenues include Court Facilities Fees, Cigarette Excise Tax, State Gross Receipts Tax, Workers' Compensation Fees and Income from Land Grant Permanent Fund.

Bonds payable consist of the following at June 30, 2015 and 2014:

Bond Series	Rate	Maturities	Original Amount	Outstanding Amount June 30, 2015	Outstanding Amount June 30, 2014
Public Project Revolving Fund Revenue Bonds - Senior Lien Debt					
2005 A	3.750% to 5.000%	June 1, 2013 to June 1, 2025	$ 19,015,000	$ 5,795,000	$ 6,980,000
2005 B	3.500% to 4.500%	June 1, 2013 to June 1, 2020	13,500,000	3,490,000	4,365,000
2006 B	4.250% to 5.000%	June 1, 2013 to June 1, 2036	38,260,000	24,440,000	26,265,000
2006 D	4.250% to 5.000%	June 1, 2013 to June 1, 2036	56,400,000	44,975,000	46,015,000
2007 E	4.250% to 5.000%	June 1, 2013 to June 1, 2032	61,945,000	37,085,000	40,030,000
2008 A	3.000% to 5.000%	June 1, 2013 to June 1, 2038	158,965,000	124,400,000	129,605,000
2008 B	4.000% to 5.250%	June 1, 2013 to June 1, 2035	36,545,000	24,195,000	25,780,000
2008 C	4.250% to 6.000%	June 1, 2013 to June 1, 2033	29,130,000	19,385,000	21,150,000
2009 A	2.250% to 5.000%	June 1, 2013 to June 1, 2038	18,435,000	13,265,000	14,230,000
2009 C	2.500% to 5.250%	June 1, 2013 to June 1, 2029	55,810,000	43,630,000	45,795,000
2009 D-1	3.000% to 4.500%	June 1, 2013 to June 1, 2030	13,570,000	8,385,000	9,370,000
2009 D-2	2.320% to 6.070%	June 1, 2013 to June 1, 2036	38,845,000	35,605,000	36,290,000
2009 E	3.000% to 4.500%	June 1, 2013 to June 1, 2019	35,155,000	16,480,000	19,945,000
2010 A-1	3.000% to 4.500%	June 1, 2013 to June 1, 2034	13,795,000	13,795,000	7,555,000
2010 A-2	3.777% to 6.406%	June 1, 2016 to June 1, 2039	15,170,000	6,110,000	13,795,000
2010 B-1	2.000% to 5.000%	June 1, 2013 to June 1, 2035	38,610,000	26,035,000	28,450,000
2010 B-2	2.236% to 6.230%	June 1, 2013 to June 1, 2035	17,600,000	17,120,000	17,285,000
2011 A	2.000% to 4.000%	June 1, 2013 to June 1, 2016	15,375,000	3,270,000	6,425,000
2011 B-1	2.000% to 4.000%	June 1, 2013 to June 1, 2036	42,735,000	28,850,000	32,500,000
2011 B-2	2.000% to 4.950%	June 1, 2013 to June 1, 2031	14,545,000	11,435,000	12,225,000
2011 C	3.000% to 5.000%	June 1, 2013 to June 1, 2036	53,400,000	42,800,000	46,025,000
2012 A	1.500% to 5.500%	June 1, 2013 to June 1, 2038	24,340,000	21,265,000	22,445,000
2013 A	2.000% to 5.000%	June 1, 2013 to June 1, 2038	44,285,000	37,910,000	41,245,000
2013 B	2.000% to 5.000%	June 1, 2014 to June 1, 2036	16,360,000	14,175,000	15,455,000
2014 B	2.000% to 5.000%	June 1, 2016 to June 1, 2035	58,235,000	54,970,000	-
2015 B	2.250% to 5.000%	June 1, 2016 to June 1, 2045	45,325,000	45,325,000	-
			975,350,000	724,190,000	669,225,000
Public Project Revolving Fund Revenue Bonds - Subordinate Lien Debt					
2005 C	3.625% to 5.000%	June 15, 2013 to June 15, 2025	50,395,000	-	36,410,000
2005 E	3.875% to 5.000%	June 15, 2013 to June 15, 2025	23,320,000	23,320,000	23,445,000
2005 F	4.000% to 5.000%	June 15, 2013 to June 15, 2025	21,950,000	-	16,245,000
2006 A	4.000% to 5.000%	June 15, 2013 to June 15, 2035	49,545,000	2,040,000	42,525,000
2006 C	4.000% to 5.000%	June 15, 2013 to June 15, 2026	39,860,000	26,135,000	27,845,000
2007 A	4.000% to 5.000%	June 15, 2013 to June 15, 2027	34,010,000	15,680,000	18,260,000
2007 B	4.250% to 5.000%	June 15, 2013 to June 15, 2034	38,475,000	22,340,000	24,050,000
2007 C	4.250% to 5.250%	June 15, 2013 to June 15, 2027	131,860,000	89,445,000	96,700,000
2013 C-1	2.000% to 4.000%	June 15, 2014 to June 15, 2028	3,745,000	3,050,000	3,325,000
2013 C-2	.950% to 5.000%	June 15, 2014 to June 15, 2029	10,550,000	8,520,000	9,350,000
2014 A-1	2.000% to 5.000%	June 15, 2014 to June 15, 2033	15,135,000	14,605,000	15,135,000
2014 A-2	.250% to 4.491%	June 15, 2014 to June 15, 2034	16,805,000	15,295,000	16,805,000
2015 A	3.000% to 5.000%	June 15, 2016 to June 15, 2035	63,390,000	62,355,000	-
			499,040,000	282,785,000	330,095,000
		Subtotal - PPRF Bonds	1,474,390,000	1,006,975,000	999,320,000

Bond Series	Rate	Maturities	Original Amount	Outstanding Amount June 30, 2015	Outstanding Amount June 30, 2014
Pooled Equipment Certificates of Participants					
1995 A	6.30%	October 1, 2015	4,288,000	19,000	36,000
1996 A	5.80%	April 1, 2016	1,458,000	9,000	17,000
			5,746,000	28,000	53,000
State Capitol Building Improvement Revenue Bonds					
1996	7.0%	Sept. 15, 2012 to Mar. 15, 2015	9,315,000	-	945,000
Cigarette Tax Revenue Bonds - UNM Health Sciences Center Project					
2004A	4.0% to 5.0%	April 1, 2012 to April 1, 2019	39,035,000	6,895,000	8,850,000
Cigarette Tax Revenue Bonds - Behavioral Health Projects					
2006	5.51%	May 1, 2012 to May 1, 2026	2,500,000	1,375,000	1,500,000
Total bonds outstanding			$ 1,530,986,000	1,015,273,000	1,010,668,000
Add net unamortized premium				41,630,674	37,473,351
Total bonds payable, net				1,056,903,674	1,048,141,351
Less current portion of bonds payable				(75,943,000)	(70,430,000)
Noncurrent portion of bonds payable				$ 980,960,674	$ 977,711,351

Maturities of bonds payable and interest are as follows:

	Principal	Interest	Total
Fiscal year ending June 30,			
2016	$ 75,943,000	$ 48,997,460	$ 124,940,460
2017	74,440,000	43,923,067	118,363,067
2018	76,025,000	40,617,409	116,642,409
2019	77,580,000	37,234,823	114,814,823
2020	67,495,000	33,823,636	101,318,636
2021-2025	332,345,000	120,955,873	453,300,873
2026-2030	179,355,000	54,570,990	233,925,990
2031-2035	107,390,000	20,508,143	127,898,143
2036-2040	21,140,000	2,351,709	23,491,709
2041-2045	3,560,000	426,600	3,986,600
	1,015,273,000	$ 403,409,710	$ 1,418,682,710
Add unamortized premium	41,630,674		
Bonds payable, net	$ 1,056,903,674		

The bonds payable activity for the fiscal years were as follows:

Activity for Fiscal Year 2015

	Balance at June 30, 2014	Increases	Decreases	Balance at June 30, 2015	Due within One Year
Bonds payable	$ 1,010,668,000	$ 166,950,000	$ (162,345,000)	$ 1,015,273,000	$ 75,943,000
Add unamortized premium	37,473,351	19,634,472	(15,477,149)	41,630,674	-
Total	$ 1,048,141,351	$ 186,584,472	$ (177,822,149)	$ 1,056,903,674	$ 75,943,000

Activity for Fiscal Year 2014

	Balance at June 30, 2013, as restated	Increases	Decreases	Balance at June 30, 2014	Due within One Year
Bonds payable	$ 1,145,326,000	$ 62,595,000	$ (197,253,000)	$ 1,010,668,000	$ 70,430,000
Add unamortized premium	36,378,109	3,666,745	(2,571,503)	37,473,351	-
Total	$ 1,181,704,109	$ 66,261,745	$ (199,824,503)	$ 1,048,141,351	$ 70,430,000

Current and Advance Refunding of Debt

The PPRF Refunding Revenue Bonds Subordinate Lien 2015A series, issued in the total par amount of $63,390,000, refunded the outstanding portions of the PPRF Refunding Revenue Bonds Subordinate Lien 2005C series and PPRF Revenue Bonds Subordinate Lien 2006C series. The PPRF 2005C series bonds were originally issued to fund a loan to the Metro Courts and that loan was refunded simultaneously with the issuance of the 2015A series bonds. The PPRF 2006A series bonds were originally issued to fund a loan to the City of Santa Fe and that loan was refunded simultaneously with the issuance of the 2015A series bonds. The purpose of the refinancing was financial savings for both bonds. The PPRF 2005C series bonds resulted in a reduction in debt service expense for Metro Courts over the remaining life of the loan of $5,621,486 converted for comparison purposes to a Net Present Value (NPV) savings of $4,741,519. The PPRF 2006A series bonds resulted in a reduction in debt service expense for the City of Santa Fe over the remaining life of the loan of $5,800,337 converted for comparison purposes to a NPV savings of $4,351,828. Portions of the PPRF 2006A bonds were used to fund other loans. In total, the PPRF 2015A series bonds produced debt service savings over the remaining life of the loan of $16,591,573 converted for comparison purposes to a NPV savings of $13,834,690. The NPV rate used was 2.873%, the rate calculated for IRS Arbitrage Yield purposes.

8) Advanced Loan Payments

Advanced loan payments represent the amounts received from loan recipients which have not been applied as a payment against their loan as well as debt service reserve accounts funded from the loan proceeds. The Authority applies loan payments semi-annually, therefore, any payments received prior to being applied to the loan are held in an account which earns interest and the interest is credited to the borrower. These funds are held by the trustee and in accounts at the State Treasurer's office. The balance of advanced loan payments was $74,332,049 and $72,189,707 at June 30, 2015 and 2014.

9) Line of Credit

The Authority maintains a credit facility with Wells Fargo for the PPRF which provides for a borrowing limit of up to $100,000,000 for the purpose of obtaining necessary funding, on an interim basis, to make loans to qualified entities prior to the issuance, sale and delivery of certain Public Project Revolving Fund Revenue Bonds and to reimburse the Authority for such loans that have been made. The terms of the credit facility require payment in full of any outstanding balance from the proceeds of the next PPRF bond issuance. Interest is due monthly on the outstanding balance, and accrues at 70% of U.S. dollar monthly LIBOR plus 75 basis points. The LIBOR rate at June 30, 2015, was .154. The Authority pays a 15 basis point fee on the unused portion of the facility. A summary of changes in the line of credit follows:

Activity for Fiscal Year 2015

	Balance June 30, 2014	Increases	Decreases	Balance, June 30, 2015	Due within One Year
PPRF line of credit	$ 12,006,298	$ 30,573,802	$ (42,580,100)	$ -	$ -
Total	$ 12,006,298	$ 30,573,802	$ (42,580,100)	$ -	$ -

Activity for Fiscal Year 2014

	Balance June 30, 2013	Increases	Decreases	Balance, June 30, 2014	Due within One Year
PPRF line of credit	$ -	$ 17,536,712	$ (5,530,414)	$ 12,006,298	$ 12,006,298
Total	$ -	$ 17,536,712	$ (5,530,414)	$ 12,006,298	$ 12,006,298

10) Operating Lease Commitment

The Authority is committed under various lease agreements for office space, a vehicle, and office equipment. These leases are classified as operating leases. Lease expenditures for the years ended June 30, 2015 and 2014, were $316,250 and $362,044. Future minimum lease payments are as follows:

Fiscal year ending June 30		
2016	$	361,663
2017		368,896
2018		376,274
2019		383,800
2020		259,255
Total	$	1,749,888

11) Retirement Plans

The Authority's retirement plan was organized under Section 408(k) of the Internal Revenue Code. The retirement plan is not subject to the general claims of the creditors of the Authority. Each eligible employee participating in the plan must contribute 3% of their compensation. The Authority makes a contribution of 15% of their compensation. Employees can make an additional, voluntary contribution of up to 4% of their compensation. The Authority also makes a 50% matching contribution on voluntary contributions. Employee contributions are 100% vested, and the Authority contributions will vest 100% to the employee over five years. The contributions are invested in various mutual funds selected by the employee. The Authority's contributions for this retirement plan for the year ended June 30, 2015 and 2014, respectively, were $484,916 and $479,948. Additionally, employee contributions for the retirement plan for the year ended June 30, 2015 and 2014, respectively, were $149,634 and $148,347. Substantially all full-time employees participate in this plan.

The Authority maintains a retirement plan in accordance with an "eligible deferred compensation plan" pursuant to Section 457 of the Internal Revenue Code for its Executive Director and its Chief Operating Officer. The contributions are made regardless of the number of hours worked or the employment status on the last day of the plan year. Employer contributions are limited by IRS Code Section 457(e)(15)(A). The employee is fully vested at all times. The executive plan was in effect for the years ended June 30, 2015 and 2014.

12) Compensated Absences

The following changes occurred during the fiscal year in the compensated absences liabilities:

Balance at June 30, 2014	$	273,440
Additions		201,740
Deletions		(189,257)
Balance at June 30, 2015	$	285,923
Due within one year	$	285,923
Balance at June 30, 2013	$	274,077
Additions		193,745
Deletions		(194,382)
Balance at June 30, 2014	$	273,440
Due within one year	$	273,440

13) Agency Transactions

The Authority was authorized in 2003 to issue bonds as agent for the New Mexico Department of Transportation (NMDOT). Approximately $1.4 billion of such bonds are outstanding at June 30, 2015 and 2014.

Debt service for the bonds is payable solely from certain revenues of the Department of Transportation. In the opinion of legal counsel, there is no claim that could be asserted against the Authority's assets for payment of debt service on the bonds; therefore, these bonds are not reflected in the Authority's financial statements. The Authority receives a biannual fee from the Department of Transportation equal to its overhead costs for management of the bond issues. The fee is recognized on a cost reimbursement basis.

14) Contingencies

Litigation
In the normal course of operations, the Authority is involved in certain litigation and arbitration proceedings involving former employee complaints and subcontractor claims.

Management and legal counsel believe the outcomes will not have a materially adverse impact on the financial position of the Authority.

Loan Prepayment and Bond Call Provisions

Certain loans included in loans receivable contain provisions that allow for prepayment of the loan after one year whereas the related bonds used to fund the loans cannot be called for up to 10 years. In the event of a loan prepayment prior to the tenth year, the Authority's bond indentures require the substitution of a loan with similar cash flow characteristics or the defeasance of the related bond.

If interest rates at the time of prepayment are lower than the rates on the related bonds, as is currently the case, both loan substitution and defeasance will result in the Authority earning less on the substituted loan or the defeasance escrow than it will pay on the related bond, resulting in a negative cash flow. The Authority has other funding sources available to pay the shortfall, including the proceeds of the loan payoff, reserve funds, and operating cash. Management does not believe this condition will have a material adverse impact on the financial statements. The variance in prepayment and call periods was eliminated through a Board resolution in 2008 so that this condition is eliminated by 2018. The loans containing the shortened call provision total approximately $349 million and the related bonds total approximately $419 million at June 30, 2015. Loans exercising this call provision consisted of $83.8 million and $63.8 million in FY 2015 and FY 2014, respectively.

The Authority is exposed to various risks of loss related to torts; theft of, damages to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority participates in the State of New Mexico self-insurance program (Risk Management Program). Under this program, the Authority pays an annual premium to the State for the following types of insurance coverage:

- Workers' compensation insurance
- General liability insurance
- Civil rights
- Blanket property insurance
- Boiler and machinery insurance
- Auto physical damage insurance
- Crime insurance

The Authority also carries commercial insurance to cover losses to which it may be exposed related to their leased office space.

During the year, there were no significant reductions in commercial insurance coverage. For the past five years, no insurance settlements exceeded commercial insurance coverage.

15) Related Party Transactions

The Authority has issued bonds or purchased securities for several other state entities to finance the construction of certain capital projects. Representatives of two of these entities (the Secretary of the New Mexico Department of Finance and Administration and the Secretary of the New Mexico Department of Energy, Minerals and Natural Resources) are members of the Authority's Board of Directors. Additionally, a representative serving on the Board holds a position as Cabinet Secretary of the NM Environmental Department in which the Authority assists the Department in the administration of the State's Drinking Water federal program.

16) Finance New Mexico, LLC and Restatement

The Authority has invested in and is the managing member of, Finance New Mexico, LLC (FNMLLC) which was formed on June 19, 2006, under the laws of the State of New Mexico. FNMLLC is an approved Community Development Entity (CDE) that holds New Market Tax Credits (NMTC) allocation authority to be used for investment in Qualified Active Low-Income Community Businesses (QALICB) pursuant to Section 45D of the Internal Revenue Code (IRC).

The principal business objective of FNMLLC is to provide nontraditional investment capital to underserved markets and enhance the return on such investments by providing its members with new market tax credits. In general, under Section 45D of the Internal Revenue Code, a qualified investor in a CDE can receive the tax credits to be used to reduce Federal taxes.

In accordance with the operating agreement of FNMLLC, 99% of profits, losses and cash flows are allocated to the Authority, the managing member, and 1% to New Mexico Community Capital, the nonmanaging member.

In 2015, management re-evaluated how to report the Authority's interest in FNMLLC for financial statement purposes. Management evaluated a number of criteria as stated in GASB Statements Number 39 and 61, amendments of GASB Statement Number 14. The basic, but not the only criterion, is FNMLLC's financial accountability to the Authority. Financial accountability is measured through the degree to which the Authority can appoint a voting majority of the governing body, impose its will, ascertain a potential financial benefit, or face a potential financial burden with regard to the potential component unit. Based on the above criterion, it was determined that the FNMLLC is a blended component unit of the Authority. As such, the Authority has consolidated the FNMLLC's financial statement amounts within the Authority's New Market Tax Credit program. The condensed component unit information for FNMLLC and subsidiaries, for the year ended June 30, 2015 and 2014 were as follows:

	2015	2014
Statements of Net Position		
Assets		
Cash	$ 657,456	$ 532,300
Due from affiliates	935,345	838,737
Investment in limited liability companies	13,506	13,569
Total assets	$ 1,606,307	$ 1,384,606
Liabilities		
Accounts payable	$ 59,078	$ 30,756
Due to affiliate	647,193	493,938
Total liabilities	706,271	524,694
Net Position		
Restricted	900,036	859,912
Total liabilities and net position	$ 1,606,307	$ 1,384,606

Statements Revenues, Expenses and Changes in Net Position	2015	2014
Operating Income		
Interest income	$ 114	$ 597
Sponsor fee income	-	810,000
Asset management fee income	629,603	612,203
Total operating income	629,717	1,422,800
Operating Expense		
Sponsor fee expense	-	743,681
Management fee expense	372,729	377,035
Professional fees	162,460	80,835
Gross receipt tax	45,555	110,104
Miscellaneous administrative expenses	8,972	2,506
Total operating expenses	589,716	1,314,161
Net operating income	40,001	108,639
Nonoperating Income		
Share of income from investment in limited liability companies	123	64
Increase in net position	$ 40,124	$ 108,703

New Mexico Finance Authority
Notes to Financial Statements
June 30, 2015 and 2014

Statement of Cash Flows	2015	2014
Cash flows from operating activities		
Increase in net position	**$ 40,124**	$ 108,703
Adjustments to reconcile net income to net cash provided by operating activities		
Share of income from investment in limited liability companies	**(123)**	(64)
Increase in assets		
Due from affiliate	**(96,608)**	(115,716)
Increase in liabilities		
Accounts payable	**28,322**	3,002
Due to affiliate	**153,255**	78,155
Net cash provided by operating activities	**124,970**	74,080
Cash flows from investing activities		
Investment in limited liability companies	**-**	(145)
Return of capital from limited liability companies	**-**	155
Distributions from limited liability companies	**186**	190
Net cash provided by investing activities	**186**	200
Net increase in cash	**125,156**	74,280
Cash, beginning of year	**532,300**	458,020
Cash, end of year	**$ 657,456**	$ 532,300

In previous years, the Authority reported its interest in FNMLLC as an investment in the Statement of Net Position. The financial statements for the fiscal year ending June 30, 2014 have been restated as follows:

	June 30, 2014 Amounts Previously Reported	Restatement	**June 30, 2014 as Restated**
Statement of Net Position			
Current assets			
Restricted cash and equivalents	$ 51,834,915	$ 532,300	**$ 52,367,215**
Grants and other receivable	1,788,239	852,306	**2,640,545**
Investment in Finance NM LLC	99,110	(99,110)	**-**
Current liabilities			
Accounts payable	262,198	30,756	**292,954**
Other liabilities	80,694	493,938	**574,632**
Net position	458,552,499	760,802	**459,313,301**
Statement of Revenues, Expenses and Changes in Net Position			
Operating revenues			
Administrative fees revenue	2,819,302	380,537	**3,199,839**
Interest on investments	488,080	661	**488,741**
Operating expenses			
Other operating costs	1,484,748	272,495	**1,757,243**
Increase in net position	33,242,621	108,703	**33,351,324**
Net position, beginning of year	425,309,878	652,099	**425,961,977**
Net position, end of year	458,552,499	760,802	**459,313,301**

APPENDIX B

EXTRACTS OF CERTAIN PROVISIONS OF THE INDENTURE

The following statements are extracts, supplementing the information in the body of the Official Statement, of certain defined terms in and provisions of the Indenture. These extracts do not purport to be complete. Please refer to the Indenture itself for a full and complete statement of such provisions. During the offering period of the Series 2016D Bonds, copies of the Indenture will be available at the principal office of the Municipal Advisor. Subsequent to the offering of the Series 2016D Bonds, copies of the Indenture may be obtained from the Trustee. See "ADDITIONAL INFORMATION."

Certain Definitions

"Account" or "Accounts" means one or more of the special trust accounts created and established pursuant to the Indenture.

"Act" means the New Mexico Finance Authority Act, being Sections 6-21-1 through 6-21-31, inclusive, NMSA 1978, as amended and as the same may hereafter be amended and supplemented.

"Additional Bonds" means any Bonds of the NMFA, authorized and issued under the Indenture, in compliance with the Indenture, except for the Series l995A-B Bonds.

"Additional Pledged Loans" means any additional loans or securities which (i) were made or purchased by the NMFA from amounts on deposit in the Public Project Revolving Fund and (ii) the payments of principal and interest on which have been specifically pledged by the NMFA to the payment of the Bonds and other amounts due under the Indenture. No such loans or securities will be deemed to be Additional Pledged Loans unless the Trustee has received written notice from the NMFA that a specific loan or security will be included under the Indenture.

"Aggregate Annual Debt Service" means, for any given Bond Fund Year, the sum of the principal and interest payable on all Bonds Outstanding or to be Outstanding or any portion thereof.

"Agreement" or "Agreements" means, as the case may be, one or more Loan Agreements, Grant Agreements or Securities executed and delivered by Governmental Units in consideration for the financing of all or a portion of a Project by the NMFA under the General Indenture.

"Agreement Pledged Revenues" means the pledged revenues designated by a Governmental Unit for payments to be made pursuant to the respective Loan Agreement, Security Documents or Securities.

"Agreement Reserve Fund" means the Agreement Reserve Fund established by the Indenture and each Agreement Reserve Account, if any, created by an Agreement.

"Agreement Reserve Requirement" for each Agreement establishing an Agreement Reserve Account, means the amount, if any, required by such Agreement to be allocated to an Agreement Reserve Account (relating to such Agreement) within the Agreement Reserve Fund.

"Annual Common Debt Service Reserve Deposit Amount" means the lesser of (a) the positive difference, if any, between the Required Common Debt Service Reserve Funding Level and the amount then on deposit in the Common Debt Service Reserve (and if there is no positive difference, then the amount under this clause (a) shall be deemed to be zero), and (b) twenty-five percent (25%) of the remaining NMFA Portion of the Governmental Gross Receipts Tax for a given Bond Fund Year that was distributed to the NMFA by the trustee under the Subordinated Indenture on June 16, being the day after the end of the applicable bond fund year under the Subordinated Indenture, through the process described in the Indenture.

"Approval of Bond Counsel" means an opinion of Bond Counsel to the effect that the matter proposed will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Tax Exempt Bonds.

"Assumed Repayments of Loans and Additional Pledged Loans" means, for any given Bond Fund Year, the sum (expressed as a dollar amount) of the principal and interest payments scheduled to be due and payable with respect to all Loans and Additional Pledged Loans during such Bond Fund Year multiplied by, in each case, the applicable percentage pertaining to each such Loan and Additional Pledged Loan:

Category of Loans and Additional Pledged Loans	Applicable Percentages
CATEGORY I	100%
CATEGORY II	80
CATEGORY III	50
CATEGORY IV	0

"Authorized Denominations" means, with respect to the Series 2016D Bonds, $5,000 or any integral multiple thereof and means, with respect to the Loans that are subject to the Ninety-First Supplemental Indenture, $1 or any integral multiple thereof.

"Authorized Officer" means: (i) in the case of the NMFA, the Chair, any Vice Chair, Secretary or Treasurer, and when used with reference to any act or document also means any other person authorized by resolution of the NMFA to perform such act or execute such documents; (ii) in the case of a Governmental Unit, means the person or persons authorized by resolution or ordinance of the Governmental Unit to perform any act or execute any document; and (iii) in the case of the Trustee or the Paying Agent any person authorized to perform any act or sign any document by or pursuant to the bylaws or any resolution of the governing body of the Trustee or the Paying Agent, respectively.

"Beneficial Owner" means, while DTC or its nominee is the registered owner of the Series 2016D Bonds, any person entitled to receive payment of principal of, premium, if any, and interest on Series 2016D Bonds and otherwise exercise ownership rights with respect to Series 2016D Bonds.

"Bond Counsel" means nationally recognized bond counsel experienced in matters of municipal law, satisfactory to the Trustee and listed in the list of municipal bond attorneys, as published semiannually by *The Bond Buyer*, or any successor publication.

"Bond Documents" means collectively, the Loan Agreements, the Grant Agreements, the Securities, the Security Documents, and the Indenture.

"Bond Fund" means the fund by that name established by the Indenture to be held by the Trustee and used to pay amounts due on the Bonds.

"Bond Fund Year" shall, with respect to each Series of Bonds, have the meaning set forth in the related Supplemental Indenture.

"Bond Registrar" or "Registrar" means the Trustee or any other registrar appointed under the Indenture.

"Bonds" means all Bonds issued and secured under the Indenture.

"Business Day" means any day, other than a day on which banks located in New York, New York or the cities in which the Principal Offices of the Trustee or the Paying Agent are located are required or authorized by law or executive order to close, or on which the New York Stock Exchange is closed.

“Cash Flow Statement” means an NMFA certificate setting forth, for the then current and each future Bond Fund Year during which Bonds will be Outstanding, and taking into account (i) any Bonds expected to be issued or redeemed or purchased for cancellation in each such Bond Fund Year upon or in connection with the filing of such certificate, (ii) the terms of any Loans and Grants or Additional Pledged Loans expected to be made or purchased by the NMFA or Loans or Additional Pledged Loans released from the Trust Estate upon or in connection with the filing of such certificate, and (iii) the application, withdrawal or transfer of any moneys expected to be applied, withdrawn or transferred upon or in connection with the filing of such certificate:

(A) the amount of NMFA Portion of the Governmental Gross Receipts Tax to be received in each such Bond Fund Year and to be available to make debt service payments on the Bonds;

(B) the Assumed Repayments of Loans and Additional Pledged Loans to be received in each such Bond Fund Year and to be available to make debt service payments on the Bonds; and

(C) the Aggregate Annual Debt Service for each such Bond Fund Year on all Bonds reasonably expected to be Outstanding;

and (b) showing that in each such Bond Fund Year, the aggregate of the amount set forth in clause (A) of the definition divided by 1.35, plus the aggregate amount set forth in clause (B) of the definition, exceeds one hundred percent (100%) of the aggregate of the amounts set forth in clause (C) of the definition.

For purposes of the foregoing definition the following assumptions will apply:

(i) NMFA Portion of the Governmental Gross Receipts Tax in any future Bond Fund Year will be assumed to be the greatest amount received by the NMFA in any consecutive 12-month period in the 24 months next preceding the delivery of the Cash Flow Statement;

(ii) For any Bonds issued in the year in which a Cash Flow Statement is prepared, the Aggregate Annual Debt Service and Assumed Repayments of Loans and Additional Pledged Loans associated with such Bonds will be included in calculating the ratio described above; and

(iii) Loans and Additional Pledged Loans will be assumed to remain in their then-current category designations throughout the period projected in the Cash Flow Statement.

“Category I Loans and Additional Pledged Loans” means Loan Agreements, Securities and Additional Pledged Loans, the underlying obligations of which, at the time in question, are designated or rated in at least the third highest full rating category or higher by the Rating Agencies.

“Category II Loans and Additional Pledged Loans” means Loan Agreements, Securities and Additional Pledged Loans, the underlying obligations of which, at the time in question, are designated or rated in the fourth highest full rating category by the Rating Agencies.

“Category III Loans and Additional Pledged Loans” means Loan Agreements, Securities and Additional Pledged Loans the underlying obligations of which, at the time in question, are not designated or rated or are designated or rated below the fourth highest full rating category by the Rating Agencies, but excluding Category IV Loans and Additional Pledged Loans.

“Category IV Loans and Additional Pledged Loans” means all Nonperforming Loans and Additional Pledged Loans and Loans for which moneys have been drawn on the related Agreement Reserve Account to make payments due under the related Agreement and such moneys have not been fully replenished in accordance with the related Agreement or loans or Additional Pledged Loans otherwise designated as Category IV by the NMFA or the Rating Agencies.

“Cede” means Cede & Co. and any substitute nominee of DTC who becomes the Registered Owner of any Series 2016D Bonds.

"Code" means the Internal Revenue Code of 1986, as amended and the applicable regulations thereunder.

"Common Debt Service Reserve Fund" means the fund by that name which is created and established by the Indenture.

"Continuing Disclosure Agreement" means that certain Continuing Disclosure Agreement between the NMFA and the Trustee dated the date of issuance and delivery of the Series 2016D Bonds, as originally executed as it may be amended from time to time in accordance with the terms thereof.

"Covenant Default" has the meaning, if any, given in any Loan Agreement, Securities or Additional Pledged Loan.

"DTC" means The Depository Trust Company, New York, New York, a limited purpose trust company organized under the laws of the State of New York.

"Expense Fund" means the fund by that name established by the Indenture to be held by the Trustee.

"Funds and Accounts" means collectively, the Debt Service Fund and the Accounts created in therein, the Agreement Reserve Fund and the Accounts created therein, the Program Fund and the Accounts created therein, the Expense Fund, the Rebate Fund and the Accounts created therein, the Revenue Fund, the Bond Fund, and the Common Debt Service Reserve Fund.

"Governmental Obligations" means direct obligations of, or obligations the payment of the principal of and interest on which are unconditionally guaranteed by, the United States of America.

"Governmental Units" means any "qualified entity" under the Act which has executed and delivered to the NMFA a Loan Agreement, Grant Agreement or Securities for the purpose of financing all or a portion of a Project.

"Grant Agreements" means a grant or other similar financing agreement and any amendment thereto, which is entered into by and between the NMFA and a Governmental Unit and which provides for the financing of a Project with proceeds of Bonds and does not require payments by the Governmental Unit to be made thereunder.

"Grants" means collectively, the Grants made pursuant to the Grant Agreements.

"Indenture" means the General Indenture of Trust and Pledge and all Supplemental Indentures thereto as the same may be amended and supplemented.

"Interest Component" means the portion of each Loan Payment representing interest on the related Loan.

"Interest Payment Date" means, with respect to the Series 2016D Bonds, each June 1 and December 1, commencing December 1, 2016.

"Loan Agreement" means a loan or other similar financing agreement and any amendment thereto, which is entered into by and between the NMFA and a Governmental Unit and which provides for the financing of a Project with proceeds of Bonds and requires the Governmental Unit to repay the amounts advanced.

"Loan Payment" means the payments made by each Governmental Unit pursuant to the provisions of a Loan Agreement or Securities and which are to be used in accordance with the Indenture.

"Loan Payment Date" means the date specified in each Loan Agreement or Securities as the due date for Loan Payments.

"Loans" means collectively, the Loans made pursuant to the Loan Agreements and the Securities; excluding, however, all Additional Pledged Loans. Loans and Additional Pledged Loans may be evidenced by the same document containing two or more separate obligations.

"Maximum Debt Service Year" means the Bond Fund Year in which the aggregate annual Principal Component and Interest Component due in relation to all Loans is at its greatest, less any reserves, sinking fund redemption deposits or other funds deposited with the Trustee to the extent such reserves, sinking fund redemption deposits or funds may be used as a matter of right for such payments (as opposed to other reserves that are available for the payment of debt service solely in the event of non-performance of a party), for the payment of the Principal Component and Interest Component due, provided, however, amounts within the Agreement Reserve Fund shall in no event be accounted for in any calculation of the Maximum Debt Service Year.

"NMFA" means the New Mexico Finance Authority.

"NMFA Portion of the Governmental Gross Receipts Tax" means an amount equal to seventy-five percent (75%) of the net receipts attributable to the governmental gross receipts tax levied pursuant to Section 7-9-4.3, NMSA 1978, as amended, and distributed to the NMFA pursuant to Section 7-1-6.38, NMSA 1978, as amended.

"Nonperforming Loans and Additional Pledged Loans" means Loan Agreements and Securities and Additional Pledged Loans under which there has occurred and is continuing an event of default (other than a Covenant Default) or under which a delinquency exists in payments of principal or interest thereunder.

"Original Issue Date" means, with respect to the Series 2016D Bonds, the date of delivery thereof.

"Outstanding" or "Bonds outstanding" mean all Bonds which have been authenticated and delivered by the Trustee under the Indenture, except:

(a) Bonds canceled after purchase in the open market or because of payment at or redemption prior to maturity;

(b) any Bond (or any portion thereof) (i) for the payment or redemption of which there will be held in trust under the Indenture and set aside for such payment or redemption, moneys and/or Governmental Obligations (not callable at the option of the issuer thereof) maturing or redeemable at the option of the holder thereof not later than such maturity or redemption date which, together with income to be earned on such Governmental Obligations prior to such maturity or redemption date, will be sufficient to pay the principal or redemption price thereof, as the case may be, together with interest thereon to the date of maturity or redemption, and (ii) in the case of any such Bond (or any portion thereof) to be redeemed prior to maturity, notice of the redemption of which will be given in accordance with the Indenture or provided for in a manner satisfactory to the Trustee; and

(c) Bonds deemed paid pursuant to the provisions of the Indenture; and

(d) Bonds in lieu of which others have been authenticated pursuant to the Indenture.

"Participants" means underwriters, securities brokers and dealers, banks and trust companies, clearing corporations and other persons from time to time for which DTC or any successor Securities Depository holds Series 2016D Bonds as Securities Depository.

"Paying Agent," when used with respect to the Series 2016D Bonds, means the person or persons authorized by the NMFA to pay the principal of, premium, if any, and interest on, the Series 2016D Bond on behalf of the NMFA, and initially is the Trustee.

"Permitted Investments" (i) with respect to the investment of the respective Accounts of the Program Fund, the Agreement Reserve Fund and the Debt Service Fund has the meaning set forth in each Agreement, and (ii) with respect to the investment of the Revenue Fund, the Bond Fund, the Expense Fund, the Rebate Fund, and the Common Debt Service Reserve Fund or any other fund created under the Indenture, the following to the extent permitted by New Mexico law:

(a) Governmental Obligations;

(b) Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following federal agencies and provided such obligations are backed by the full faith and credit of the United States of America (stripped securities are only permitted if they have been stripped by the agency itself);

(i) Farmers Home Administration (FmHA) Certificates of Ownership;

(ii) Federal Housing Administration (FHA) Debentures;

(iii) General Services Administration Participation certificates;

(iv) Government National Mortgage Association (GNMA or "Ginnie Mae") GNMA guaranteed mortgage-backed bonds and GNMA-guaranteed pass-through obligations (participation certificates);

(v) U.S. Maritime Administration Guaranteed Title Xl financing;

(vi) U.S. Department of Housing and Urban Development (HUD) Project Notes and Local Authority Bonds;

(c) Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following non-full faith and credit U.S. government agencies (stripped securities are only permitted if they have been stripped by the agency itself;

(i) Federal Home Loan Bank System Senior debt obligations (Consolidated debt obligations);

(ii) Federal Home Loan Mortgage Corporation (FHLMC or "Freddie Mac") rated AAA by Standard & Poor's and Aaa by Moody's. Participation Certificates (Mortgage-backed securities) Senior debt obligations;

(iii) Federal National Mortgage Association (FNMA or "Fannie Mae") Mortgage-backed securities and senior debt obligations (excluded are stripped mortgage securities which are valued greater than par on the portion of unpaid principal);

(iv) Student Loan Market Association (SLMA or "Sallie Mae") Senior debt obligations;

(v) Resolution Funding Corp. (REFCORP). Only the interest component of REFCORP strips which have been stripped by request of the Federal Reserve Bank of New York in book entry form are acceptable;

(vi) Farm Credit System Consolidated systemwide bonds and notes;

(d) Money market funds registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933, and having a rating by S&P of "AAAmG," "AAAm" or "Aam" or by Moody's of "Aaa" including funds from which the Trustee or its affiliates revenue fees for investment advisory or other services to such funds.

(e) Certificates of deposit ("CD") secured at all times by collateral described in (a) and/or (b) above. CD's must have a one-year or less maturity. Such certificates must be issued by commercial banks, savings and loan associations or mutual savings banks whose short-term obligations are rated "A-1+" or better by S&P, and "Prime-1" or better by Moody's. The collateral must be held by a third party and the third party must have a perfected first security interest in the collateral;

(f) Certificates of deposit, savings accounts, deposit accounts or money market deposits which are fully insured by FDIC, including BID and SAIF;

(g) Commercial paper rated "Prime-1" by Moody's and "A-1+" or better by S&P;

(h) Bonds or notes issued by any state or municipality which are rated by Moody's and S&P in one of the two highest long-term rating categories assigned by such agencies;

(i) Federal funds or bankers acceptances with a maximum term of one year of any bank which has an unsecured, uninsured and unguaranteed obligation rating of "Prime-1" or "A-3" or better by Moody's and "A-1+" by S&P;

(j) Repurchase agreements providing for the transfer of securities from a dealer bank or securities firm (seller/borrower) to a municipal entity (buyer/lender), and the transfer of cash from a municipal entity to the dealer bank or securities firm with an agreement that the dealer bank or securities firm will repay the cash plus a yield to the municipal entity in exchange for the securities at a specified date; provided, however, that the repurchase agreement must satisfy certain criteria articulated in writing to the NMFA by the Rating Agencies;

(k) Investment contracts with providers the long term, unsecured debt organization of which are rated at least "Aaa" by the Rating Agencies; and

(l) deposits with the Treasurer of the State for investment in obligations described above.

"Prepayment" means the amount paid by a Governmental Unit pursuant to the provisions of its Loan Agreement or Securities as a prepayment of all or a portion of the principal balance due under its Loan Agreement or a prepayment of the principal amount of the Securities.

"Principal Component" means the portion of each Loan Payment representing principal on the related Loan.

"Program" means the NMFA's public project revolving fund program.

"Program Costs" means the fees and expenses payable to the Trustee, any Paying Agent and the NMFA.

"Program Fund" means the fund by that name which is created and established by the Indenture.

"Projects" means, collectively, the projects (i) authorized by the Legislature for financing by the NMFA from the Public Project Revolving Fund (to the extent required by law) and (ii) described in a Supplemental Indenture and a Loan Agreement, Grant Agreement or Securities.

"Public Project Revolving Fund" means the public project revolving fund established pursuant to the Act.

"Rating Agencies" means Moody's Investors Service, Standard & Poor's Ratings Group and Fitch Ratings or their successors and assigns and any other nationally recognized rating service designated by the NMFA and then maintaining a rating on the Bonds.

"Rebate Calculation Date" means, with respect to each Series of Bonds, the interest payment date next preceding the fifth anniversary of the issue date of such Series of Bonds, each fifth anniversary of the Initial Rebate Calculation Date for such Series of Bonds, and the date of retirement of the last bond for such Series.

"Rebate Fund" means the Fund so designated, which is created and established by the Indenture.

"Rebate Requirement" means the amount of arbitrage profits earned from the investment of gross proceeds of the Bonds in nonpurpose investments described in Section 148(f)(2) of the Code and defined as "Rebate Amount"

in Section 1.148-3 of the Treasury Regulations, which are payable to the United States at the times and in the amounts specified in Section 148(f)(3) of the Code and Section 1.148-3 of the Treasury Regulations.

"Register" means the record of ownership of the Series 2016D Bonds maintained by the Registrar.

"Registered Owner" or "Bondowner" or "Owner" or "Bondholder" or "holder" means the person or persons in whose name or names a Bond will be registered on the books of the Trustee kept for that purpose in accordance with provisions of the Indenture.

"Regular Record Date" means the fifteenth (15th) day immediately preceding each Interest Payment Date (or the Business Day immediately preceding such fifteenth (15th) day, if such fifteenth (15th) day is not a Business Day).

"Representation Letter" means the blanket representations letter from the NMFA to DTC.

"Required Common Debt Service Reserve Funding Level" means an amount (unless amended pursuant to the provisions of this definition of Required Common Debt Service Reserve Funding Level), rounded up to the nearest thousand dollars, equal to the sum of:

(i) 0% of maximum annual Principal Component and Interest Component payable in the Maximum Debt Service Year of Loans secured by revenue pledges classified by the NMFA as fire protection fund, law enforcement protection fund, governmental gross receipts tax, or state gross receipts tax (collectively, "Risk Group One");

(ii) 20% of maximum annual Principal Component and Interest Component payable in the Maximum Debt Service Year of Loans outstanding secured by revenue pledges classified by the NMFA as general obligation, limited mill levy (limited general obligation), or gross receipts tax (other than governmental gross receipts tax, or state gross receipts tax) (collectively, "Risk Group Two");

(iii) 35% of maximum annual Principal Component and Interest Component payable in the Maximum Debt Service Year of Loans outstanding secured by revenue pledges classified by the NMFA as enterprise system revenues, special assessments or a local special tax such as a lodgers' tax, cigarette tax, gasoline tax, special fuel excise tax, pari-mutuel tax, or court facilities fees (collectively, "Risk Group Three," and together with Risk Group One and Risk Group Two, "Risk Groups").

Pursuant to the following provisions, the NMFA may revise the method of calculating the Required Common Debt Service Reserve Funding Level. The NMFA may, from time to time pursuant to an indenture supplemental to the Indenture and without obtaining the consent of the Owners, add or revise revenue pledge categories in addition to those included above. New revenue pledge categories either may be included in one of the three Risk Groups identified above or included in a new Risk Group established using a different Risk Group calculation percentage (a "Factor"). The NMFA may, from time to time pursuant to an indenture supplemental to the Indenture and without obtaining the consent of the Owners, adjust the funding percentages of the Risk Group Factors, adjust the Risk Group in which a revenue pledge is categorized and add or revise revenue pledge categories within Risk Groups as to any future Bond issuances. As to any Bonds outstanding at the time a supplemental indenture as described above is entered into, the Risk Groups and Risk Group Factors as they existed prior to the supplemental indenture shall continue to be applied to such Bonds. In the event of any adjustment pursuant to a supplemental indenture whereby the Required Common Debt Service Reserve Level is decreased over time below the amount that is currently on deposit in the Common Debt Service Reserve Fund, then as provided in the Indenture, the excess amount shall remain on deposit in the Common Debt Service Reserve Fund unless used for shortfalls in any Governmental Unit's Account of the Debt Service Fund, or to redeem or defease Bonds. The NMFA's and the Trustee's ability to enter into supplemental indentures for the foregoing purposes without the consent of the Owners is an integral term and condition of subjecting the Common Debt Service Reserve Fund to the Indenture, and the Trustee is authorized to execute any such supplemental indentures, and the provisions of Article XIII of the Indenture shall not apply to such supplemental indentures as long as such supplemental indentures comply with the terms of this definition of "Required Common Debt Service Reserve Funding Level." In conjunction with executing such supplemental

indentures, the Trustee shall not be required to make any determination as to whether such a supplemental indenture is materially adverse to the interests of the Owners or any other party; whether such a supplemental indenture otherwise is permitted pursuant to Article XIII of the Indenture; or any other determination.

"Revenue Fund" means the Governmental Gross Receipts Tax, Additional Pledged Loan Revenue and Tax Subsidy Revenue Fund so designated, which is created and established by the Indenture to be held by the Trustee.

"Revenues" means (i) all revenues received or earned by the NMFA from or attributable to the Agreements (but excluding amounts paid as Program Costs), (ii) all revenues received by the NMFA from the allocation of the NMFA Portion of the Governmental Gross Receipts Tax, (iii) all revenues received or earned by the NMFA from or attributable to Additional Pledged Loans, if any, (iv) all interest earned by and profits derived from the sale of investments in the Funds and Accounts created under the Indenture (except the Rebate Fund), and (v) all Federally provided interest subsidies actually delivered to or for the account of the NMFA in relation to Bonds, including, but not limited to direct payments of the refundable interest credit (i.e., an interest subsidy) paid pursuant to Section 6431(b) of the Code in relation to 'build America bonds' (as such term is defined in such section of the Code).

"Securities" means the securities purchased or acquired by the NMFA in consideration for a Loan made pursuant to the Indenture.

"Securities Depository" means the person who operates the computerized book entry system through which ownership interest in the Series 2016D Bonds may be recorded. Such entity shall at all times be a registered clearing agency under the Securities Exchange Act of 1934, as amended, or other applicable statute or regulation, and in good standing thereunder.

"Security Documents" means the intercept agreements or other security documents delivered by Governmental Units to provide additional security for a Loan Agreement or Securities.

"Series" means all of the Bonds authenticated and delivered on original issuance and identified pursuant to the Supplemental Indenture authorizing such Bonds as a separate Series of Bonds, and any Bonds thereafter authenticated and delivered in lieu thereof or in substitution therefor.

"Series 2016D Bonds" means the New Mexico Finance Authority Senior Lien Public Project Revolving Fund Revenue Bonds, Series 2016D.

"Special Record Date" means a special record date established pursuant to the Indenture. "State" means the State of New Mexico.

"Subordinated Indenture" means that certain Subordinated General Indenture of Trust and Pledge between the NMFA and BOKF, N.A., Albuquerque, New Mexico, dated as of March 1, 2005, and all supplemental indentures supplementing or amending such Subordinated Indenture.

"Supplemental Indenture" means any supplemental indenture approved by the NMFA in accordance with the Indenture amending or supplementing the Indenture or any Supplemental Indenture.

"Trust Estate" means the property held in trust by the Trustee pursuant to the Granting Clauses of the Indenture.

"Trustee" means BOKF, N.A., Albuquerque, New Mexico, and its successors and any corporation or association resulting from or surviving any consolidation or merger to which it or its successors may be a party and any successor Trustee at the time serving as successor Trustee under the Indenture.

Registration and Exchange of Bonds

Books for the registration and for the transfer of the Bonds will be kept by the Trustee which is appointed the Bond Registrar with respect to the Bonds. Any Bond may, in accordance with its terms, be transferred only

upon the registration books kept by the Bond Registrar, by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Bond for cancellation, accompanied by delivery of a written instrument of transfer in a form approved by the Registrar, duly executed. No transfer will be effective until entered on the registration books kept by the Registrar. Upon surrender for transfer of any fully-registered Bond at the principal corporate trust office of the Trustee, duly endorsed for transfer or accompanied by an assignment duly executed by the Registered Owner or his attorney duly authorized in writing and satisfactory to the Trustee, the NMFA will execute and the Trustee will authenticate and deliver in the name of the transferee or transferees a new, fully-registered Bond or Bonds for a like aggregate principal amount. Bonds may be exchanged at the principal corporate trust office of the Trustee for a like aggregate principal amount of Bonds of other authorized denominations of the same Series and the same maturity. The execution by the NMFA of any Bond of any authorized denomination will constitute full and due authorization of such denomination, and the Trustee will thereby be authorized to authenticate and deliver such Bond. The NMFA and the Trustee will not be required to transfer or exchange any Bond of a particular Series (i) during the period from and including any Regular Record Date, to and including the next succeeding Interest Payment Date, (ii) during the period from and including the day fifteen days prior to any Special Record Date, to and including the date of the proposed payment pertaining thereto, (iii) during the period from and including the day fifteen days prior to the mailing of notice calling any Bonds of a particular Series for redemption, to and including the date of such mailing, or (iv) at any time following the mailing of notice calling such Bond for redemption.

The NMFA, the Bond Registrar and the Paying Agent may treat and consider the person in whose name each Bond is registered on the registration books kept by the Registrar as the holder and absolute owner thereof for the purpose of receiving payment of, or on account of, the principal or redemption price thereof and interest due thereon and for all other purposes whatsoever, and neither the NMFA, nor the Bond Registrar nor the Paying Agent will be affected by any notice to the contrary. Payment of or on account of either principal of or interest on any Bond will be made only to or upon order of the Registered Owner thereof or such person's legal representative, but such registration may be changed as hereinabove provided. All such payments will be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid.

The Trustee will require the payment by the Registered Owner requesting exchange or transfer, only of any tax or other governmental charge required to be paid with respect to such exchange or transfer.

Nonpresentment of Bonds

In the event that any Bond are not presented for payment when the principal thereof becomes due at maturity, or otherwise, if funds sufficient to pay any such Bond are made available to the Trustee for the benefit of the holder or holders thereof, all liability of the NMFA to the holder thereof for the payment of such Bond will forthwith cease, determine and be completely discharged, and thereupon it will be the duty of the Trustee to hold such funds, without liability to the holders of such Bonds for interest thereon, for the benefit of the holder of such Bond who will thereafter be restricted exclusively to such funds, for any claim of whatever nature on his part under the Indenture or on, or with respect to, such Bond. Moneys so deposited with the Trustee which remain unclaimed four (4) years after the date payment thereof becomes due will, to the extent authorized by applicable law, at the request of the NMFA and if the NMFA is not at the time to the knowledge of the Trustee in default with respect to any covenant contained in the Indenture and if to the knowledge of the Trustee there has been no Event of Default, be repaid to the NMFA and the Owners of the Bonds for which the deposit was made will thereafter be limited to a claim against the NMFA; provided that the Trustee, before making payment to the NMFA, may cause a notice to be given to the Owners of the Bonds at their registered addresses, stating that the moneys remaining unclaimed will be returned to the NMFA after a specified date. Upon payment of such amounts to the NMFA by the Trustee, the NMFA will deal with such money as required by applicable law.

Covenants of the NMFA

The NMFA will faithfully perform and abide by all of the covenants, undertakings and provisions contained in the Indenture or Supplemental Indenture or in any Bond, including the following covenants and agreements:

Covenant Against Creating or Permitting Liens. Except for the pledge of the Trust Estate to secure payment of the Bonds, the Trust Estate is and will be free and clear of any pledge, lien, charge or encumbrance thereon or with respect thereto; provided, however, that (i) nothing contained in the Indenture will prevent the NMFA from issuing, if and to the extent permitted by law, indebtedness having a lien on the Trust Estate subordinated to that of the Bonds and (ii) Revenues constituting NMFA Portion of the Governmental Gross Receipts Tax and payments of Additional Pledged Loans not needed for payments under the Indenture in any Bond Year may be released to the NMFA free and clear of the lien as provided in the Indenture.

Existence; Compliance with Laws. The NMFA will take no action to discontinue maintenance of its existence nor to impair its rights, powers, privileges, and franchises, and will comply with all valid and applicable laws, acts, rules, regulations, permits, orders, requirements, and directions of any legislative, executive, administrative, or judicial body which may relate to the execution and delivery of the Bonds and the performance of the NMFA's obligations under the Indenture.

No Transfer of Loan Agreements, Grant Agreements, Security Documents and Securities; Exceptions, Further Assurance. The NMFA and the Trustee will not transfer any of the Loan Agreements, Grant Agreements, Security Documents and Securities except as specifically authorized in the Indenture in furtherance of the security for the Bonds; provided that, (i) once the Governmental Unit has repaid all amounts, if any, owing under its Loan Agreement, Grant Agreement, Securities, or Additional Pledge Loan and complied with the other provisions thereof, the NMFA and the Trustee may release such Agreement or Additional Pledge Loan and any Security Documents from the pledge created under the Indenture; and (ii) the NMFA may direct the release of any Agreement or Additional Pledged Loan from the lien and pledge of the Trust Estate under the Indenture upon the delivery to the Trustee of a Cash Flow Statement reflecting such release. Except to the extent otherwise provided in the Indenture, the NMFA will not enter into any contract or take any action by which the rights of the Trustee or the Bond Owners may be impaired and will, from time to time, execute and deliver such further instruments and will take such further action as may be required to carry out the purposes of the Indenture.

Financing Statements. The NMFA and the Trustee will cause the Indenture to be filed as a financing statement with the Secretary of State of the State, in such manner and at such places as may be required by law fully to protect the security interest of the Owners in the Bonds and the right, title, and interest of the Trustee in and to the Trust Estate. From time to time, the Trustee may, but will not be required to, obtain an opinion of counsel setting forth what, if any, actions by the NMFA or Trustee should be taken to preserve such security. The NMFA will execute or cause to be executed any and all further instruments as may reasonably be requested by the Trustee for such protection of the interests of the Registered Owners, and will furnish satisfactory evidence to the Trustee that such actions have been taken and will take such other action as is necessary to preserve the lien of the Indenture upon the Trust Estate created by the Indenture until the principal of and interest on the Bonds executed and delivered under the Indenture has been paid. The Trustee will execute or join in the execution of any such further or additional instrument and file or join in the filing thereof at such time or times and in such place or places as it may be advised by an opinion of Counsel may be necessary to preserve the lien of the Indenture upon the Trust Estate created by the Indenture until the Principal of and interest on the Bonds have been paid.

Rights Under Loan Agreements; Grant Agreements, Security Documents and Securities. The Loan Agreements, Grant Agreements, Security Documents and Securities set forth the covenants and obligations of the Governmental Units, including provisions that, subsequent to the issuance of a Series of Bonds and prior to their payment in full or provision for payment thereof in accordance with the provisions of the Indenture, the Loan Agreements, Grant Agreements, Security Documents and Securities may not be effectively amended, changed, modified, altered or terminated without the prior written consent of the Trustee in accordance with the Indenture, and reference is made to the same for a detailed statement of said covenants and obligations of the Governmental Units thereunder.

Bonds to be Tax-Exempt Obligations. The NMFA covenants and agrees to and for the benefit of the Owners of Bonds that the NMFA (i) will not take any action that would cause interest on the Bonds to become subject to federal income taxation, (ii) will not omit to take or cause to be taken, in timely manner, any action, which omission would cause the interest on the Tax-exempt Bonds to become subject to federal income taxation, and (iii) will, to the extent possible, comply with any other requirements of federal tax law applicable to the Bonds in order to preserve the exemption from federal income taxation of interest on the Bonds. The provisions of this paragraph

do not apply to Bonds designated in the related Supplemental Indenture as bearing or accruing interest intended to be subject to Federal income taxation.

State Pledge of Non-Impairment. The State has pledged to and agreed with the Bondholders (as an obligation issued under the Act) that the State will not limit or alter the rights vested in the NMFA under the Act to fulfill the terms of the Indenture with the Bondholders or in any way impair the rights and remedies of those holders until the Bonds together with the interest thereon, with interest on any unpaid installments of interest, and all costs and expenses in connection with any action or proceedings by or on behalf of those holders, are fully met and discharged.

Deposit and Advance of Funds

The NMFA and the Trustee will deposit the proceeds of the Bonds to the Accounts created under the Indenture and will make the advances of funds thereunder to fund the Program and the NMFA will enter into the Loan Agreements and Grant Agreements with the Governmental Units and purchase and receive the Securities and Security Documents from the Governmental Units on the terms and conditions and upon submission of the documents as provided in the Indenture.

Loan Agreement and Securities - Loan Payments

The Loan Payments will be governed by the following provisions:

(a) Principal, Program Costs and Interest Components. A portion of each Loan Payment is paid as, and represents payment of, interest (the "Interest Component") on the related Loan and payment of a Program Cost component relating to each loan (the "Program Cost Component") and the balance of each Loan Payment is paid as, and represents payment of, principal (the "Principal Component") on the related Loan, all as set forth in the related Loan Agreement or Securities. Amounts due as the Principal, Program Costs, and Interest Components of Loan Payments due under each Loan Agreement or Securities will be paid on each Loan Payment Date. The Interest Component of Loan Payments for each Loan Agreement will be the amount of interest based on a 360-day year comprised of twelve 30-day months, unless otherwise specified in the related Supplemental Indenture. The Program Cost Component may be included in the interest rate borne by a Loan.

(b) Loan Agreement and Securities Term. The "Term" of a Loan Agreement or Securities will be defined in the Loan Agreement or Securities. The Term will not exceed the useful life of the Project financed pursuant to the related Loan Agreement or Securities.

(c) Agreement Payment. Each Loan Agreement and Security will provide that the related Governmental Unit will pay Loan Payments directly to the NMFA on or before Loan Payment Dates for remittance to the Trustee (less a portion of the interest rate, if any, retained by the NMFA in lieu of an upfront payment as an administrative fee for the payment of Program Costs. The administrative fee is calculated as .015% of the loan amount, capped at $75,000, or the NPV equivalent of .015% if the administrative fee is included in the interest rate) prior to each Interest Payment Date. In the case of Securities, the Securities will be registered in the name of the Trustee or properly assigned to the Trustee on the books of any registrar for such Securities or, if in bearer form delivered to and held by the Trustee.

(d) Prepayments. The Loan Agreements and Securities may contain a provision permitting the Governmental Unit to prepay the Principal Component of the Loan Payments, in accordance with the provisions of the Loan Agreement and Securities by payment of Prepayments in whole on any date or in part on any Interest Payment Date, at any time when the related Series of Bonds are or are about to become subject to optional redemption upon not less than forty-five (45) days' prior written notice to the Trustee and subject to any other conditions set forth in the related Supplemental Indenture, Loan Agreement or Securities. Partial prepayments of the Principal Component of Loan Payments will be made in multiples of the minimum Authorized Denomination. Each Prepayment will include interest to the date upon which the Trustee has scheduled a related redemption of Bonds as provided in the related Supplemental Indenture.

(e) Use of Reserve at Final Payment. At the time of payment in full of each Loan Agreement or Securities, the applicable Agreement Reserve Account in the Agreement Reserve Fund will be applied toward the final payment of amounts due under the related Loan Agreement or Securities.

Establishment of Funds and Accounts

There is established in the Indenture with the Trustee the following funds and accounts within funds, each of which will be held, for the term of the Indenture, in Accounts segregated from all other moneys of the Trustee or the NMFA.

(a) a Program Fund and within such fund a separate Account for each Agreement;

(b) a Debt Service Fund and within such fund a separate Account for each Agreement;

(c) a Bond Fund;

(d) an Agreement Reserve Fund and within such fund, a separate Account for each Agreement which contemplates the establishment of an Agreement Reserve Account;

(e) an Expense Fund;

(f) a Rebate Fund and within such fund a separate Account for each Agreement;

(g) a Governmental Gross Receipts Tax, Additional Pledged Loan Revenue and Tax Subsidy Revenue Fund (the "Revenue Fund") established as an account of the Public Project Revolving Fund; and

(h) a Common Debt Service Reserve Fund.

In addition to the foregoing, with respect to Additional Pledged Loans the Trustee will, if directed in a Supplemental Indenture, establish subaccounts within the Program Fund, the Agreement Reserve Fund or the Debt Service Fund for such Additional Pledged Loans.

Flow of Funds

All Funds will be accounted for and maintained by the NMFA in the Funds and Accounts established in the Indenture. Each Fund and Account will be kept separate and apart from all other Funds and Accounts of the NMFA, except that Accounts may be consolidated within one or more special trust accounts within funds. Any amount deposited pursuant to a consolidation shall remain traceable and sufficiently distinguishable in relation to each Agreement and Governmental Unit to permit any applicable arbitrage, yield restriction or similar calculations to be made. The Funds will be expended and used by the Trustee and the NMFA only in the manner of order and priority specified below:

Program Fund. Upon the issuance of a Series of Bonds the Trustee will deposit an amount specified in the related Supplemental Indenture in the Program Fund and will allocate such amount to the respective Accounts within the Program Fund as provided in each Agreement. Disbursements from each Account within the Program Fund may be made in stages or in a single disbursement for the purpose of funding a Governmental Unit's capital projects account to the extent permitted by the Indenture, and upon acknowledgment of the Governmental Units of its obligation to comply with the provisions of the Indenture. Disbursements from each Account within the Program Fund with respect to an Agreement with a Governmental Unit will (except for amounts to be used for capitalized interest on the Loan and as may be directed in a Supplemental Indenture with respect to Grants) only be made upon the delivery to the Trustee of a requisition substantially in the form attached to each Agreement signed by an Authorized Officer of the Governmental Unit.

Application of Loan Payments. The flow of funds is discussed in the forepart of this Official Statement under the heading "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Flow of Funds." The following paragraphs supplement that discussion.

All income earned from the investment of moneys in the respective Accounts of the Debt Service Account and the Agreement Reserve Fund (but only to the extent that the amount on deposit therein exceeds the related Agreement Reserve Requirement), will be deposited in the related Account of the Debt Service Account and applied as a credit to the Loan Payment next coming due under the Agreement, provided, however, that all earnings received on the Governmental Unit's Accounts will be allocated solely to the benefit of such Governmental Unit. The Trustee will notify the Governmental Unit at least fifteen (15) days prior to the due date of its next payment of Loan Payments of the amount of earnings so allocated.

In the event that the Trustee receives Prepayments under a Loan Agreement or Securities, the Trustee will apply such Prepayments to the mandatory redemption of the Bonds or portions thereof in accordance with the related Supplemental Indenture, except with respect to the Series 2004B and each series of Bonds issued thereafter, which are subject to the provisions of the Indenture discussed in the forepart of this Official Statement under the caption "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Application of Loan Prepayments."

At least once a year the Trustee will determine the amount necessary (i) to be transferred to the Bond Fund from each Debt Service Account on Interest Payment Dates for the Bonds from payments relating to a Governmental Unit's Agreement, (ii) to replenish the Governmental Unit's Account in the Agreement Reserve Fund, and (iii) to pay the Governmental Unit's share of Program Costs for the year, and will return any excess which the Trustee does not expect to be required for such payments to the related Governmental Unit or will credit such excess to the Loan Payments next coming due under the Governmental Unit's Agreement; provided, however, that (a) any excess attributable to earnings on funds and accounts for the Governmental Unit will be returned to the Governmental Unit or will be credited to the Loan Payments next coming due under the Governmental Unit's related Loan Agreement, Grant Agreement or Securities; and (b) any excess attributable to the difference in interest rates on the Governmental Unit's Loan and the relevant Outstanding Series of Bonds will be deposited into the Revenue Fund.

Amounts on deposit in the respective Account of the Agreement Reserve Fund in excess of the related Agreement Reserve Account Requirement will be transferred at least annually to the related Accounts of the Debt Service Account and credited against payments next coming due under such Loan Agreement or Securities.

Amounts on deposit in the respective Account of the Agreement Reserve Fund will be applied toward the final payment of amounts falling due under the related Loan Agreement or Securities.

As provided in an Agreement, a Governmental Unit may (i) fund an Account in the Agreement Reserve Fund over time from deposits made by or on behalf of the Governmental Unit or (ii) may use any reserve fund surety or similar investments in lieu of a cash deposit to the Agreement Reserve Fund.

Amounts on deposit in each Agreement Reserve Account, if any, secure only the payments to be made under the related Agreement and may not be applied toward payments under any other Agreement or toward payment of the Bonds, except to the extent that amounts are due and owing under the related Agreement and amounts are not otherwise available for such payments in related Account of the Debt Service Account.

All moneys held by the Trustee in the Bond Fund will be applied in accordance with the Indenture to pay the principal or redemption price of Bonds as they mature or become due, upon surrender thereof, and the interest on Bonds as it becomes payable. There will be deposited into the Bond Fund all accrued interest received, if any, at the time of the execution, sale and delivery of the Bonds.

Amounts remaining on deposit in the Bond Fund at the end of each Bond Fund Year and after payment of all amounts due on the Bonds for such Bond Fund Year will be transferred to the Revenue Fund.

Common Debt Service Reserve Fund

Pursuant to a Supplemental Indenture, the NMFA has established the Common Debt Service Reserve Fund, which is currently funded in the amount of $30,391,290 (as of May 31, 2016). The NMFA will determine, as of the end of each Bond Fund Year, the Required Common Debt Service Reserve Funding Level. The NMFA will deposit the Annual Common Debt Service Reserve Deposit Amount with the Trustee in the Common Debt Service Reserve Fund within three (3) business days of receipt by the NMFA of the disbursement of the NMFA Portion of the Governmental Gross Receipts Tax distributed to the NMFA by the trustee under the Subordinated Indenture on June 16, being the day after the end of the applicable bond fund year under the Subordinated Indenture. The disbursement of the NMFA Portion of the Governmental Gross Receipts Tax becomes available to the NMFA pursuant to the following process: (i) at the end of each Bond Fund Year, amounts remaining in the Revenue Fund are disbursed to the NMFA pursuant to the Indenture, (ii) pursuant to the Subordinated Indenture, the NMFA is obligated to transfer such amounts to the trustee under the Subordinated Indenture on June 1 of each year, (iii) the trustee under the Subordinated Indenture applies such amounts as required under the Subordinated Indenture, and (iv) the trustee under the Subordinated Indenture transfers the remaining balance of the revenue fund under the Subordinated Indenture to the NMFA on June 16 of each year.

If amounts on deposit in the Common Debt Service Reserve Fund are greater than the Required Common Debt Service Reserve Funding Level for a given Bond Fund Year, then no additional deposit will be made to the Common Debt Service Reserve Fund for such Bond Fund Year. Any such excess amount may be used during the subsequent Bond Fund Year, at the discretion of the NMFA, for the redemption of Bonds prior to maturity by depositing the amount into the Bond Fund or the defeasance of any Bonds. If the NMFA has deposited the entirety of the available Annual Common Debt Service Reserve Deposit Amount as of a Bond Fund Year end, but the amount in Common Debt Service Reserve Fund is less than the Required Common Debt Service Reserve Funding Level, then the NMFA will not be required to fund from any other source any such difference in excess of the Annual Common Debt Service Reserve Deposit Amount; provided, however, if a funding difference remains (based on the annual recalculation of the Required Common Debt Service Reserve Funding Level), then the next year's available Annual Common Debt Service Reserve Deposit Amount will be applied to that difference.

If the amounts on deposit in any Governmental Unit's Account of the Debt Service Fund are insufficient for payments coming due under the related Loan Agreement or Securities on the next Loan Payment Date, after applying any applicable Agreement Reserve Account or other source for the payment of Debt Service, on the third day preceding a Loan Payment Date (or, if such third day is not a Business Day, on the Business Day next preceding such third day), the Trustee will transfer from the Common Debt Service Reserve Fund, an amount sufficient, together with amounts in the related Debt Service Account, to pay the Principal Component and the Interest Component due under such Loan Agreement or Securities on such Loan Payment Date. Amounts on deposit in the Common Debt Service Reserve Fund may not be applied toward payment of the Bonds, except to the extent that amounts are due and owing under the Bonds and amounts are not otherwise available for such payments in the Debt Service Fund.

If all of the following are true: (i) amounts in the Common Debt Service Reserve Fund have been disbursed to pay Principal Component or and Interest Component due under a Loan Agreement or in relation to Securities, (ii) at a Bond Fund Year end following such disbursement, a portion of the Annual Common Debt Service Reserve Deposit Amount that was funded into the Common Debt Service Reserve Fund was attributable to disbursements that should have been restored by a Governmental Unit prior to such Bond Fund Year end (a "CDSR Restorative Funding"), (iii) the relevant Governmental Unit later came into compliance as to certain delinquent payments that had been covered by Common Debt Service Reserve Fund disbursements (a "CDSR Compliance Restoration"), and (iv) the amount in the Common Debt Service Reserve Fund exceeds the Required Common Debt Service Reserve Funding Level; then no more frequently than every three months, the Trustee, upon the written request of the NMFA (which written request will also certify that the foregoing conditions have been satisfied) will disburse to the NMFA the amount by which aggregate CDSR Compliance Restoration amounts exceed the aggregate CDSR Restorative Funding amounts.

If no Bonds remain outstanding (or all Bonds have been defeased), then upon the request of the NMFA, any amount remaining in the Common Debt Service Reserve Fund will be disbursed by the Trustee to the NMFA, and the disbursed amounts may be used by the NMFA for any purpose described in the Indenture.

Investment of Moneys

Any moneys held as part of a Governmental Unit's Account in any of the Funds established under the Indenture will be invested and reinvested by the Trustee at the direction of the related Governmental Unit in Permitted Investments in accordance with the following provisions.

Any such investments will be held by or under the control of the Trustee. The Trustee will sell and reduce to cash a sufficient amount of such investments whenever the cash balance in the related Debt Service Account is insufficient to pay the principal of and premium, if any, and interest on the related Loan Agreement or Securities when due. In the absence of an appropriate direction from a Governmental Unit as to investment of funds, the Trustee will invest and reinvest such amounts in a daily money market fund which invests only in United States Government Obligations.

Any moneys held (i) as part of a Governmental Unit's Account in any of the Funds established under the Indenture or (ii) by the NMFA as agent for the Trustee will be invested and reinvested by the NMFA or the Trustee, as the case may be, at the direction of the related Governmental Unit in Permitted Investments as directed by the Loan Agent or the Securities and in accordance with the following provisions.

The Trustee or the NMFA will sell and reduce to cash a sufficient amount of such investments whenever the cash balance in the related Debt Service Account is insufficient to pay the principal of and premium, if any, and interest on the related Loan Agreement or Securities when due.

Any moneys on deposit in the Revenue Fund, the Expense Fund, the Rebate Fund or the Bond Fund will be invested and reinvested by the Trustee at the direction of the NMFA only in Permitted Investments in accordance with the Indenture. Any such investments will be held by or under the control of the Trustee. The Trustee will sell and reduce to cash a sufficient amount of the investments on deposit in the Bond Fund whenever the cash balance in the Bond Fund is insufficient to pay the principal of and premium, if any, and interest on the Bonds when due.

All such investments will at all times be a part of the account or fund from where the money used to acquire such investments was deposited and all gains thereon will be credited to, and losses thereon will be charged against, such accounts or funds except as expressly provided to the contrary in the Indenture.

All investments will mature, or be subject to repurchase, withdrawal without penalty, or redemption at the option of the owner on or before the dates on which the amounts invested are reasonably expected to be needed for the purposes of the Indenture.

The principal of the investments and the interest, income, and profits received in respect thereof will be applied as follows:

(i) all interest, income, and profits received in respect of the investment of the amounts on deposit in a Governmental Unit's Account in any of the Funds established under the Indenture will (after deduction of any losses) be retained in the applicable Governmental Unit's Account from which the investment was derived (except as otherwise required with respect to the Agreement Reserve Fund and deposits to be made to the Rebate Fund); and

(ii) all interest, income, and profits received in respect of the investment of the amounts on deposit in the Revenue Fund, the Rebate Fund, the Bond Fund or the Common Debt Service Reserve Fund will (after deduction of any losses) be retained in such Fund; and

(iii) whenever any other transfer or payment is required to be made from any particular Fund or Account, such transfer or payment will be made from such combination of maturing principal, redemption, or repurchase prices, liquidation proceeds, and withdrawals of principal as the Trustee deems appropriate for such purpose, after taking into account such factors as future transfers or payments from the Fund or Account in question, the reinvestment opportunities for maturing principal, the current yield on any permitted investments to be

redeemed, withdrawn, or sold, and any penalties, gains, or losses to be realized upon any such redemption, withdrawal, or sale.

The Trustee will not be accountable for any depreciation in the value of the Permitted Investments or any losses incurred upon any authorized disposition thereof.

Method and Frequency of Valuation. In computing the amount in any Fund or account, Permitted Investments will be valued at least annually at cost, including commissions and accrued interest but excluding interest accrued following acquisition.

Defeasance

When there has been paid, or provisions for payment have been made to or for the holders and Owners of the Bonds, the principal of and premium, if any, and interest due or to become due on the Bonds at the times and in the manner stipulated therein, and if there has been paid to the Trustee and any paying agents all sums of money due or to become due according to the provisions of the Indenture, then the estate and rights granted by the Indenture will cease, determine and be void, whereupon the Trustee will cancel and discharge the lien of the Indenture and on demand of the NMFA will execute such documents to evidence such release as will be reasonably required by the NMFA and will turn over to the NMFA all balances held by the Trustee under the Indenture (other than amounts required for return to the Governmental Units as provided in the Indenture).

Any Bond will be deemed to be paid within the meaning of and for all purposes of the Indenture when (a) payment of the principal of and the applicable premium, if any, on such Bond, whether at maturity or prior redemption plus interest thereon to the due date thereof, either (i) has been made or caused to be made in accordance with the terms thereof, or (ii) has been provided by irrevocably depositing with the Trustee or other escrow agent, in trust, and the Trustee or other escrow agent has irrevocably set aside exclusively for such payment, (1) moneys sufficient to make such payment, and/or (2) noncallable Governmental Obligations maturing as to principal and interest in such amount and at such times as will insure the availability of sufficient moneys to make such payment, and (3) all necessary and proper fees, compensation and expenses of the Trustee and any paying agents pertaining to the Bonds with respect to which such deposit is made have been paid or the payment thereof provided for to the satisfaction of the Trustee. At such time as a Bond is deemed to be paid under the Indenture, as aforesaid, it will no longer be secured by or entitled to the benefits of the Indenture, except for the purposes of any such payment from such moneys or noncallable Governmental Obligations.

Notwithstanding anything in the Indenture to the contrary, all moneys so deposited with the Trustee (or other escrow agent) as provided in the defeasance provisions of the Indenture may at the direction of the NMFA also be invested and reinvested in noncallable Governmental Obligations, maturing in the amount and at times as set forth in the Indenture, and all income from all noncallable Governmental Obligations in the hands of the Trustee which is not required for the payment of the Bonds and interest and premium, if any, thereon with respect to which such moneys have been so deposited, will be deposited in the Revenue Fund as and when realized and collected for use and application as are other moneys deposited in that fund.

All moneys or noncallable Governmental Obligations set aside and held in trust pursuant to the defeasance provisions of the Indenture for the payment of Bonds (including interest and premium thereon, if any) will be applied to and used solely for the payment of the particular Bonds (including interest and premium thereof, if any) with respect to which such moneys and noncallable Governmental Obligations have been so set aside in trust.

Neither the obligations nor the moneys deposited with the Trustee (or other escrow agent) pursuant to the defeasance provisions of the Indenture will be withdrawn or used for any purpose other than, and will be segregated and held in trust for, the payment of the principal or redemption price of, and interest on, the Bonds or portions thereof.

Whenever moneys or obligations are deposited with the Trustee (or other escrow agent) for the payment or redemption of any Bonds more than sixty (60) days prior to the date that such Bonds are to mature or be redeemed, the Trustee will mail a notice stating that such moneys or obligations have been deposited and identifying the Bonds

for the payment of which such moneys or obligations are being held, to all Owners of Bonds for the payment of which such moneys or obligations are being held.

Notwithstanding anything in the Indenture to the contrary, if moneys or Government Obligations have been deposited or set aside with the Trustee pursuant to the defeasance provisions of the Indenture for the payment of Bonds and such Bonds have not in fact been actually paid in full, no amendment to the defeasance provisions of the Indenture will be made without the consent of the Registered Owner of each Bond affected thereby.

Notwithstanding anything in the Indenture to the contrary, in the event that the principal and/or interest due on any Series of Bonds is paid by a bond insurer with respect to such Series of Bonds pursuant to a financial guaranty insurance policy, the Bonds of such Series will remain Outstanding for all purposes, not be defeased or otherwise satisfied and not be considered paid by the NMFA, and the assignment and pledge of the Trust Estate and all covenants, agreements and other obligations of the NMFA to the Registered Owners and related Security Instrument Issues of such Series of Bonds will continue to exist and will run to the benefit of such bond insurer, and such bond insurer will be subrogated to the rights of such Registered Owners and related Security Instrument Issues of such Series of Bonds.

Default Provisions and Remedies of the Trustee and Owners

Events of Default Defined. Each of the following events is an "Event of Default" under the Indenture:

(a) if payment of any installment of interest on any of the Bonds is not be made by or on behalf of the NMFA when the same becomes due and payable; or

(b) if payment of the principal of or the redemption premium, if any, on any of the Bonds is not be made by or on behalf of the NMFA when the same becomes due and payable, either at maturity or by proceedings for redemption in advance of maturity or through failure to fulfill any payment to any fund hereunder or otherwise; or

(c) if the NMFA is for any reason rendered incapable of fulfilling its obligations under the Indenture; or

(d) if an order or decree is entered, with the consent or acquiescence of the NMFA, appointing a receiver or custodian for any of the Revenues of the NMFA, or approving a petition filed against the NMFA seeking reorganization of the NMFA under the federal bankruptcy laws or any other similar law or statute of the United States of America or any state thereof, or if any such order or decree, having been entered without the consent or acquiescence of the NMFA will not be vacated or discharged or stayed on appeal within 30 days after the entry thereof, or

(e) if any proceeding is instituted, with the consent or acquiescence of the NMFA, for the purpose of effecting a composition between the NMFA and its creditors or for the purpose of adjusting the claims of such creditors pursuant to any federal or state statute now or hereafter enacted, if the claims of such creditors are or may be under any circumstances payable from Revenues; or

(f) if (i) the NMFA is adjudged insolvent by a court of competent jurisdiction, or (ii) an order, judgment or decree be entered by any court of competent jurisdiction appointing, without the consent of the NMFA, a receiver, Trustee or custodian of the NMFA or of the whole or any part of their property and any of the aforesaid adjudications, orders, judgments or decrees is not vacated or set aside or stayed within 60 days from the date of entry thereof; or

(g) if the NMFA files a petition or answer seeking reorganization, relief or any arrangement under the federal bankruptcy laws or any other applicable law or statute of the United States of America or any state thereof; or

(h) if, under the provisions of any other law for the relief or aid of debtors, any court of competent jurisdiction assumes custody or control of the NMFA or of the whole or any substantial part of the property of the NMFA, and such custody or control is not terminated within 30 days from the date of assumption of such custody or control; or

(i) if the NMFA defaults in the due and punctual performance of any other of the covenants, conditions, agreements and provisions contained in the Bonds or the Indenture or any Supplemental Indenture on the part of the NMFA to be performed, other than as set forth above in this section and such Default continues for 30 days after written notice specifying such Event of Default and requiring the same to be remedied has been given to the NMFA by the Trustee, which may give such notice in its discretion and will give such notice at the written request of the Registered Owners of not less than twenty-five percent (25%) in aggregate principal amount of the Bonds then Outstanding.

Remedies of the Trustee. If an Event of Default has occurred and is continuing, the Trustee in its discretion may, and upon the written request of the Owners of a majority in aggregate principal amount of all Bonds then Outstanding and receipt of indemnity to its satisfaction, will, in its own name:

(a) by mandamus or other action or proceeding or suit at law or in equity enforce the rights of the Owners of the Bonds under the Indenture, including enforcing any rights under the Agreements and Security Documents and the provisions of the Indenture for the benefit of the Owners of the Bonds against the NMFA and any related Governmental Unit, and compel the NMFA and any related Governmental Unit, to perform or carry out its duties under the law and the agreements and covenants required to be performed by it contained in the Indenture or in any Agreement (including the appointment of a receiver); or

(b) by suit in equity enjoin any acts or things which are unlawful or violate the rights of the Trustee; or

(c) intervene in judicial proceedings that affect the Bonds, the Agreements, or the security therefor; or

(d) exercise any or all remedies permitted under the Agreements or Security Documents; or

(e) cause the NMFA or any related Governmental Unit to account as if it were the Trustee of an express trust for all of the Revenues or Agreement Pledged Revenues, pledged under the Indenture or pursuant to the Agreements and any Security Documents.

Non-Waiver. A waiver of any default or breach of duty or contract by the Trustee or the Owners will not affect any subsequent default or breach of duty or contract or impair any rights or remedies on any subsequent default or breach of duty or contract. No delay or omission by the Trustee or the Owners to exercise any right or remedy accruing upon any default or breach of duty or contract will impair any such right or be construed to be a waiver of any such default or breach of duty or contract or an acquiescence therein, and every right or remedy conferred upon the Trustee or the Owners by law or by the Indenture may be enforced and exercised from time to time and as often as may be deemed expedient by the Trustee or the Owners.

If any action, proceeding or suit to enforce any right or to exercise any remedy is abandoned or determined adversely to the Trustee or the Owners, the Trustee, the Owners, the NMFA, and the Governmental Units will be restored to the former positions, rights and remedies as if such action, proceeding or suit had not been brought or taken.

Remedies Not Exclusive. No remedy conferred upon or reserved to the Trustee or the Owners under the Indenture is intended to be exclusive of any other remedy, and each such remedy is cumulative and is in addition to every other remedy given under the Indenture or now or hereafter existing in law or in equity or by statute or otherwise and may be extended without exhausting and without regard to any other remedy conferred by any law.

No Liability by the Governmental Units to the Owners. Except for the payment when due of the Loan Payments and the performance of the other agreements and covenants required to be performed by it contained in the Agreements and Security Documents, the Governmental Units will not have any obligation or liability to the Owners with respect to the Indenture or the preparation, execution, delivery or transfer of the Bonds or the disbursement of the Loan Payments, by the Trustee, or with respect to the performance by the NMFA of any right or obligation required to be performed by it contained in the Indenture or for the performance by any other Governmental Unit of such other Governmental Unit's obligations under an Agreement or Security Documents.

Limitation of Owners' Right to Bring Suit. No Owner of any Bond has any right to institute any proceeding, judicial or otherwise, under or with respect to the Indenture, for the appointment of a receiver or Trustee or for any other remedy, at law or in equity, unless:

(a) such Owner has previously given written notice to the Trustee of a continuing Event of Default;

(b) the Owners of not less than a majority of the aggregate principal amount of the Bonds Outstanding have made written request to the Trustee to institute proceedings in respect of such Event of Default in its own name as Trustee under the Indenture;

(c) such Owner or Owners have offered to the Trustee reasonable indemnity, satisfactory to the Trustee, against the costs, expenses and liabilities to be incurred in compliance with such request; and

(d) the Trustee for 60 days after its receipt of such notice, request and offer of indemnity has failed to institute any such proceeding.

No one or more Owners has any right in any manner whatever by virtue of, or by availing of, any provision of the Indenture to affect, disturb or prejudice the lien of the Indenture or the rights of any other Owners or to obtain or to seek to obtain priority or preference over any other Owners or to enforce any right under the Indenture, except in the manner provided in the Indenture and for the equal and ratable benefit of all Bond Owners. Notwithstanding the foregoing, the Owner of any Bond has the right which is absolute and unconditional to receive payment of interest on such Bond when due in accordance with the terms of the Bonds and the Indenture and the principal of such Bond at the stated maturity of the Bonds and to institute suit for the enforcement of any such payment in accordance with the provisions of the Indenture and such rights will not be impaired without the consent of such Owner.

The Owners of a majority in aggregate principal amount of the Bonds Outstanding under the Indenture have the right, after furnishing indemnity satisfactory to the Trustee, to direct the method and place of conducting all remedial proceedings by the Trustee, provided that such direction is not in conflict with any rule of law or with the Indenture or unduly prejudice the rights of minority Owners of Bonds.

Application of Funds Upon Default. All moneys received by the Trustee or by any receiver pursuant to any right given or action taken under the default provisions of the Indenture or under the provisions of the related Agreements, will, after payment of the reasonable costs and fees of, and the reasonable expenses, liabilities and advances incurred or made by the Trustee, be deposited in the Bond Fund and all moneys so deposited during the continuance of an Event of Default (other than moneys deposited to the Bond Fund for the payment of Bonds which have previously matured or otherwise become payable prior to such Event of Default), together with all moneys in the Funds maintained by the Trustee or the NMFA under the Indenture, will be applied as follows:

(a) Unless the principal of all Bonds shall have become due and payable, all such moneys will be applied, as follows:

First: To the payment to the persons or entity entitled thereto of all installments of interest then due on the Bonds, in the order of maturity of the installments of such interest, and, if the amount available will not be sufficient to pay in full any particular installment of interest, then to the

payment ratably according to the amounts due on such installment, to the persons or entity entitled thereto without any discrimination or privilege;

Second: To the payment to the persons or entity entitled thereto of the unpaid principal of and any of the Bonds which have become due (other than Bonds called for prepayment for the payment of which moneys are held pursuant to the provisions of the Indenture), with interest on such Bonds at their rate from the respective dates upon which they became due, in the order of their due dates, and, if the amount available is not sufficient to pay in full Bonds due on any particular date, together with such interest, then to the payment ratably, according to the amount of principal and interest due on such date, to the persons or entities entitled thereto without any discrimination or privilege; and

Third: To be held for the payment to the persons entitled thereto as the same become due of the principal of, the premium, if any, and interest on the Bonds which may thereafter become due at maturity and, if the amount available is not sufficient to pay in full Bonds due on any particular date, together with interest then due and owing thereon, payment will be made ratably according to the amount of principal due on such date to the persons entitled thereto without any discrimination or privilege.

(b) If the principal of all the Bonds becomes due and payable all such moneys will be applied to the payment of the principal and interest then due and unpaid upon the Bonds, with the interest on overdue principal, as aforesaid, without preference or priority of principal over interest or of interest over principal or of any installment of interest over any other installment of interest, or of any Bonds over any other certificates, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or privilege.

Whenever moneys are to be applied pursuant to the provisions of this section, such moneys will be applied at such times, and from time to time, as the Trustee may determine, having due regard for the amount of such moneys available for such application in the future. Whenever the Trustee applies such moneys it will fix the date (which will be an Interest Payment Date unless it deems another date more suitable) upon which date such application is to commence and upon such date interest on the amounts of principal to be paid on such date will cease to accrue. The Trustee will give such notice as it may deem appropriate of the deposit with it of any moneys and of the fixing of any such date and of the Special Record Date in accordance with the Indenture. The Trustee will not be required to make payment to the holder of any unpaid Bond until such Bond is presented to the Trustee for appropriate endorsement or for cancellation if fully paid.

Waivers of Events of Default. The Trustee may in its discretion waive any Event of Default and its consequences and will do so upon the written request of the Registered Owners of (a) a majority in aggregate principal amount of all the Bonds then outstanding in respect of which Default in the payment of principal and interest exist, or (b) a majority in aggregate principal amount of the Bonds then Outstanding in the case of any other Event of Default; provided, however, that there will not be waived (i) any Event of Default in the payment of the principal of any Bonds at the date of maturity specified therein, or (ii) any default in the payment when due of the interest on any such Bonds, unless prior to such waiver or rescission, all arrears of interest, with interest (to the extent permitted by law) at the rate borne by the Bonds in respect of which such Event of Default has occurred on overdue installments of interest and all arrears of payments of principal and premium, if any, when due and all expenses of the Trustee, in connection with such Event of Default has been paid or provided for, and in case of any such waiver or rescission, or in case any proceeding taken by the Trustee on account of any such Event of Default has been discontinued or abandoned or determined adversely, then and in every such case the NMFA, the Trustee and the Registered Owners will be restored to their former positions and rights under the Indenture, respectively, but no such waiver or rescission will extend to any subsequent or other Event of Default, or impair any right consequent thereon.

Supplemental Indentures

Supplemental Indentures Not Requiring Consent of Owners. The NMFA and the Trustee may, without consent of, or notice to, any of the Owners enter into an indenture or indentures supplemental to the Indenture for any one or more of the following purposes:

(a) To provide for the issuance of Additional Bonds in accordance with the provisions of the Indenture;

(b) To cure any ambiguity or formal defect or omission in the Indenture;

(c) To grant to or confer upon the Trustee for the benefit of the Owners any additional rights, remedies, powers or authority that may lawfully be granted to or conferred upon the Registered Owners or the Trustee;

(d) To subject to the Indenture additional revenues, properties or collateral;

(e) To evidence the appointment of a separate Trustee or paying agent or the succession of a new Trustee or paying agent under the Indenture;

(f) To make any other change which in the judgment of the Trustee is not materially adverse to the interests of the Trustee or any of the Owners;

(g) To make any amendments with the prior written confirmation from of the Rating Agency that such amendments will not result in the rating on the Bonds following such amendment being lower than the rating on the Bonds immediately prior to such amendment; and

(h) To add additional covenants of the NMFA or any Governmental Unit or to surrender any right or power conferred upon the NMFA in the Indenture or any Governmental Unit or to grant additional powers or rights to the Trustee.

Supplemental Indentures Requiring Consent of Owners. Exclusive of supplemental indentures covered by the foregoing section and subject to the following terms and provisions and not otherwise, the Owners of not less than a majority in aggregate principal amount of the Bonds then outstanding will have the right, from time to time, anything contained in the Indenture to the contrary notwithstanding, to consent to and approve the execution by the NMFA and the Trustee of such other indenture or indentures supplemental to the Indenture as may be deemed necessary and desirable by the NMFA for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in the Indenture or in any supplemental indenture; provided, however, that nothing in this section or in the foregoing section will permit, or be construed as permitting, (i) an extension of the maturity of the principal of, or the interest on, any Bond, or (ii) a reduction in the principal amount of, or redemption premium on, any Bond or the rate of interest thereon, or (iii) a privilege or priority of any Bond or Bonds over any other Bond or Bonds, or (iv) a reduction in the aggregate principal amount of the Bonds required for consent to such supplemental indentures, or (v) permit the creation of any lien ranking prior to the lien of the Indenture on the Trust Estate or any part thereof, or (vi) deprive the Owner of any Bond then outstanding of the lien created by the Indenture on the Trust Estate without the prior consent of one hundred percent (100%) of the holders of the Bonds affected by such supplemental indenture. The Trustee may, but is not obligated to, enter into any such supplemental indenture which adversely affects the Trustee's rights, duties or immunities under the Indenture or the Agreements.

If at any time the NMFA requests the Trustee to enter into any such supplemental indenture for any of the purposes of this section, the Trustee will, upon being satisfactorily indemnified with respect to expenses, cause notice of the proposed execution of such supplemental indenture to be given by registered or certified mail to the owner of each Bond shown by the list of Owners kept at the office of the Trustee. Such notices will briefly set forth the nature of the proposed supplemental indenture and will state that copies thereof are on file at the principal office of the Trustee for inspection by all Owners. If, within one hundred twenty (120) days or such longer period as the

holders of not less than a majority in aggregate principal amount of the Bonds outstanding at the time of the execution of any such supplemental indenture have consented to and approved the execution thereof as provided in the Indenture, no Owner of any Bond will have any right to object to any of the terms and provisions contained therein, or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Trustee or the Governmental Units from executing the same or from taking any action pursuant to the provisions thereof. Upon the execution of any such supplemental indenture as permitted and provided, the Indenture will be and be deemed to be modified and amended in accordance therewith.

Amendment of Agreements and Security Documents.

(a) The NMFA will have the right to amend an Agreement and any existing Security Documents with the Consent of the Trustee and the related Governmental Unit without Bond Owners' consent, for one or more of the following purposes:

(i) to add additional covenants of the NMFA or the related Governmental Unit, as applicable, or to surrender any right or power conferred upon the NMFA or the related Governmental Unit;

(ii) to make any amendments with the prior written confirmation from the Rating Agencies that such amendment will not result in the rating on the Bonds following such amendment being lower than the rating on the Bonds immediately prior to such amendment;

(iii) for any purpose not inconsistent with the terms of the Indenture or to cure any ambiguity or to correct or supplement any provision contained therein or in any amendment thereto which may be defective or inconsistent with any other provision contained therein or in the Indenture or in any amendment thereto or in any Supplemental Indenture, or to make such other provisions in regard to matters or questions arising under any Agreement, or Security Documents which in the judgment of the Trustee do not adversely affect the interests of the Owners of Bonds; or

(iv) to make any other change or amendment upon the delivery to the Trustee of a Cash Flow Statement and an Approval of Bond Counsel.

(b) If the NMFA or a Governmental Unit propose to amend an Agreement or related Security Documents in a manner not contemplated by (a) above the Trustee will notify the Owners of the Bonds of the proposed amendment and may consent thereto with the consent of the Owners of at least a majority in aggregate principal amount of the Bonds then Outstanding.

Fees, Charges and Expenses of the Trustee

Upon an Event of Default, but only upon an Event of Default, the Trustee will have a right of payment prior to payment on account of interest or principal of, or premium, if any, on any Bond for the Trustee's advances, fees, costs and expenses incurred.

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APPENDIX C

CERTAIN ECONOMIC AND DEMOGRAPHIC INFORMATION RELATING TO THE STATE

The following economic and demographic descriptions are furnished for information only. The Series 2016D Bonds do not constitute a general obligation of the State and are special limited obligations of Finance Authority payable solely from the Trust Estate. THE FINANCE AUTHORITY HAS NO TAXING POWERS. The principal of and interest and premium, if any, on the Series 2016D Bonds do not constitute or give rise to a personal liability on the part of the directors and officers of the Finance Authority. No breach of any pledge, obligation or agreement of the Finance Authority will impose a pecuniary liability or a charge upon the general credit of the State, the Finance Authority or any political subdivision of the State, or upon the taxing power of the State or any political subdivision of the State.

The information presented in this Appendix C relates to certain economic and demographic information relating to the State. Such information is for informational purposes and is presented to provide readers a sense of the economic and demographic composition of the State. Such information is available from the sources listed in the tables and is believed to be reliable. However, the Finance Authority has not verified and does not guarantee the accuracy of any such information.

Generally

The State, admitted as the forty-seventh state on January 6, 1912, is the fifth largest state, containing approximately 121,593 square miles. The estimated 2014 population of the State was 2,085,572. The State has a semiarid subtropical climate with light precipitation. Its climate is characterized by sunshine and bright skies in both winter and summer. Every part of the State receives no less than 70 percent sunshine year-round. Humidity ranges from 60 percent (mornings) to 30 percent (afternoons). Thunderstorms in July and August bring most of the moisture. December to March snowfalls vary from 2 inches (lower Rio Grande Valley) to 300 inches (north central mountains).

Governmental Organization

The Executive Branch of State government consists of a Governor, Lieutenant Governor, Secretary of State, State Auditor, State Treasurer, Attorney General, and Commissioner of Public Lands. These officials are elected to four-year terms beginning January 1 after their election. An elected Executive Branch officer may succeed himself or herself in office once. The primary functions of the Executive Branch are currently carried out by the offices of each elected Executive Branch officeholder, in addition to approximately 22 cabinet departments, each headed by a cabinet secretary appointed by the Governor with the advice and consent of the Senate, and approximately 9 cabinet-level agencies. Elections for all executive branch statewide offices were held on November 4, 2014.

The State Board of Finance ("State Board") has seven voting members consisting of the Governor, the Lieutenant Governor, the State Treasurer, and four members appointed by the Governor with the advice and consent of the Senate. No more than two appointed members may be from the same political party. The Department of Finance and Administration (the "DFA") Secretary serves as the Executive Officer of the State Board and is a non-voting member. The State Board, in addition to other powers and duties provided by law, has general supervisory authority over the fiscal affairs of the State and over the safekeeping and depositing of all money and securities belonging to, or in the custody of, the State. The Governor serves as the President of the State Board.

The DFA is the principal financial organization of State government and performs through its divisions the duties and functions relating to State and local government financing and general administration. The executive and administrative head of the DFA is the Secretary, who is appointed by the Governor with the advice and consent of the Senate. The State Board's staff are a division of the DFA. The Director of the State Board is appointed by the Secretary with the approval of the members of the State Board.

The Legislature consists of 112 members and is divided into a Senate and a House of Representatives. Senators are elected for four-year terms and members of the House are elected for two-year terms. The Legislature convenes in regular session annually on the third Tuesday in January. Regular sessions are constitutionally limited in length to 60 calendar days in odd-numbered years and 30 calendar days in even-numbered years. Special sessions of the Legislature may be convened by the Governor. Extraordinary sessions may be convened by the Legislature under certain limited circumstances. Legislators do not receive any salary, but do receive per diem and mileage allowances while in session or performing official State business.

The judicial branch is composed of a statewide system including Magistrate and District Courts, the Court of Appeals and the Supreme Court. The District Courts are the trial courts of record with general jurisdiction.

Economic and Demographic Characteristics

New Mexico is the 36th largest state by population and the fifth largest in land area. The estimated population of the State as of July 1, 2015 was 2,085,109.

There are four Metropolitan Statistical Areas ("MSAs") in the State. The Albuquerque MSA is comprised of Bernalillo, Sandoval, Torrance and Valencia Counties; the Las Cruces MSA is comprised of Doña Ana County; the Santa Fe MSA is comprised of Santa Fe County; and the Farmington MSA is comprised of San Juan County. The fastest growing counties in the State are Sandoval, Doña Ana, Bernalillo, Santa Fe, Valencia, and San Juan. The following table sets forth information on population growth in New Mexico and nationally.

POPULATION
NEW MEXICO AND THE UNITED STATES
2005-2015

	Population		Annual Percentage Change	
Year	New Mexico	United States	New Mexico[1]	United States
2005	1,914,699	295,618,454	1.3%	0.9%
2006	1,940,631	298,431,771	1.4	1.0
2007	1,966,357	301,393,632	1.3	1.0
2008	1,984,179	304,177,401	0.9	0.9
2009	2,007,315	306,656,290	1.2	0.8
2010 (Census)	2,059,192	308,758,105	2.6	0.7
2011 (est.)	2,078,226	311,718,857	0.9	1.0
2012 (est.)	2,084,792	314,102,623	0.3	0.8
2013 (est.)	2,086,890	316,427,395	0.1	0.7
2014 (est.)	2,085,567	318,907,401	(0.1)	0.8
2015 (est.)	2,085,109	321,418,820	—	0.8

(1) Dash (—) represents zero or rounds to zero.
(Source: U.S. Census Bureau, Population Division. Last revised March 2016.)

Major industries in the State include oil and natural gas production, manufacturing, service, tourism, services, arts and crafts, agribusiness, government and mining. Major federally funded scientific research facilities at Los Alamos, Albuquerque and White Sands are also a notable part of the State's economy. The following table sets forth information on employment by industry over the period of 2003 through 2013.

TOTAL FULL-TIME AND PART-TIME EMPLOYMENT BY INDUSTRY

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	Growth 2012-2013	Growth 2004-2013
Total employment	1,025,878	1,049,6539	1,079,061	1,104,526	1,107,0002	1,074,126	1,059,188	1,062,869	1,067,241	1,079,067	1.1%	5.2%
Wage and salary employment	830,075	845,476	868,518	878,592	881,856	849,122	837,320	837,281	842,188	849,701	0.9	2.4
Proprietors employment	195,803	204,163	201,543	225,934	225,146	225,004	221,868	225,588	225,053	229,366	1.9	17.1
Farm proprietors employment	15,632	15,588	15,255	18,193	17,745	17,752	18,664	19,791	20,332	20,424	0.5	30.7
Nonfarm proprietors employment	180,171	188,575	195,288	207,741	207,401	207,252	203,204	205,797	204,721	208,942	2.1	16.0
Farm employment	22,618	23,262	22,829	25,804	24,406	24,710	25,211	26,399	27,461	28,310	3.1	25.2
Nonfarm employment	1,003,260	1,026,377	1,056,232	1,078,722	1,082,596	1,049,416	1,033,977	1,036,470	1,039,780	1,050,757	1.1	4.7
Private employment	785,654	807,678	841,900	868,783	869,301	833,198	816,542	822,659	827,901	839,397	1.4	6.8
Forestry, fishing, related activities and other[(1)]	5,171	5,229	5,135	5,172	5,311	5,307	5,215	5,237	5,156	5,219	1.2	0.9
Mining[(2)]	19,059	21,116	23,528	24,891	28,295	24,432	27,022	28,356	34,188	36,824	7.7	93.2
Utilities	4,042	4,074	4,122	4,451	4,564	4,801	4,565	4,508	4,542	4,612	1.5	14.1
Construction[(3)]	68,299	73,895	79,675	80,478	77,887	67,177	61,238	59,293	58,116	59,519	2.4	(12.9)
Manufacturing	40,611	41,175	42,745	42,810	40,595	36,422	34,537	35,613	35,670	35,431	(0.7)	(12.8)
Durable goods manufacturing[(4)]	27,903	28,502	29,863	29,772	28,038	24,371	23,033	23,610	23,108	22,401	(3.1)	(19.7)
Nondurable goods manufacturing[(5)]	12,708	12,673	12,882	13,038	12,557	12,051	11,504	12,003	12,562	13,030	3.7	2.5
Wholesale trade	26,800	27,878	28,863	28,749	28,606	26,582	26,801	26,373	26,100	26,392	1.1	(1.5)
Retail trade[(6)]	113,899	115,813	116,478	118,682	117,897	113,809	110,226	111,331	111,781	113,064	1.1	(0.7)
Transportation and warehousing[(7)]	24,888	25,271	25,875	27,380	26,629	24,279	23,351	24,281	25,336	25,419	0.3	2.1
Information[(8)]	17,151	17,289	18,424	18,805	18,942	17,457	17,114	16,469	16,477	16,035	(2.7)	(6.5)
Finance and insurance[(9)]	31,532	31,907	32,185	33,693	34,628	35,848	34,550	35,451	35,053	35,651	1.7	13.1
Real estate and rental and leasing[(10)]	34,836	38,266	40,436	42,998	42,557	40,380	39,916	39,833	38,407	39,024	1.6	12.0
Professional and technical services	65,996	66,766	74,267	81,912	82,032	80,366	78,331	77,473	76,106	75,906	(0.3)	15.0
Management of companies and enterprises	5,347	6,349	6,428	6,073	5,906	5,587	5,406	5,504	5,456	5,553	1.8	3.9
Administrative and waste services[(11)]	54,534	55,159	58,410	60,352	60,260	55,817	54,266	54,742	53,420	54,433	1.9	(0.2)
Educational services	14,862	15,349	15,869	15,714	15,908	16,263	16,734	16,208	16,101	16,002	(0.6)	7.7
Health care and social assistance[(12)]	103,494	104,958	107,797	111,692	114,683	118,041	119,378	121,489	123,288	124,570	1.0	20.4
Arts, entertainment and recreation[(13)]	20,933	21,404	21,792	22,840	23,229	23,212	22,981	23,007	23,592	24,247	2.8	15.8
Accommodation and food services[(14)]	80,463	81,317	84,409	85,075	83,953	81,660	81,122	82,309	83,203	85,309	2.5	6.0
Other services, except public administration[(15)]	53,737	54,463	55,462	57,016	57,419	55,758	53,789	55,182	55,909	56,187	0.5	4.6
Government and government enterprises[(16)]	217,606	218,699	214,332	209,939	213,295	216,218	217,435	213,811	211,879	211,360	(0.2)	(2.9)

(1) The "Forestry, fishing, related activities and other" category includes: forestry and logging; fishing, hunting and trapping; agriculture and forestry support activities.

(2) The "Mining" category includes: oil and gas extraction; mining (except oil and gas); and support activities for mining.

(3) The "Construction" category includes: construction of buildings; heavy and civil engineering construction; and specialty trade contractors.

(4) The "Durable goods manufacturing" category includes: wood product manufacturing; nonmetallic mineral product manufacturing; primary metal manufacturing; fabricated metal product manufacturing; machinery manufacturing; computer and electronic product manufacturing; electrical equipment and appliance manufacturing; motor vehicles, bodies and trailers, and parts manufacturing; other transportation equipment manufacturing; furniture and related product manufacturing; and miscellaneous manufacturing.

(5) The "Nondurable goods manufacturing" category includes: food manufacturing; beverage and tobacco product manufacturing; textile mills; textile product mills; apparel manufacturing; leather and allied product manufacturing; paper manufacturing; printing and related support activities; petroleum and coal products manufacturing; chemical manufacturing; and plastics and rubber products manufacturing.

(6) The "Retail trade" category includes: motor vehicle and parts dealers; furniture and home furnishings stores; electronics and appliance stores; building material and garden supply stores; food and beverage stores; health and personal care stores; gasoline stations; clothing and clothing accessories stores; sporting goods, hobby, book and music stores; general merchandise stores; miscellaneous store retailers; and nonstore retailers.

(7) The "Transportation and warehousing" category includes: air transportation; rail transportation; water transportation; truck transportation; transit and ground passenger transportation; pipeline transportation; scenic and sightseeing transportation; support activities for transportation; couriers and messengers; and warehousing and storage.

(8) The "Information" category includes: publishing industries, except Internet; motion picture and sound recording industries; broadcasting, except Internet; Internet publishing and broadcasting; telecommunications; ISPs, search portals and data processing; and other information services.

(9) The "Finance and insurance" category includes: monetary authorities-central bank; credit intermediation and related activities; securities, commodity contracts, investments; insurance carriers and related activities; and funds, trusts and other financial vehicles.

(10) The "Real estate and rental and leasing" category includes: real estate; rental and leasing services; and lessors of nonfinancial intangible assets.

(11) The "Administrative and waste services" category includes: administrative and support services; and waste management and remediation services.

(12) The "Health care and social assistance" category includes: ambulatory health care services; hospitals; nursing and residential care facilities; and social assistance.

(13) The "Arts, entertainment and recreation" category includes: performing arts and spectator sports; museums, historical sites, zoos and parks; and amusement, gambling and recreation.

(14) The "Accommodation and food services" category includes: accommodation; and food services and drinking places.

(15) The "Other services, except public administration" category includes: repair and maintenance; personal and laundry services; membership associations and organizations; and employment in private households.

(16) The "Government and government enterprises" category includes: federal, civilian; military; state and local; and state government and local government.

(Source: Regional Economic Information System, Bureau of Economic Analysis, Last updated November 2014, including revised estimates for 2004-2013.)

The following tables set forth selected additional economic and demographic data with respect to the State.

EMPLOYMENT AND LABOR FORCE
NEW MEXICO AND THE UNITED STATES
2005-2015

	Civilian Labor Force (Thousands)		Number of Employed (Thousands)		Unemployment Rate		
Year	New Mexico[1]	United States[1]	New Mexico[1]	United States[1]	New Mexico	United States	N.M. as % of U.S. Rate
2005	918	149,320	871	141,730	5.1%	5.1%	100%
2006	928	151,428	889	144,427	4.2	4.6	91
2007	934	153,124	899	146,047	3.8	4.6	83
2008	945	154,287	902	145,362	4.5	5.8	78
2009	940	154,142	869	139,877	7.5	9.3	81
2010[2]	936	153,889	860	139,064	8.1	9.6	84
2011[2]	930	153,617	860	139,869	7.6	8.9	85
2012[2]	928	154,975	862	142,469	7.1	8.1	88
2013[2]	923	155,389	859	143,929	6.9	7.4	93
2014[2]	918	155,922	858	146,305	6.5	6.2	105
2015[2][3]	926	156,571	869	147,848	6.1	5.6	109

(1) Figures rounded to nearest thousand.
(2) Estimates for 2010-2015 are subject to revision. All figures were benchmarked January 2014 and revised April 2015.
(3) Estimates through May 31, 2015.
(Source: U.S. Department of Commerce, Bureau of Business & Economic Research, April 2015.)

PERSONAL INCOME
NEW MEXICO AND THE UNITED STATES
2005-2015

	Personal Income (000)		Annual Percentage Change	
Year	New Mexico	United States	New Mexico	United States
2005	$56,233,308	$10,605,595,000	n/a	n/a
2006	60,090,836	11,376,405,000	6.9%	7.3%
2007	63,643,408	11,990,104,000	5.9	5.4
2008	67,188,091	12,429,234,000	5.6	3.7
2009	66,241,297	12,080,223,000	(1.4)	(2.8)
2010	68,505,892	12,417,659,000	3.4	2.8
2011	72,234,158	13,189,935,000	5.4	6.2
2012	74,601,613	13,873,161,000	3.3	5.2
2013	74,996,363	14,151,427,000	0.5	2.0
2014	78,428,001	14,708,582,165	4.6	3.9
2015[1]	80,201,000	15,324,109,000	3.7	4.4

(1) Preliminary.
(Source: U.S. Department of Commerce, Bureau of Economic Analysis, Regional Data. Last revised: March 2016.)

PER CAPITA PERSONAL INCOME
NEW MEXICO AND THE UNITED STATES
2005-2015

	Per Capita Income			Annual Percentage Change	
Year	New Mexico	United States	N.M. as a % of U.S.	New Mexico	United States
2005	$29,102	$35,888	81%	n/a	n/a
2006	30,625	38,127	80	5.2%	6.2%
2007	31,980	39,804	80	4.4	4.4
2008	33,416	40,873	82	4.5	2.7
2009	32,522	39,379	83	(2.7)	(3.7)
2010	33,175	40,144	83	2.0	1.9
2011	34,763	42,332	82	4.8	5.5
2012	35,805	44,200	81	3.0	4.4
2013	35,965	44,765	80	0.4	1.3
2014	37,605	46,129	82	4.6	3.0
2015(1)	38,457	47,669	81	2.3	3.3

(1) Preliminary.
(Sources: U.S. Department of Commerce, Bureau of Economic Analysis, Regional Data. Last revised: March 2016.)

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WAGES AND SALARIES BY INDUSTRY SECTOR
2004-2014

NAICS Earnings by Place of Work [(1)] Applicable to 2004-2014	New Mexico (Dollars in Thousands)[(2)]		United States (Dollars in Millions)[(2)]		Cumulative Annual Percent Change 2004 - 2014		Distribution of 2014 Wages & Salaries	
	2014	2004	2014	2004	N.M.	U.S.	N.M.	U.S.
Farm Wage and Salary	$316,816	$187,674	$27,681	$18,954	68.8%	46.0%	0.9%	0.4%
Non-farm Wage and Salary	36,124,338	26,821,260	7,403,229	5,398,485	34.7%	37.1%	99.1%	99.6%
Private Wage and Salary	26,611,194	18,652,137	6,199,925	4,459,362	42.7%	39.0%	73.0%	83.4%
Forestry, Fishing, related activities, and other	*80,121*	*53,944*	*17,292*	*11,001*	*48.5%*	*57.2%*	*0.2%*	*0.2%*
Mining	*2,137,092*	*782,460*	*85,921*	*34,667*	*173.1%*	*147.8%*	*5.9%*	*1.2%*
Utilities	*348,248*	*230,949*	*54,343*	*41,011*	*50.8%*	*32.5%*	*1.0%*	*0.7%*
Construction	*1,913,452*	*1,668,675*	*353,330*	*296,641*	*14.7%*	*19.1%*	*5.3%*	*4.8%*
Manufacturing	*1,662,156*	*1,478,394*	*776,458*	*693,584*	*12.4%*	*11.9%*	*4.6%*	*10.4%*
Wholesale Trade	*1,156,025*	*912,890*	*419,696*	*307,412*	*26.6%*	*36.5%*	*3.2%*	*5.6%*
Retail Trade	*2,613,277*	*2,172,937*	*456,912*	*379,955*	*20.3%*	*20.3%*	*7.2%*	*6.1%*
Transportation and Warehousing	*1,022,555*	*757,576*	*240,077*	*176,695*	*35.0%*	*35.9%*	*2.8%*	*3.2%*
Information	*610,028*	*533,899*	*251,657*	*192,250*	*14.3%*	*30.9%*	*1.7%*	*3.4%*
Finance and Insurance	*1,344,752*	*971,217*	*570,385*	*422,630*	*38.5%*	*35.0%*	*3.7%*	*7.7%*
Real Estate and Rental and Leasing	*393,572*	*293,722*	*111,202*	*81,475*	*34.0%*	*36.5%*	*1.1%*	*1.5%*
Professional, Scientific, and Technical Services	*3,928,318*	*2,383,525*	*736,461*	*436,365*	*64.8%*	*68.8%*	*10.8%*	*9.9%*
Management of Companies and Enterprises	*351,295*	*247,970*	*244,994*	*140,824*	*41.7%*	*74.0%*	*1.0%*	*3.3%*
Administrative and Waste Services	*1,435,936*	*1,147,523*	*317,046*	*217,494*	*25.1%*	*45.8%*	*3.9%*	*4.3%*
Educational Services	*350,569*	*247,339*	*136,968*	*84,461*	*41.7%*	*62.2%*	*1.0%*	*1.8%*
Health Care and Social Assistance	*4,472,448*	*2,754,497*	*846,653*	*531,879*	*62.4%*	*59.2%*	*12.3%*	*11.4%*
Arts, Entertainment, and Recreation	*215,961*	*152,302*	*81,213*	*57,208*	*41.8%*	*42.0%*	*0.6%*	*1.1%*
Accommodations and Food Services	*1,515,710*	*1,055,468*	*264,221*	*179,164*	*43.6%*	*47.5%*	*4.2%*	*3.6%*
Other Services, Except Public Administration	*1,099,679*	*806,850*	*235,097*	*174,646*	*36.3%*	*34.6%*	*3.0%*	*3.1%*
Government and Government Enterprises	*9,513,144*	*8,169,123*	*1,203,304*	*939,123*	*16.5%*	*28.1%*	*26.1%*	*16.2%*
Total	$36,441,154	$27,008,934	$7,430,910	$5,417,439				

[(1)] The estimates of wage and salary disbursements for 2002-2006 are based on the 2002 North American Industry Classification System (NAICS). The estimates for 2007 forward are based on the 2007 NAICS.
[(2)] All dollar estimates are in current dollars (not adjusted for inflation).
(Source: U.S. Department of Commerce, Bureau of Economic Analysis, March 25, 2015.)

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APPENDIX D

FORM OF OPINION OF BOND COUNSEL

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[Form of opinion of Ballard Spahr LLP]

__________, 2016

New Mexico Finance Authority
Santa Fe, New Mexico

Re: $116,485,000 New Mexico Finance Authority Senior Lien Public Project Revolving Fund Revenue Bonds, Series 2016D

We have acted as bond counsel in connection with the issuance by the New Mexico Finance Authority (the "Finance Authority") of its Senior Lien Public Project Revolving Fund Revenue Bonds, Series 2016D in the aggregate principal amount of $116,485,000 (the "Series 2016D Bonds"). The Series 2016D Bonds are being issued for the purpose of providing funds to (i) originate loans to or purchase securities from, or reimburse the Finance Authority for monies used to originate loans to or purchase securities from certain governmental units within the State of New Mexico (each a "Governmental Unit"), which loans or securities are used to finance or refinance a public project for the use and benefit of the respective Governmental Unit and (ii) pay costs of issuance associated with the Series 2016D Bonds.

The Finance Authority is a public body politic and corporate created by and existing under the New Mexico Finance Authority Act, Sections 6-21-1 *et. seq.*, NMSA 1978, as amended and supplemented (the "Act"). The Series 2016D Bonds are authorized under and secured by a General Indenture of Trust and Pledge dated as of June 1, 1995 as heretofore amended and supplemented (the "General Indenture"), and as further amended and supplemented by a Ninety-First Supplemental Indenture of Trust dated as of July 1, 2016 (the "Ninety-First Supplemental Indenture," and collectively with the General Indenture, the "Indenture") between the Finance Authority and BOKF, NA, as successor trustee (the "Trustee"). Capitalized terms not otherwise defined herein shall have the meanings set forth in the Indenture.

We have reviewed the Indenture, an opinion of the general counsel to the Finance Authority, certificates of the Finance Authority, the Trustee, and others, and such other documents, opinions and matters to the extent we deemed necessary to render the opinions set forth herein. As to the questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications furnished to us without undertaking to verify the same by independent investigation. Our examination has been limited to the foregoing as they exist or are in effect as of the date hereof. Our opinion is limited to the matters expressly set forth herein, and we express no opinion concerning any other matters.

Based on our examination and the foregoing, we are of the opinion, as of the date hereof and under existing law as follows:

1. The Finance Authority is a public body politic and corporate duly organized and validly existing under the laws of the State of New Mexico, and has lawful authority to issue the Series 2016D Bonds.

2. The Indenture has been duly executed and delivered by, and is a valid and binding obligation of, the Finance Authority. The Indenture creates a valid pledge of the Trust Estate pledged under the Indenture to secure the payment of the principal of and interest on the Series 2016D Bonds, subject to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth in the Indenture.

3. The Series 2016D Bonds constitute special limited obligations of the Finance Authority, payable solely from the Trust Estate and do not constitute a general obligation or other indebtedness of the State of New Mexico or any Governmental Unit within the meaning of any constitutional or statutory debt limitation.

4. Interest on the Series 2016D Bonds is excludable from gross income for purposes of federal income tax under existing laws as enacted and construed on the date of initial delivery of the Series 2016D Bonds, assuming the accuracy of the certifications of the Finance Authority and continuing compliance by the Finance

Authority with the requirements of the Internal Revenue Code of 1986. Interest on the Series 2016D Bonds is not an item of tax preference for purposes of either individual or corporate federal alternative minimum tax ("AMT"); however, interest on Series 2016D Bonds held by a corporation (other than an S corporation, regulated investment company, or real estate investment trust) may be indirectly subject to federal AMT because of its inclusion in the adjusted current earnings of a corporate holder.

5. Under the laws of the State of New Mexico as enacted and construed on the date hereof, interest on the Series 2016D Bonds is excluded from net income of the owners thereof for State of New Mexico income tax purposes.

In rendering our opinion, we wish to advise you that:

(a) the rights of the holders of the Series 2016D Bonds and the enforceability thereof and of the documents identified in this opinion may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium, and other laws relating to or affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable, and their enforcement may also be subject to the application of equitable principles and the exercise of judicial discretion in appropriate cases;

(b) we express no opinion herein as to the accuracy, adequacy, or completeness of the Official Statement or any other offering material relating to the Series 2016D Bonds; and

(c) except as set forth above, we express no opinion regarding any other tax consequences relating to the ownership or disposition of, or the accrual or receipt of interest on, the Series 2016D Bonds.

Respectfully submitted,

APPENDIX E

BOOK-ENTRY ONLY SYSTEM

The information in this section concerning DTC and DTC's book-entry only system has been obtained from sources that the Finance Authority and the Municipal Advisor believe to be reliable, but the Finance Authority and the Municipal Advisor take no responsibility for the completeness or accuracy thereof. The following description of the procedures and record keeping with respect to beneficial ownership interests in the Series 2016D Bonds, payment of principal, premium, if any, interest on the Series 2016D Bonds to DTC Participants or Beneficial Owners, confirmation and transfers of beneficial ownership interests in the Series 2016D Bonds and other related transactions by and between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC.

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Series 2016D Bonds. The Series 2016D Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Series 2016D Bond certificate will be issued for each maturity of the Series 2016D Bonds, each in the aggregate principal amount of such issue, and will be deposited with DTC.

DTC and its Participants. DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Series 2016D Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2016D Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2016D Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2016D Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Series 2016D Bonds, except in the event that use of the book-entry system for the Series 2016D Bonds is discontinued.

To facilitate subsequent transfers, all Series 2016D Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2016D Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2016D Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2016D Bonds are credited, which may or may not be the

Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices will be sent to DTC. If less than all of the Series 2016D Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Series 2016D Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Finance Authority as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2016D Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions and dividend payments on the Series 2016D Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Finance Authority or the Trustee, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC or its nominee, the Trustee or the Finance Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Finance Authority or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Series 2016D Bonds at any time by giving reasonable notice to the Finance Authority or the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, Bond certificates are required to be printed and delivered.

The Finance Authority may decide to discontinue use of the system of book-entry only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

When reference is made to any action which is required or permitted to be taken by the Beneficial Owners, such reference only relates to those permitted to act by statute, regulation or otherwise on behalf of such Beneficial Owners for such purposes. When notices are given, they are to be sent to DTC, and the Finance Authority does not have responsibility for distributing such notices to the Beneficial Owners.

The Finance Authority does not have any responsibility or obligation to the DTC Participants or the Beneficial Owners with respect to (a) the accuracy of any records maintained by DTC or any DTC Participant; (b) the payment by DTC or any DTC Participant of any amount due to any Beneficial Owner in respect of the principal of and premium, if any, and interest on the Series 2016D Bonds; (c) the selection of the Beneficial Owners to receive payment in the event of any partial redemption of the Series 2016D Bonds; (d) any consent given or other action taken by DTC, or its nominee, Cede & Co., as Bond Owner; or (e) the distribution by DTC to DTC Participants or Beneficial Owners of any notices received by DTC as registered owner of the Series 2016D Bonds.

APPENDIX F

2016D GOVERNMENTAL UNITS; LARGEST REPAYMENT OBLIGATIONS

2016D Governmental Units

As previously stated, a portion of the proceeds of the Series 2016D Bonds is being used to finance or refinance Loans to be made to the 2016D Governmental Units or to reimburse the Finance Authority, in whole or in part, for Loans made to 2016D Governmental Units. The 2016D Governmental Units, the amount of their respective Loans, the agreement reserve amounts and the maturity dates of the Loans are listed in the following table:

Governmental Unit	Original Loan Amount	Agreement Reserve Amount[1]	Loan Maturity Date
City of Alamogordo	$ 6,870,000	-	06/01/29
Catron County (Glenwood VFD)	108,817	-	05/01/26
Colfax County	6,816,000	-	08/01/39
Eastern Sandoval County Arroyo FCA	2,200,000	-	08/01/30
General Services Department	2,789,054	-	02/01/23
Village of Logan	352,645	-	05/01/27
City of Lordsburg	850,504	-	05/01/36
City of Rio Rancho	259,950	-	05/01/22
City of Rio Rancho	31,980,000	-	05/15/41
City of Rio Rancho	21,825,000		05/01/36
City of Santa Fe	28,600,000	-	06/01/35
City of Santa Fe	11,500,000	-	06/01/24
City of Santa Fe	917,815	-	06/01/25
Santa Fe Public School District	2,962,734	-	06/01/41
Socorro County (Abeytas VFD)	377,834	-	05/01/28
Socorro County (San Antonio VFD)	377,834	-	05/01/28
Torrance County (District 3 FD)	503,716	-	05/01/36
Village of Tularosa	381,864	-	05/01/31
Union County	1,171,793	$117,179	05/01/26
Total	$120,845,560	$117,179	

[1] The Finance Authority has adopted a policy which does not require an Agreement Reserve Account for certain types of Loans including those that have an "A/A2" credit rating, Loans secured by a pledge of the fire protection or state law enforcement funds that produce a debt service coverage ratio of two times, and Loans secured by a general obligation pledge of the respective Governmental Unit. Each of the Loans listed that does not have an Agreement Reserve Account either falls into one of the aforementioned categories or a waiver to the applicable policy has been obtained.

(Source: The Finance Authority.)

Agreements Generating Largest Amount of Agreement Revenues

Information concerning the Agreements representing the five largest repayment obligations and their obligors is provided below.

State of New Mexico General Services Department

The Finance Authority issued a series of Bonds and used a portion of the proceeds thereof to purchase bonds for the benefit of the State of New Mexico General Services Department (the "GSD Bonds"). The General Services Department applied proceeds from the sale of the GSD Bonds to fund building projects in Santa Fe for use by the state government. The GSD Bonds are payable from and secured by a portion of gross receipts tax revenues received by the State of New Mexico and appropriated by the State Legislature or transferred to the State Building

Bond Fund. As of July 1, 2016 the GSD Bonds were outstanding in the aggregate principal amount of $75,185,354 and are scheduled to mature on June 1, 2039.

City of Santa Fe

The Finance Authority has previously entered into various obligations with the City of Santa Fe (the "Santa Fe Gross Receipts Tax Obligations"). The Santa Fe Gross Receipts Tax Obligations have been and are being used to finance or refinance certain infrastructure projects in the City of Santa Fe. A portion of the Santa Fe Gross Receipts Tax Obligations are being refunded with a portion of the proceeds of the Series 2016D Bonds. As of July 1, 2016, the Santa Fe Gross Receipts Tax Obligations were outstanding in the principal amount of $70,051,687 and are payable from and secured by certain gross receipts taxes. The last of the Santa Fe Gross Receipts Tax Obligations is scheduled to mature on June 1, 2037.

New Mexico Spaceport Authority

The Finance Authority has previously issued a series of bonds and has applied certain Prepayments of Loans for the purpose of purchasing securities from the New Mexico Spaceport Authority (the "Spaceport Authority Securities"), the proceeds from which are being used to finance the costs of planning, designing, engineering and constructing a regional spaceport. The Spaceport Authority Securities are payable from and secured by a portion of the county regional spaceport gross receipts tax revenues received by the New Mexico Regional Spaceport District from gross receipts taxes imposed by Dona Aña and Sierra Counties which are pledged by the Regional Spaceport District and the Spaceport Authority to pay the Spaceport Authority Securities. As of July 1, 2016, the Spaceport Authority Securities were outstanding in the aggregate principal amount of $58,855,000 and are scheduled to mature on June 1, 2029.

City of Rio Rancho

The Finance Authority has previously entered into various obligations with the City of Rio Rancho ("Rio Rancho") but the $53,805,000 in new loans with a final maturity in 2041 that are included in the 2016D Bonds are the first to be secured by a Enterprise System Revenue pledge of the water and wastewater utility. Previous Rio Rancho loans, of which there are 18 outstanding in the amount of $38,500,000 as of July 1, 2016 the last of which matures in 2035, have been secured by revenue pledges of Fire Protection Funds, Water Rights Acquisition Fees, Gross Receipt Tax and Special Assessment levies.

Albuquerque-Bernalillo County Water Utility Authority

In the 2003 Regular Session, the New Mexico Legislature adopted legislation (Laws 2003, Chapter 437, codified as NMSA 1978, Section 72-1-10) creating the Albuquerque-Bernalillo County Water Utility Authority (the "ABCWUA") as a joint agency of the City of Albuquerque, New Mexico (the "City") and Bernalillo County. The ABCWUA has jurisdiction over certain water facilities and properties and certain sanitary sewer facilities and properties.

Pursuant to various loan agreements (the "ABCWUA Loan Agreements") between the ABCWUA and the Finance Authority totaling $171,815,000 in initial principal amount, the ABCWUA pledged to the Finance Authority, on a parity basis with other obligations of ABCWUA, water and sewer systems revenues for the purpose of: acquiring, constructing, extending, enlarging, bettering, repairing, replacing, equipping or otherwise improving the water and wastewater system, including expenses related to: regular system improvements, expansion, maintenance and upgrades to operate a water and wastewater utility pursuant to the basic capital program and diversion of surface water from the Rio Grande River under the San Juan Chama Project, delivering it for use by current and future users of the system.

The Finance Authority has issued various series of Bonds and used proceeds from those Bonds to provide the funding for the ABCWUA Loan Agreements. The latest scheduled maturity date of the ABCWUA Loan Agreements is June 1, 2036. As of July 1, 2016, the outstanding principal amount of the ABCWUA Loan Agreements was $39,410,000.

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NEW MEXICO FINANCE AUTHORITY • SENIOR LIEN PUBLIC PROJECT REVOLVING FUND REVENUE BONDS, SERIES 2016D

New Mexico FINANCE AUTHORITY

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NEW ISSUE – BOOK-ENTRY ONLY

Ratings: S & P "AAA"
Moody's "Aa1"
(See "RATINGS" herein.)

In the opinion of Ballard Spahr LLP, Bond Counsel to the Finance Authority, interest on the Series 2016E Bonds is excludable from gross income for purposes of federal income tax, assuming continuing compliance with the requirements of the federal tax laws. Interest on the Series 2016E Bonds is not a preference item for purposes of either individual or corporate federal alternative minimum tax ("AMT"); however, interest paid to corporate holders of the Series 2016E Bonds may be indirectly subject to AMT under circumstances described under "TAX MATTERS" herein. Bond Counsel is also of the opinion that under currently existing laws, interest on the Series 2016E Bonds is excluded from net income of the owners thereof for State of New Mexico income tax purposes. See "TAX MATTERS" herein.

New Mexico FINANCE AUTHORITY

$40,870,000
SENIOR LIEN PUBLIC PROJECT
REVOLVING FUND REVENUE AND REFUNDING BONDS, SERIES 2016E

Dated: Date of Initial Delivery **Due: June 1, as shown on inside front cover**

The New Mexico Finance Authority Senior Lien Public Project Revolving Fund Revenue and Refunding Bonds, Series 2016E (the "Series 2016E Bonds") are being issued as fully-registered bonds in denominations of $5,000 or any integral multiple of $5,000. The Depository Trust Company will act as securities depository of the Series 2016E Bonds through its nominee, Cede & Co. One fully registered bond in a denomination equal to the principal amount of each maturity of the Series 2016E Bonds will be registered in the name of Cede & Co. Individual purchases of Series 2016E Bonds will be made in book-entry form only, and beneficial owners of the Series 2016E Bonds will not receive physical delivery of bond certificates, except as described in this Official Statement. Upon receipt of payments of principal and interest, DTC will remit such payments to DTC participants for subsequent disbursement to the beneficial owners of the Series 2016E Bonds.

The Series 2016E Bonds will be issued under and secured by the Indenture (as defined herein). Interest on the Series 2016E Bonds accrues from the date of initial delivery of the Series 2016E Bonds and is payable on June 1 and December 1 of each year, commencing December 1, 2016. Principal of the Series 2016E Bonds is payable on the dates, and interest is payable at the rates, shown on the Maturity Schedule on the inside front cover.

SEE MATURITY SCHEDULE ON INSIDE FRONT COVER

The Series 2016E Bonds are subject to optional redemption prior to maturity.

Proceeds of the Series 2016E Bonds will be used by the New Mexico Finance Authority (the "Finance Authority" or "NMFA") for the purposes of (i) originating Loans to or purchasing Securities from, or reimbursing the Finance Authority for moneys used to originate Loans to or purchase Securities from certain governmental entities, the proceeds of which will be or were used to finance or refinance certain Projects for such governmental entities, (ii) currently refunding the Refunded Obligations (as defined herein) to achieve debt service savings, and (iii) paying costs incurred in connection with the issuance of the Series 2016E Bonds. The principal of and premium, if any, and interest on the Series 2016E Bonds and additional bonds issued or to be issued are payable solely from and secured solely by the Trust Estate. The Finance Authority has issued or incurred and expects to issue or incur parity bonds and other obligations pursuant to the Indenture.

The Series 2016E Bonds are special limited obligations of the Finance Authority, payable, together with additional bonds issued or to be issued, solely from and secured solely by the Trust Estate. The Series 2016E Bonds will not constitute or create a general obligation or other indebtedness of the State of New Mexico, the Finance Authority or any Governmental Unit within the meaning of any constitutional or statutory debt limitation. No provision of the Series 2016E Bonds will be construed or interpreted as a donation by or lending of the credit of the Finance Authority, the State or any Governmental Unit within the meaning of the Constitution of the State. THE FINANCE AUTHORITY HAS NO TAXING POWERS. The Series 2016E Bonds do not constitute or give rise to personal liability on the part of the members, directors or officers of the Finance Authority. No breach of any pledge, obligation or agreement of the Finance Authority will impose a pecuniary liability or a charge upon the general credit of the State, the Finance Authority or any political subdivision of the State, or upon the taxing power of the State or any political subdivision of the State.

This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.

Certain legal matters concerning the legality of the Series 2016E Bonds will be passed on by Ballard Spahr LLP, Salt Lake City, Utah, Bond Counsel to the Finance Authority. Certain legal matters will be passed upon by the General Counsel of the Finance Authority. Certain matters relating to disclosure will be passed upon by Andrews Kurth LLP, Austin, Texas, Disclosure Counsel to the Finance Authority. Certain legal matters will be passed upon for the Underwriters by Hogan Lovells US LLP, Denver, Colorado, counsel to the Underwriters. Western Financial Group, LLC has acted as municipal advisor to the Finance Authority in connection with the issuance of Series 2016E Bonds. It is expected that a single certificate for each maturity of the Series 2016E Bonds will be delivered to DTC or its agent on or about October 6, 2016.

This Official Statement is dated September 22, 2016, and the information contained herein speaks only as of that date.

BofA Merrill Lynch

J.P. Morgan **Piper Jaffray & Co.**

NEW MEXICO FINANCE AUTHORITY

$40,870,000 SENIOR LIEN PUBLIC PROJECT REVOLVING FUND REVENUE AND REFUNDING BONDS, SERIES 2016E

MATURITY SCHEDULE

Year (June 1)	Principal Amount	Interest Rate	Initial Yield	CUSIP No.†
2017	$4,345,000	2.000%	0.790%	64711NK46
2018	2,705,000	5.000%	0.870%	64711NK53
2019	3,235,000	5.000%	0.940%	64711NK61
2020	4,970,000	5.000%	1.050%	64711NK79
2021	5,515,000	5.000%	1.130%	64711NK87
2022	3,325,000	5.000%	1.250%	64711NK95
2023	3,270,000	5.000%	1.390%	64711NL29
2024	3,375,000	5.000%	1.530%	64711NL37
2025	3,435,000	5.000%	1.630%	64711NL45
2026	3,280,000	5.000%	1.730%	64711NL52
2027	1,350,000	3.000%	2.000%(C)	64711NL60
2028	1,415,000	3.000%	2.220%(C)	64711NL78
2029	650,000	3.000%	2.420%(C)	64711NL86

(C) Yield to optional call on June 1, 2026.

† The above referenced CUSIP numbers have been assigned by an independent company not affiliated with the parties to this bond transaction and are included solely for the convenience of the holders of the Series 2016E Bonds. None of the Finance Authority, the Trustee, or the Municipal Advisor, is responsible for the selection or uses of such CUSIP numbers, and no representation is made as to their correctness on the Series 2016E Bonds or as indicated above. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Series 2016E Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities.

The information set forth herein has been obtained from the Finance Authority, DTC and other sources that are believed to be reliable. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made thereafter shall under any circumstances create any implication that there has been no change in the affairs of the Finance Authority, or in any other information contained herein since the date hereof.

No dealer, broker, salesman or any other person has been authorized by the Finance Authority to give any information or to make any representations, other than those contained in this Official Statement, in connection with the offering contained herein, and, if given or made, such information or representations must not be relied upon. This Official Statement does not constitute an offer to sell or solicitation of an offer to buy nor shall there be any sale of the Series 2016E Bonds by any person in any jurisdiction in which it is unlawful for such offer, solicitation or sale.

Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended. Such statements are generally identifiable by the terminology used such as "plan," "expect," "estimate," "project," "budget" or other similar words. Forward-looking statements are included in the Official Statement under the captions "THE PLAN OF FINANCING—Estimated Sources and Uses of Funds" and "ANNUAL DEBT SERVICE REQUIREMENTS." The forward-looking statements in this Official Statement are subject to risks and uncertainties that could cause actual results to differ materially from those expressed in or implied by such statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof.

The yields or prices at which the Series 2016E Bonds are offered to the public may vary from the initial reoffering yields or prices shown on the inside front cover page of this Official Statement. In connection with this offering, the Underwriters of the Series 2016E Bonds may engage in transactions that stabilize, maintain or otherwise affect market yields or prices of the Series 2016E Bonds. Such transactions, if commenced, may be discontinued at any time.

The Finance Authority maintains a website; however, the information presented there is not a part of this Official Statement and should not be relied upon in making an investment decision with respect to the Series 2016E Bonds.

References to website addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such web sites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement.

THE SERIES 2016E BONDS WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR ANY STATE SECURITIES LAW AND WILL NOT BE LISTED ON ANY STOCK OR OTHER SECURITIES EXCHANGE. THE SERIES 2016E BONDS HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION, NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

NEW MEXICO FINANCE AUTHORITY

207 Shelby Street
Santa Fe, New Mexico 87501
Telephone: (505) 984-1454

Members [1]

John E. McDermott, Chair
William F. Fulginiti, Vice Chair
Tony Delfin, Secretary
Katherine Ulibarri, Treasurer
Jon Barela[2]
Blake Curtis
Steve Kopelman
Duffy Rodriguez
Butch Tongate

Chief Executive Officer

Robert P. Coalter

Finance Authority General Counsel

Daniel C. Opperman

Municipal Advisor

Western Financial Group, LLC
Portland, Oregon

Bond Counsel

Ballard Spahr LLP
Salt Lake City, Utah

Disclosure Counsel

Andrews Kurth LLP
Austin, Texas

Trustee, Registrar and Paying Agent

BOKF, NA
Albuquerque, New Mexico

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(1) Two positions on the governing body of the Finance Authority are currently vacant. See "NEW MEXICO FINANCE AUTHORITY-Governing Body and Key Staff Members".

(2) Member Barela announced his resignation as Cabinet Secretary, Economic Development Department, State of New Mexico to be effective as of September 30, 2016. Upon Member Barela's departure, effective September 30, 2016, Barbara Brazil will serve as Acting Cabinet Secretary, Economic Development Department, State of New Mexico.

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OFFICIAL STATEMENT

RELATING TO

NEW MEXICO FINANCE AUTHORITY

$40,870,000
SENIOR LIEN PUBLIC PROJECT
REVOLVING FUND REVENUE AND REFUNDING BONDS, SERIES 2016E

INTRODUCTION

This Official Statement, which includes the cover page, the inside front cover page, and appendices, provides information in connection with the offer and sale of the $40,870,000 Senior Lien Public Project Revolving Fund Revenue and Refunding Bonds, Series 2016E (the "Series 2016E Bonds") being issued by the New Mexico Finance Authority (the "Finance Authority" or the "NMFA"). The Series 2016E Bonds, together with additional bonds the Finance Authority has issued or may issue in parity with them under the Indenture (defined below), are collectively referred to in this Official Statement as the "Bonds" or the "Parity Bonds." Capitalized terms used and not defined in the main body of this Official Statement have the meanings specified in the General Indenture of Trust and Pledge, dated as of June 1, 1995, as previously amended and supplemented (the "General Indenture"), and as further amended and supplemented by the Ninety-Second Supplemental Indenture of Trust, dated as of October 1, 2016 (the "Ninety-Second Supplemental Indenture" and together with the General Indenture, the "Indenture"), all between the Finance Authority and BOKF, NA, Albuquerque, New Mexico, as trustee (the "Trustee"), and are presented under the caption "Certain Definitions" in "APPENDIX B—EXTRACTS OF CERTAIN PROVISIONS OF THE INDENTURE."

New Mexico Finance Authority

The Finance Authority, established by the legislature of the State of New Mexico (the "State") in 1992, is a governmental instrumentality separate and apart from the State created to coordinate the planning and financing of State and local public projects. For additional information concerning the Finance Authority, see "NEW MEXICO FINANCE AUTHORITY" and the Finance Authority's financial statements for the fiscal year ended June 30, 2015 included as APPENDIX A hereto. See "FINANCIAL STATEMENTS."

Authority and Purpose

The Series 2016E Bonds are being issued under the authority of and pursuant to the laws of the State, including particularly the New Mexico Finance Authority Act, Section 6-21-1 et seq., NMSA 1978, as amended (the "Act"), and the Indenture. The Public Project Revolving Fund has been established pursuant to the Act. For a description of the Public Project Revolving Fund Program, see "NEW MEXICO FINANCE AUTHORITY—The Public Project Revolving Fund Program."

Proceeds from the sale of the Series 2016E Bonds will be used by the Finance Authority for the purposes of (i) originating Loans to or purchasing Securities from or reimbursing the Finance Authority for moneys used to originate Loans to or purchase Securities from certain governmental units, the proceeds of which will be or were used to finance or refinance certain Projects for such governmental units, (ii) currently refunding the Finance Authority's outstanding Senior Lien Public Project Revolving Fund Revenue Bonds, Series 2006B, maturing on or after June 1, 2017 (the "Refunded Obligations") to achieve debt service savings, and (iii) paying costs incurred in connection with the issuance of the Series 2016E Bonds. See "THE PLAN OF FINANCING" for more information with respect to the sources and uses of proceeds of the Series 2016E Bonds and APPENDIX F for a list of the Governmental Units and the amount of the Loans to be financed or refinanced with the proceeds of the Series 2016E Bonds. Such Governmental Units whose Loans are being financed or refinanced with proceeds of the Series 2016E Bonds are sometimes referred to herein as the "2016E Governmental Units."

Parity Obligations

Obligations, including Bonds, with a lien on the Trust Estate on a parity with the lien of the Series 2016E Bonds have been issued and may be issued to provide loans to Governmental Units, to reimburse the Public Project Revolving Fund for loans made to Governmental Units, and to purchase Securities from Governmental Units. For a description of the parity Bonds currently outstanding (the "Outstanding Parity Bonds"), see "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Outstanding Parity Bonds."

Subordinate Obligations

Obligations with a subordinate lien on the revenues from the NMFA Portion of the Governmental Gross Receipts Tax (as defined below) and Revenues from Additional Pledged Loans released from the lien of the Indenture have been issued and may be issued to provide loans to Governmental Units, to reimburse the Public Project Revolving Fund for loans made to Governmental Units, to purchase securities from Governmental Units and to retire borrowings incurred in anticipation of the issuance of such subordinate obligations. For a description of the subordinate obligations currently outstanding, see "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Outstanding Subordinate Lien Bonds."

The Series 2016E Bonds

The Series 2016E Bonds will be dated the date of their initial delivery. Interest on the Series 2016E Bonds is payable on June 1 and December 1 of each year, commencing December 1, 2016. The Series 2016E Bonds will mature on the dates and in the amounts and will bear interest at the rates shown on the inside front cover of this Official Statement. The Series 2016E Bonds are issuable in denominations of $5,000 or integral multiples of $5,000.

Individual purchases will be made in book-entry only form, and purchasers of the Series 2016E Bonds will not receive physical delivery of bond certificates except as more fully described in "APPENDIX E—BOOK-ENTRY ONLY SYSTEM." Payments of principal of and interest on the Series 2016E Bonds will be made directly to The Depository Trust Company ("DTC") or its nominee, Cede & Co., by the Paying Agent, so long as DTC or Cede & Co. is the sole registered owner. Upon receipt of such payments, DTC is to remit such payments to the DTC Participants (as defined below) for subsequent disbursement to the beneficial owners of the Series 2016E Bonds, all as more fully described in APPENDIX E. In reading this Official Statement, it should be understood that while the Series 2016E Bonds are in book-entry only form, references in other sections of this Official Statement to Owners should be read to include the person for whom the Participants and Indirect Participants acquire an interest in the Series 2016E Bonds, but (1) all rights of ownership must be exercised through DTC and the book-entry only system as described in APPENDIX E, and (2) except as otherwise provided in the Indenture, notices that are to be given to Owners by the Finance Authority, the Trustee, the Registrar or the Paying Agent will be given only to DTC.

Redemption

The Series 2016E Bonds are subject to optional redemption prior to maturity. See "THE SERIES 2016E BONDS—Redemption."

Security and Sources of Payment for the Bonds

Trust Estate. The Bonds, including the Series 2016E Bonds, are special limited obligations of the Finance Authority secured by and payable solely from the Trust Estate, which includes the Revenues described below and certain funds and accounts created and maintained pursuant to the Indenture. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Trust Estate."

The Bonds do not constitute or create a general obligation or other indebtedness of the State, the Finance Authority or any Governmental Unit within the meaning of any constitutional or statutory debt limitation. THE FINANCE AUTHORITY HAS NO TAXING POWERS. No provision of the Series 2016E Bonds will be construed or interpreted as a donation or lending of the credit of the Finance Authority, the

State, or any Governmental Unit within the meaning of the Constitution of the State. The principal of and interest and premium, if any, on the Series 2016E Bonds do not constitute or give rise to a personal liability on the part of the members, directors and officers of the Finance Authority. No breach of any pledge, obligation or agreement of the Finance Authority will impose a pecuniary liability or a charge upon the general credit of the State, the Finance Authority or any political subdivision of the State, or upon the taxing power of the State or any political subdivision of the State.

Common Debt Service Reserve Fund. The Finance Authority has established a Common Debt Service Reserve Fund under the Indenture to secure payment of debt service on any Bonds issued under the Indenture. The Common Debt Service Reserve Fund was initially funded on January 14, 2011, and as of September 21, 2016, the Common Debt Service Reserve Fund was funded in the amount of approximately \$30,445,718. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Flow of Funds—Common Debt Service Reserve Fund."

Additional Bonds. The Finance Authority maintains an ongoing program to provide Loans and to purchase Securities from Governmental Units and expects to finance certain of those activities with the issuance of Additional Bonds on a parity with the Series 2016E Bonds. The Finance Authority must satisfy certain requirements set forth in the Indenture to issue such Additional Bonds. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Additional Bonds." The timing, amount and such other details of such Additional Bonds are not known as of the date of this Official Statement.

Continuing Disclosure Undertaking

The Finance Authority has undertaken for the benefit of the Series 2016E Bond Owners that, so long as the Series 2016E Bonds remain outstanding, the Finance Authority will provide certain annual financial information, operating data and audited financial statements with respect to the Finance Authority and each Governmental Unit expected by the Finance Authority to have loan repayment obligations in the then-current fiscal year constituting more than twenty percent (20%) of the estimated Revenues in the then-current fiscal year to the Municipal Securities Rulemaking Board (the "MSRB") in an electronic format prescribed by the MSRB and notice of certain material events to the MSRB in an electronic format prescribed by the MSRB in accordance with Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended (the "Rule"). The provisions of the Continuing Disclosure Undertaking may be amended under certain circumstances. See "CONTINUING DISCLOSURE UNDERTAKING."

Tax Considerations

In the opinion of Ballard Spahr LLP, Bond Counsel to the Finance Authority, interest on the Series 2016E Bonds is excludable from gross income for purposes of federal income tax, assuming continuing compliance with the requirements of the federal tax laws. Interest on the Series 2016E Bonds is not a preference item for purposes of either individual or corporate federal alternative minimum tax ("AMT"); however, interest paid to corporate holders of the Series 2016E Bonds may be indirectly subject to AMT under circumstances described under "TAX MATTERS" herein. Bond Counsel is also of the opinion that under the currently existing laws of the State of New Mexico, interest on the Series 2016E Bonds is excluded from net income of the owners thereof for State of New Mexico income tax purposes. See "TAX MATTERS" herein. Bond Counsel expresses no opinion regarding any other tax consequences relating to ownership or disposition of or the accrual or receipt of interest on the Series 2016E Bonds.

Professionals Involved in the Offering

At the time of the issuance and sale of the Series 2016E Bonds, Ballard Spahr LLP, Salt Lake City, Utah, as Bond Counsel to the Finance Authority, will deliver its opinion in the form included in APPENDIX D. Certain legal matters will be passed upon for the Finance Authority by its General Counsel. Certain matters relating to disclosure will be passed upon by Andrews Kurth LLP, Austin, Texas, Disclosure Counsel to the Finance Authority. Certain legal matters will be passed upon for the Underwriters by Hogan Lovells US LLP, Denver, Colorado, counsel to the Underwriters. Western Financial Group, LLC, Portland, Oregon has acted as municipal advisor to the Finance Authority (the "Municipal Advisor") in connection with its issuance of the Series 2016E Bonds. See "MUNICIPAL ADVISOR."

The Finance Authority's audited financial statements for the fiscal year ended June 30, 2015, included in APPENDIX A, have been audited by REDW, LLC, Certified Public Accountants, Albuquerque, New Mexico. See "FINANCIAL STATEMENTS." REDW, LLC has not been asked to consent to the use of its name and audited financial reports of the Finance Authority in this Official Statement nor has REDW, LLC participated in the preparation of this Official Statement.

Offering and Delivery of the Series 2016E Bonds

The Series 2016E Bonds are offered when, as and if issued, subject to approval as to their legality by Bond Counsel and the satisfaction of certain other conditions. It is anticipated that a single certificate for each maturity of the Series 2016E Bonds will be delivered to DTC or its agent on or about October 6, 2016. The Series 2016E Bonds will be distributed in the initial offering by Merrill Lynch, Pierce, Fenner & Smith Incorporated, J.P. Morgan Securities LLC, and Piper Jaffray & Co. (collectively, the "Underwriters") for which Merrill Lynch, Pierce, Fenner & Smith Incorporated is acting as senior managing underwriter and representative of the Underwriters. See "UNDERWRITING."

Other Information

This Official Statement speaks only as of its date, and the information in it is subject to change. The quotations from, and summaries and explanations of, the statutes, regulations and documents in this Official Statement do not purport to be complete, and reference is made to those laws, regulations and documents for full and complete statements of their provisions. Copies, in reasonable quantity, of such laws, regulations and documents, and of the financial statements of the Finance Authority, may be obtained during the offering period, upon request to the Finance Authority and upon payment to the Finance Authority of a charge for copying, mailing and handling, at 207 Shelby Street, Santa Fe, New Mexico 87501, Tel: (505) 984-1454, Attention: Chief Financial Strategist.

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the Finance Authority and any purchaser or holder of Series 2016E Bonds.

THE SERIES 2016E BONDS

General

The Series 2016E Bonds will be dated the date of their initial delivery and interest will accrue on the Series 2016E Bonds from such date at the rates presented on the inside front cover page of this Official Statement (calculated on the basis of a 360-day year consisting of twelve 30-day months), and is payable on June 1 and December 1 of each year, commencing December 1, 2016. The Series 2016E Bonds will be issued in the aggregate principal amounts and will mature on the dates and in the amounts shown on the inside front cover. The Series 2016E Bonds are issuable in denominations of $5,000 or integral multiples of $5,000 (the "Authorized Denominations").

Book-Entry Only System

DTC will act as securities depository for all of the Series 2016E Bonds through its nominee, Cede & Co. One fully-registered bond in a denomination equal to the principal amount and maturity of the Series 2016E Bonds will be registered in the name of Cede & Co. Individual purchases of Series 2016E Bonds will be made in book-entry only form, and beneficial owners of the Series 2016E Bonds will not receive physical delivery of bond certificates, except as described in APPENDIX E. Upon receipt of payments of principal and interest, DTC will remit such payment to DTC participants for subsequent disbursement to the beneficial owners of the Series 2016E Bonds. For a more complete description of the book-entry only system, see "APPENDIX E—BOOK-ENTRY ONLY SYSTEM."

Redemption

Optional Redemption. The Series 2016E Bonds maturing on and after June 1, 2027, are subject to optional redemption at any time on and after June 1, 2026, in whole or in part, in such order of maturity as may be selected by the Finance Authority and by lot within each maturity (if in part, in integral multiples of $5,000), at the option of the Finance Authority, upon notice as provided in the General Indenture and at the redemption price of 100% of the principal amount of the Series 2016E Bonds to be redeemed, but without premium, plus interest accrued to the redemption date.

Notice of Redemption. In the event any of the Series 2016E Bonds are to be redeemed, notice of such redemption is to be mailed by first class mail, postage prepaid, to all Registered Owners of Series 2016E Bonds to be redeemed at their addresses as they appear on the registration books of the Registrar at least 30 days, but not more than 60 days, prior to the redemption date.

In addition, further notice of any redemption of Series 2016E Bonds is to be given by the Trustee at least two Business Days in advance of the mailed notice to Registered Owners, by registered or certified mail or overnight delivery service, to all registered securities depositories then in the business of holding substantial amounts (as reasonably determined by the Trustee) of obligations of types comprising the Series 2016E Bonds and to at least two national information services that disseminate notices of redemption of obligations such as the Series 2016E Bonds. Failure to give all or any portion of such further notice will not in any manner defeat the effectiveness of a call for redemption.

If at the time of mailing of any notice of redemption there are not on deposit with the Trustee moneys sufficient to redeem all the Series 2016E Bonds called for redemption, such notice is to state that such redemption is subject to the deposit of the redemption moneys with the Trustee not later than the redemption date and that such notice will be of no effect unless such moneys are so deposited.

A second notice of redemption is to be given, not later than 90 days subsequent to the redemption date, to Registered Owners of Series 2016E Bonds or portions thereof redeemed but who failed to deliver Series 2016E Bonds for redemption prior to the 60th day following such redemption date. Any notice mailed will be conclusively presumed to have been duly given, whether or not the owner of such Series 2016E Bonds receives the notice. Receipt of such notice is not a condition precedent to such redemption and failure so to receive any such notice by any of such Registered Owners will not affect the validity of the proceedings for the redemption of the Series 2016E Bonds.

Partially Redeemed Bonds. In case any Series 2016E Bond is redeemed in part, upon the presentation of such Series 2016E Bond for such partial redemption, the Finance Authority will execute and the Trustee will authenticate and deliver or cause to be delivered to or upon the written order of the Registered Owner thereof, at the expense of the Finance Authority, a Series 2016E Bond or Series 2016E Bonds of the same interest rate and maturity and in an aggregate principal amount equal to the unredeemed portion of such Series 2016E Bond. A portion of any Series 2016E Bond of a denomination of more than $5,000 to be redeemed will be in the principal amount of $5,000 or an integral multiple of $5,000 and, in selecting portions of such Series 2016E Bonds for redemption, the Trustee will treat each such Series 2016E Bond as representing that number of Series 2016E Bonds of $5,000 denomination which is obtained by dividing the principal amount of such Series 2016E Bonds by $5,000.

Defeasance

When a Bond has been deemed to be paid under the Indenture, it will no longer be secured by or entitled to the benefits of the Indenture, except for the purposes of any such payment. Any Bond will be deemed to be paid for all purposes of the Indenture when (1) the principal of and the applicable premium, if any, on such Bond (whether at maturity or prior redemption) plus interest on the Bond to the Bond's due date either have been paid or have been provided by irrevocably depositing with the Trustee or other escrow agent, in trust, and the Trustee or other escrow agent shall have irrevocably set aside exclusively for such payment moneys sufficient to make such payment, and/or noncallable Governmental Obligations maturing as to principal and interest in such amount and at such times as will insure the availability of sufficient moneys to make such payment, and (2) all necessary and proper fees, compensation and expenses of the Trustee and any paying agents pertaining to the Bonds with respect to which such deposit is made shall have been paid or the payment thereof provided for to the satisfaction of the Trustee.

SECURITY AND SOURCES OF PAYMENT FOR THE BONDS

Special Limited Obligations

The Bonds, including the Series 2016E Bonds, are special limited obligations of the Finance Authority payable solely from the Trust Estate. The Series 2016E Bonds do not constitute nor create a general obligation or other indebtedness of the State, the Finance Authority or any Governmental Unit within the meaning of any constitutional or statutory debt limitation. THE FINANCE AUTHORITY HAS NO TAXING POWERS. No provision of the Series 2016E Bonds will be construed or interpreted as a donation by or lending of the credit of the Finance Authority, the State or any Governmental Unit within the meaning of the Constitution of the State. The principal of and interest and premium, if any, on the Series 2016E Bonds do not constitute or give rise to a personal liability on the part of the members, directors and officers of the Finance Authority. No breach of any pledge, obligation or agreement of the Finance Authority will impose a pecuniary liability or a charge upon the general credit of the State, the Finance Authority or any political subdivision of the State, or upon the taxing power of the State or any political subdivision of the State.

Trust Estate

In the Indenture, the Finance Authority pledges and assigns the Trust Estate for the equal and ratable payment of the Bonds. The Trust Estate includes (i) Agreement Revenues (as defined below) and amounts in the Agreement Reserve Accounts subject to the uses provided for in the Indenture and described herein, (ii) Additional Pledged Loans, (iii) revenues received by the Finance Authority from the allocation of the NMFA Portion of the Governmental Gross Receipts Tax, (iv) all federally provided interest subsidies actually delivered to or for the account of the Finance Authority in relation to the Bonds, and (v) other amounts in certain funds and accounts created and maintained pursuant to the Indenture, all as more fully described below.

Agreement Revenues. The Agreements consist of Loan Agreements and Securities executed and delivered by Governmental Units in consideration for the financing of all or a portion of their respective projects by the Finance Authority. Under each Loan Agreement or issue of Securities, the respective Governmental Unit pledges to the Finance Authority for payment of all amounts due under their respective Agreements (i) revenues of specific enterprise systems or revenues attributable to certain taxes (the "Agreement Revenues" or, as defined in the Indenture, the "Agreement Pledged Revenues") and (ii) moneys in certain funds and accounts held by the Trustee. Each Governmental Unit executing a Loan Agreement or issuing Securities agrees to pay principal of and interest on its Loan promptly from its Agreement Revenues and to continue such payments until its Loan is paid in full. Each Governmental Unit that has entered into a Loan Agreement or has issued Securities has pledged specific Agreement Revenues to the repayment of its Loan. It should be noted that each Governmental Unit that has entered into an Agreement with the Finance Authority has the ability to incur additional obligations that may be secured on a parity basis with the Agreement Revenues as long as certain conditions are satisfied. See APPENDIX F for a list of the 2016E Governmental Units and the allocable portions of the Loans financed or refinanced with the proceeds of Series 2016E Bonds. Also, please see APPENDIX F for information relating to the largest repayment obligations. A Governmental Unit is not required to make up any Loan Payment not paid in full by another Governmental Unit or to make up any insufficiency in any other source of revenues. The Finance Authority reports that no Governmental Unit has failed to timely pay its obligations owing under its respective Agreement.

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The following table lists the various types of revenues from which Agreement Revenues are derived based upon scheduled payments in fiscal year 2016-2017. The table also lists the amounts of those revenues and the percentage of the total Agreement Revenues of those revenues.

Type of Revenue	FY 2016-2017 Amounts	% of Total Agreement Revenues
Gross Receipts Tax	$ 35,523,912	33.1%
Enterprise System Revenues	27,119,809	25.3%
General Obligation (ad valorem taxes)	18,139,804	16.9%
Local Special Tax	10,795,306	10.1%
State Gross Receipts Tax	6,750,057	6.3%
State Fire Protection Funds	4,299,849	4.0%
Special Assessment	2,424,749	2.3%
Governmental Gross Receipts Tax - State	1,843,789	1.7%
Law Enforcement Protection Funds	257,775	0.2%
Mill Levy	244,931	0.2%
Total	$ 107,399,981[1]	100.00%[1]

[1] Total may not add due to rounding. Assumes that the Loans financed or refinanced with proceeds of the Series 2016E Bonds are executed and delivered.

(Source: The Finance Authority.)

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The following table lists the ten Governmental Units (by revenue pledged) that, based on scheduled payments in fiscal year 2016-2017 and assuming no further prepayments of any Agreements, are expected to provide the largest amount of Agreement Revenues in fiscal year 2016-2017. The Agreement Revenues generated from such Agreements account for 39.140% of projected Agreement Revenues for fiscal year 2016-2017.

AGREEMENTS EXPECTED TO GENERATE THE LARGEST AGREEMENT REVENUES(1)(2)

Governmental Unit	FY 2016-2017 Debt Service	% of Total Pledged Agreement Revenues(1)(2)
City of Santa Fe (Gross Receipts Tax)	$ 7,113,284	6.623%
General Services Department (State Gross Receipts Tax)	5,811,391	5.411%
New Mexico Spaceport Authority (Gross Receipts Tax)	5,649,233	5.260%
Albuquerque Bernalillo County Water Utility Authority (Enterprise System Revenues)	5,472,731	5.096%
Farmington Schools (Ad Valorem Taxes)	3,881,098	3.614%
City of Albuquerque (Enterprise System Revenues)	3,211,900	2.991%
City of Albuquerque (Gross Receipts Tax)	3,157,610	2.940%
UNM Health Sciences Center (Local Special Tax)	3,100,670	2.887%
Taos County (Gross Receipts Tax)	2,337,971	2.177%
New Mexico Highlands University (Enterprise System Revenues)(3)	2,300,792	2.142%
Total	$ 42,036,681	39.140%

(1) Reflects a percentage of total Agreement Revenues, and does not include the NMFA Portion of Governmental Gross Receipts Taxes.

(2) Assumes that the Loans financed or refinanced with proceeds of the Series 2016E Bonds are executed and delivered.

(3) Any interest subsidy payments under the Federal interest subsidy programs which may be received by New Mexico Highlands University or any other Governmental Unit are not taken into account in evaluating revenues available to pay Loan payments pursuant to the respective Loans.

(Source: The Finance Authority.)

Although Agreement Revenues are received at various times throughout the year, they are held under the Indenture until June 1 of each year to be applied to pay debt service on the Bonds. For more information with respect to the Governmental Units with the largest repayment obligations, see "APPENDIX F—2016E GOVERNMENTAL UNITS, LARGEST REPAYMENT OBLIGATIONS."

The Finance Authority may require and has previously required the establishment and funding of an Agreement Reserve Fund in connection with certain Agreements. Amounts in a Governmental Unit's account of the Agreement Reserve Fund will be withdrawn by the Trustee and deposited into that Governmental Unit's account of the Debt Service Fund to the extent of any shortfall in payments by such Governmental Unit under its Agreement.

Additional Pledged Loans. The Finance Authority may make loans from or purchase securities with available funds in the Public Project Revolving Fund. At its option, the Finance Authority may designate such loans or securities as Additional Pledged Loans, and upon such designation, the principal and interest payments on such loans or securities become pledged by the Finance Authority to the payment of the Bonds. See "Flow of Funds" below under this caption.

The Governmental Gross Receipts Tax. Pursuant to Section 7-1-6.38, NMSA 1978, the Public Project Revolving Fund administered by the Finance Authority is allocated seventy-five percent (75%) (the "NMFA Portion of the Governmental Gross Receipts Tax") of all net receipts of a governmental gross receipts tax which is levied and collected pursuant to Section 7-9-4.3, NMSA 1978. The governmental gross receipts tax was enacted into law and first imposed in 1991 at a rate of five percent (5%) on governmental gross receipts. Governmental gross receipts are defined in Section 7-9-3.2, NMSA 1978, as all receipts of the State or any agency, institution, instrumentality or political subdivision thereof except any school district and any entity licensed by the State

Department of Health that is principally engaged in providing health care services, from (i) the sale of tangible personal property other than water from facilities open to the general public; (ii) the performance of or admissions to recreational, athletic or entertainment services or events in facilities open to the general public; (iii) refuse collection, refuse disposal or both; (iv) sewage services; (v) the sale of water by a utility owned or operated by a county, municipality or other political subdivision of the State; and (vi) the renting of parking, docking or tie-down spaces or the granting of permission to park vehicles, tie-down aircraft or dock boats.

The definition of governmental gross receipts includes receipts from the sale of tangible personal property handled on consignment when sold from facilities open to the general public, but excludes cash discounts taken and allowed, governmental gross receipts tax payable on transactions reportable for the period and any type of time-price differential.

Certain receipts are excluded from the governmental gross receipts tax, including (i) receipts from the sale of gas or electricity by a utility owned or operated by a county, municipality or other political subdivision, (ii) receipts from operation of a cable television system owned or operated by a municipality, (iii) receipts from the sale of livestock, receipts of growers, producers, trappers or nonprofit marketing associations from selling livestock, or live poultry, and (iv) receipts from certain activities at a minor league baseball stadium.

In addition, there are certain deductions from the governmental gross receipts tax, including (i) certain receipts from selling tangible personal property to the United States or the State, (ii) receipts from selling tangible personal property to an Indian tribe, nation or pueblo, (iii) receipts from transactions in interstate commerce, (iv) certain receipts from selling tangible personal property to entities exempt from federal income tax pursuant to Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, and (v) receipts from the sale of prescription drugs.

Collection and Distribution Information. Governmental agencies are treated as taxpayers under the provisions of the State's Tax Administration Act, Section 7-1-1 et seq., NMSA 1978, and are responsible for paying the governmental gross receipts tax to the New Mexico Taxation and Revenue Department in accordance with the State's Tax Administration Act. Collections are first deposited into a tax administration suspense fund for the purpose of making disbursements for refunds, among other things. On the last day of each month, the balance in the suspense fund is identified by tax source and distributed to the appropriate municipalities or state agencies, including the Finance Authority. Collection of governmental gross receipts tax is administered by the New Mexico Taxation and Revenue Department. Governmental gross receipts taxes are to be paid on or before the 25th day of the month following the month in which the taxable event occurs.

Presented below is information from the New Mexico Taxation and Revenue Department concerning collections of the governmental gross receipts tax for the fiscal years 2011-2012 through 2015-2016.

GOVERNMENTAL GROSS RECEIPTS TAX COLLECTIONS
FISCAL YEARS 2011-2012 THROUGH 2015-2016[(1)]

	Fiscal Year 2011-2012	Fiscal Year 2012-2013	Fiscal Year 2013-2014	Fiscal Year 2014-2015	Fiscal Year 2015-2016
Total Net Receipts	$34,939,052	$36,766,258	$36,766,258	$36,396,929	$37,528,289
NMFA Portion of the Governmental Gross Receipts Tax	$26,204,287	$27,451,329	$27,297,696	$26,465,641	$28,146,217

(1) Collections for fiscal years shown above represent distributions for the period commencing May 1 of the preceding fiscal year through April 30 of the current fiscal year. The most recent 12 months of governmental gross receipts tax distribution to the Public Project Revolving Fund through July 31, 2016 totals $28,295,820.

(Source: State of New Mexico Taxation and Revenue Department.)

Based upon data provided by the State of New Mexico Taxation and Revenue Department, the payers of the governmental gross receipts tax whose payments accounted for at least 5% of the total net receipts from the governmental gross receipts tax were the Albuquerque Bernalillo County Water Utility Authority, the City of Albuquerque, the City of Santa Fe and the City of Las Cruces. Although the Finance Authority has not verified and does not guarantee the accuracy of such information, the Finance Authority does not have any reason to believe that the list of entities providing at least 5% of the governmental gross receipts tax is incorrect.

Funds and Accounts

The Indenture creates a Revenue Fund, a Program Fund (with separate accounts for each Agreement or Project), a Bond Fund, a Debt Service Fund (with separate accounts for each Agreement), an Agreement Reserve Fund (with a separate account for each Agreement that has a reserve requirement), a Common Debt Service Reserve Fund, and an Expense Fund, all of which are part of the Trust Estate. Amounts on deposit in accounts in the Debt Service Fund and in each Agreement Reserve Account shall only secure repayment of the Loan made under the related Agreement. Amounts in the accounts of the Program Fund are held by the Finance Authority and, upon request and submission of proper documentation by the respective Governmental Unit, the Finance Authority will disburse funds directly to the provider of goods or services relating to the Project for which an account has been established in the Program Fund.

Flow of Funds

Loan Payments. All Loan Payments and other amounts paid by Governmental Units pursuant to the Loan Agreements and Securities are to be paid directly to the Finance Authority on or before Loan Payment Dates for remittance to the Trustee prior to each Interest Payment Date, and the Trustee is directed to deposit all such payments immediately upon receiving them, in the following accounts and in the following priority:

First: to the related Account in the Debt Service Fund in an amount required to cause the aggregate amount on deposit in that Fund to equal the amount then required to make the principal and interest payments due or to next become due with respect to the Loan;

Second: to the related Account, if any, in the Agreement Reserve Fund to the extent necessary to cause the balance in said Account to equal the Agreement Reserve Requirement, if any, of such Account;

Third: in the event the Common Debt Service Reserve Fund has been used to satisfy amounts due under a Loan Agreement or in relation to certain Securities, then to the extent Loan Payments are received as to that specific Loan Agreement or Securities, to the Common Debt Service Reserve Fund to the extent necessary to cause the payments to the Common Debt Service Reserve Fund to equal the amounts withdrawn from the Common Debt Service Reserve Fund to satisfy amounts due under the Loan Agreement or as to such Securities; and

Fourth: to the payment of Program Costs (to the extent allocable to such Agreement).

On each Interest Payment Date for the Bonds, the Trustee is directed to transfer moneys in the respective Accounts of the Debt Service Fund to the Bond Fund to pay the interest on the related Bonds becoming due on such Interest Payment Date and to pay the principal of each related Bond due at maturity or by prior redemption, to the extent amounts are on deposit for such purpose. At least once each year, and more frequently if required pursuant to the provisions of a Supplemental Indenture, the Trustee must determine the amount necessary (i) to be transferred to the Bond Fund from each Debt Service Account on Interest Payment Dates for the Bonds from payments relating to a Governmental Unit's Agreement, (ii) to replenish the Governmental Unit's Account in the Agreement Reserve Fund and (iii) in certain cases, to pay the Governmental Unit's share of Program Costs for the year. The Trustee is directed to return any excess that the Trustee does not expect to be required for such payments to the related Governmental Unit or to credit such excess to the Loan Payments next coming due under the Governmental Unit's Agreement. In certain cases, any excess attributable to the difference in interest rates on the Governmental Unit's Loans and the related Bonds (including the Series 2016E Bonds) will be deposited into the Revenue Fund.

On the fifth day preceding a Loan Payment Date (or, if such fifth day is not a Business Day, on the Business Day next preceding such fifth day), if the amount on deposit in any Governmental Unit's Account of the Debt Service Fund is insufficient for payments coming due under the related Loan Agreement or Securities on the next Loan Payment Date, the Trustee is directed to transfer from the related Agreement Reserve Account, if any, to that Governmental Unit's Account of the Debt Service Account, an amount sufficient, together with amounts in such Debt Service Account, to pay the Principal Component and the Interest Component due under such Loan Agreement or Securities on such Loan Payment Date.

On the third day preceding a Loan Payment Date (or, if such third day is not a Business Day, on the next Business Day preceding such third day), if the amount on deposit in any Governmental Unit's account of the Debt Service Fund is insufficient, after applying any applicable Agreement Reserve Account or other source for the payment of Debt Service, the Trustee shall transfer the amount of such deficiency from the Common Debt Service Reserve Fund. See "Common Debt Service Reserve Fund" below under this caption.

Revenue Fund. During each Bond Fund Year, all Revenues constituting (i) receipts from the NMFA Portion of the Governmental Gross Receipts Tax, (ii) principal and interest payments from Additional Pledged Loans, and (iii) any Federally provided interest subsidies actually delivered to or for the account of the Finance Authority in relation to Bonds, including, but not limited to direct payments of the refundable interest credit (i.e., an interest subsidy) paid pursuant to Section 6431(b) of the Code in relation to "Build America Bonds" (as such term is defined in such section of the Code) are all required to be paid by the Finance Authority to the Trustee prior to each Interest Payment Date and shall be accounted for and maintained by the Trustee in the Revenue Fund (established as an account of the Public Project Revolving Fund). On each Interest Payment Date, the Trustee (except as otherwise provided in a Supplemental Indenture) is directed to transfer from the Revenue Fund (including any amounts in the separate account described in the next paragraph) to the Bond Fund (i) an amount equal to the principal and interest due on such Interest Payment Date on the portion of any Bonds, the proceeds of which were used to make Grants and (ii) if the amounts on deposit in the Bond Fund are insufficient for payments coming due with respect to the Bonds on such Interest Payment Date, an amount sufficient, together with amounts transferred from the Debt Service Account, to pay the principal and interest due on the Bonds on such Interest Payment Date.

At the conclusion of each Bond Fund Year, the Trustee is directed to retain in the Revenue Fund, in a separate account to be created therein (to the extent of amounts remaining in the Revenue Fund), the following:

- an amount equal to any deficiency in any account in the Agreement Reserve Fund;

- with respect to Agreements for which no Agreement Reserve Account was created in the Agreement Reserve Fund and a default in the payment of principal or interest under such Agreement has occurred and is continuing, an amount equal to the least of (i) ten percent (10%) of the proceeds of such Agreement, (ii) maximum annual debt service on such Agreement and (iii) 1.25 times average annual debt service on such Agreement; and

- with respect to Bonds issued to finance Grants and for which no other debt service reserve fund has been created, an amount equal to the least of (i) five percent (5%) of the proceeds of the Bonds issued to finance such Grant, (ii) one-half of maximum annual debt service on the Bonds issued to finance such Grants and (iii) 0.625 times average annual debt service on the Bonds issued to finance such Grant.

Pursuant to the Indenture, the Finance Authority is not required to contribute any amounts to fund the retention described in the preceding paragraph other than from amounts on deposit in the Revenue Fund at the end of each Bond Fund Year, and no default under the Indenture occurs solely by reason of any insufficiency of funds remaining in the Revenue Fund to fund such retention.

After making the foregoing deposits, at the conclusion of each Bond Fund Year, and after making the payments required by the Indenture during such Bond Fund Year, the Trustee is directed to transfer the balance on deposit in the Revenue Fund to the Finance Authority for deposit into the Subordinate Lien Revenue Fund. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Outstanding Subordinate Lien Bonds." After the moneys have been used for the purposes specified in the Subordinated Indenture (as defined below) and to make any deposits to the Common Debt Service Reserve Fund (as described below), the Finance Authority may use any remaining moneys for Public Project Revolving Fund purposes; redemption of Bonds prior to maturity by depositing the same into the Bond Fund; refinancing, refunding, purchasing or advance refunding of any Bonds; or any other lawful purpose.

The balance so transferred to the Subordinate Lien Revenue Fund is no longer pledged to the payment of debt service on the Bonds.

Common Debt Service Reserve Fund. The Finance Authority has established the Common Debt Service Reserve Fund under the Indenture to secure payment of debt service on any Bonds issued under the Indenture. The Common Debt Service Reserve Fund was initially funded on January 14, 2011, and, as of September 21, 2016, the Common Debt Service Reserve Fund was funded in the amount of approximately $30,445,718.

The Finance Authority shall determine, as of the end of each Bond Fund Year, the Required Common Debt Service Reserve Funding Level. The Finance Authority shall deposit the Annual Common Debt Service Reserve Deposit Amount with the Trustee in the Common Debt Service Reserve Fund within three (3) business days of receipt by the Finance Authority of the disbursement of the NMFA Portion of the Governmental Gross Receipts Tax distributed to the Finance Authority by the trustee under the Subordinated Indenture on June 16.

If amounts on deposit in the Common Debt Service Reserve Fund are greater than the Required Common Debt Service Reserve Funding Level for a given Bond Fund Year, then no additional deposit shall be made to the Common Debt Service Reserve Fund for such Bond Fund Year. Any such excess amount may be used during the subsequent Bond Fund Year, at the discretion of the Finance Authority, for the redemption of Bonds prior to maturity by depositing the amount into the Bond Fund or the defeasance of any Bonds. If the Finance Authority has deposited the entirety of the available Annual Common Debt Service Reserve Deposit Amount as of a Bond Fund Year end, but the amount in Common Debt Service Reserve Fund is less than the Required Common Debt Service Reserve Funding Level, then the Finance Authority shall not be required to fund from any other source any such difference in excess of the Annual Common Debt Service Reserve Deposit Amount; provided, however, if a funding difference remains (based on the annual recalculation of the Required Common Debt Service Reserve Funding Level), then the next year's available Annual Common Debt Service Reserve Deposit Amount shall be applied to that difference.

If the amounts on deposit in any Governmental Unit's Account of the Debt Service Fund are insufficient for payments coming due under the related Loan Agreement or Securities on the next Loan Payment Date, after applying any applicable Agreement Reserve Account or other source for the payment of Debt Service, on the third day preceding a Loan Payment Date (or, if such third day is not a Business Day, on the Business Day next preceding such third day), the Trustee shall transfer from the Common Debt Service Reserve Fund, an amount sufficient, together with amounts in the related Debt Service Account, to pay the Principal Component and the Interest Component due under such Loan Agreement or Securities on such Loan Payment Date. Amounts on deposit in the Common Debt Service Reserve Fund may not be applied toward payment of the Bonds, except to the extent that amounts are due and owing under the Bonds and amounts are not otherwise available for such payments in the Debt Service Fund.

Investment Earnings. All income earned from the investment of moneys in the respective Accounts held by the Finance Authority and the respective Accounts of the Debt Service Fund and the Agreement Reserve Fund (but only to the extent that the amount on deposit exceeds the related Agreement Reserve Requirement), shall be returned to the Governmental Units or shall be deposited in the related Account of the Debt Service Fund and applied as a credit to the Loan Payment next coming due under the Agreement, with all earnings received on the Governmental Unit's Accounts being allocated solely to the benefit of such Governmental Unit.

Application of Loan Prepayments

Covenants Applicable to the Series 2016E Bonds. The Finance Authority covenants pursuant to the Ninety-Second Supplemental Indenture, for the purpose of matching, to the extent practicable, (i) the revenues received from Loan Payments received pursuant to the Loans reimbursed or originated with proceeds of the Series 2016E Bonds with debt service payable on the Series 2016E Bonds, and (ii) the overall debt service requirements on the Outstanding Bonds and the Series 2016E Bonds with revenues received from Loan Payments on all outstanding Loans, to take any one or more of the following actions separately or in combination, within 365 days following the receipt of a Prepayment of a Loan financed with proceeds of the Series 2016E Bonds:

For Prepayments funded with proceeds of bonds or another financing transaction, the interest on which is intended by the Governmental Unit to be exempt from inclusion in gross income under the Internal Revenue Code (a "Tax-Exempt Financing"), the Finance Authority must either, to the extent practicable, (i) originate or reimburse one or more new Loans in an aggregate principal amount equal to or greater than the amount of the portion of the Prepayment to be applied, and with a final maturity date and debt service requirements approximating, to the extent practicable, the final maturity date and debt service requirements for the portion of the Loan pursuant to which the Prepayment was made (or a pro rata portion thereof if a portion of the Prepayment is to be used to originate a new Loan or Loans), or (ii) call for optional redemption the Series 2016E Bonds from which the Loan relating to the Prepayment was initially funded and which Series 2016E Bonds are subject to redemption in an aggregate principal amount equal to or greater than the amount of the Prepayment (or a pro rata portion thereof if a portion of the Prepayment is to be applied), and with a final maturity date and debt service requirements approximating the final maturity date and debt service requirements of the Loan pursuant to which the Prepayment was made (or a pro rata portion thereof if a portion of the Prepayment is to be applied). See "THE SERIES 2016E BONDS—Redemption."

The Finance Authority will recalculate the respective Loan Payments due under any Loan Agreement in the case of a partial Prepayment of Loan Payments under such Loan Agreement in a manner consistent with the actions taken.

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Historical Prepayments. During the fiscal years indicated below, the Finance Authority has received prepayments (including Prepayments under the Indenture as well as prepayments of obligations under the Subordinated Indenture) in the numbers and aggregate principal amounts presented in the following table. Because prepayment of some Loans by Governmental Units is optional for certain Governmental Units and because the Loan Payments that Governmental Units may prepay vary greatly in amount, the occurrence and aggregate principal amount of Prepayments in past fiscal years are not an indication of Prepayments to be received by the Finance Authority in future fiscal years.

Fiscal Year	Number of Prepayments	Aggregate Principal Amount
2006-2007	9	$ 9,145,000
2007-2008	21	2,973,716
2008-2009	32	10,223,706
2009-2010	23	6,945,375
2010-2011[(1)]	58	124,271,480
2011-2012[(1)]	55	118,727,583
2012-2013[(1)]	33	54,407,892
2013-2014[(1)]	23	71,812,973
2014-2015[(1)]	18	87,924,017
2015-2016[(1)(2)]	19	57,202,797
2016-2017[(2)]	5	590,795

(1) The large amount of prepayments is attributable to a favorable interest rate climate that made it cost effective or economically beneficial for Governmental Units to refinance their respective loans.

(2) Reflects prepayments received for the period of July 1, 2015 through August 1, 2016, including Prepayments under the Indenture as well as prepayments under the Subordinated Indenture (as defined herein). As discussed above under "Covenants Applicable to the Series 2016E Bonds," the NMFA may originate additional Loans, redeem Outstanding Bonds that related to the prepaid Loans, if such Bonds are subject to redemption, or defease Outstanding Bonds that relate to the prepaid Loans. As of the date of this Official Statement, the NMFA has applied $4,541,194 of the proceeds of such prepayments to originate additional loans which, pursuant to a Pledge Notification, have been pledged to the Indenture if the prepaid loan relates to Bonds issued under the Indenture or have been pledged to the Subordinated Indenture if the prepaid loan relates to bonds issued under the Subordinated Indenture. The NMFA has also applied $51,925,000 of such prepayments to redeem obligations under the Indenture or the Subordinated Indenture. There remains $1,327,398 of prepayments for which the NMFA is working to identify new loans.

(Source: The Finance Authority.)

Additional Bonds

Additional Bonds or other indebtedness, bonds or notes of the Finance Authority payable on a parity with the Bonds out of the Trust Estate may be issued or incurred, only if certain requirements have been met, including the following:

(a) The Finance Authority must deliver to the Trustee a Cash Flow Statement (as defined in the Indenture), taking into account the issuance of the Additional Bonds or other indebtedness, bonds or notes. A "Cash Flow Statement" incorporates a variety of items including revenues, debt service, loan prepayments and discount factors for certain types of Loans and is more particularly described in "APPENDIX B—EXTRACTS OF CERTAIN PROVISIONS OF THE INDENTURE."

(b) All payments required by the Indenture to be made into the Bond Fund must have been made in full.

(c) The proceeds of the Additional Bonds or other indebtedness, bonds or notes must be used (i) to refund Bonds issued under the Indenture or other obligations of the Finance Authority (including the funding of necessary reserves and the payment of costs of issuance) or (ii) to make additional Loans or to purchase Securities (including the funding of necessary reserves and the payment of costs of issuance).

(d) No Event of Default has occurred and is continuing under the Indenture, except that the foregoing will not preclude the issuance of Additional Bonds or other indebtedness, bonds or notes if (i) the issuance of such Additional Bonds or other indebtedness, bonds or notes otherwise complies with the requirements of the Indenture and (ii) such Event of Default will cease to continue upon the issuance of the Additional Bonds or other indebtedness, bonds or notes and the application of the proceeds thereof.

Any of the foregoing requirements may be revised or deleted with written evidence from the Rating Agencies to the effect that such revision or deletion will not result in the rating on the Outstanding Bonds being lowered.

The Finance Authority maintains an ongoing program to provide loans and to purchase securities from Governmental Units and expects to finance certain of those activities with the issuance of Additional Bonds on a parity with the Series 2016E Bonds. The Finance Authority expects to issue Additional Bonds within the next twelve months. The issuance of such Additional Bonds depends on a variety of factors, including market conditions. No assurance can be given when, or if, such Additional Bonds will be issued. The timing, amount and other details of such other Additional Bonds are not known as of the date of this Official Statement.

No Obligations Senior to the Bonds

No additional indebtedness, bonds or notes of the Finance Authority payable on a priority senior to the pledge of the Revenues for payment of the Bonds will be created or incurred without the prior written consent of the Owners of one hundred percent (100%) of the Outstanding Bonds.

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Outstanding Parity Bonds

The following table presents the Series of Outstanding Parity Bonds that are expected to be outstanding under the Indenture as of October 1, 2016:

Series(1)(2)	Original Principal Amount Issued	Aggregate Principal Amount Outstanding as of 10/1/2016(3)
2006B(4)	$ 38,260,000	$ 22,730,000
2007E	61,945,000	34,085,000
2008A	158,965,000	119,080,000
2008B	36,545,000	22,520,000
2008C	29,130,000	11,490,000
2009A	18,435,000	12,310,000
2009C	55,810,000	41,355,000
2009D-1	13,570,000	7,430,000
2009D-2	38,845,000	34,890,000
2009E	35,155,000	12,585,000
2010A-1	15,170,000	5,670,000
2010A-2	13,795,000	12,990,000
2010B-1	38,610,000	23,795,000
2010B-2	17,600,000	16,950,000
2011B-1	42,735,000	25,905,000
2011B-2	14,545,000	10,630,000
2011C	53,400,000	39,410,000
2012A	24,340,000	20,015,000
2013A	44,285,000	34,570,000
2013B	16,360,000	12,925,000
2014B	58,235,000	50,080,000
2015B	45,325,000	42,595,000
2015C	45,475,000	45,300,000
2016A	52,070,000	49,170,000
2016C	67,540,000	66,725,000
2016D	116,485,000	116,485,000
Total	$1,152,630,000	$891,690,000

(1) The official statements for the various Series of Outstanding Parity Bonds are available at the Internet site of the Finance Authority, http://www.nmfa.net, under "Investors, Public Project Revolving Fund." The information provided on the Finance Authority's website is not a part of this Official Statement and should not be relied upon in making an investment decision with respect to the Series 2016E Bonds.

(2) Does not include the Series 2016E Bonds.

(3) All series of bonds have maturities on June 1.

(4) The Finance Authority will redeem all of the Refunded Obligations on the date of initial delivery of the Series 2016E Bonds. See "THE PLAN OF FINANCING—General" and "ANNUAL DEBT SERVICE REQUIREMENTS."

(Source: The Finance Authority.)

See "ANNUAL DEBT SERVICE REQUIREMENTS" for Debt Service Requirements on the Outstanding Parity Bonds and aggregate payments under Agreements relating to the Bonds. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Trust Estate" for a listing of the Governmental Units that have Agreements with the same revenue pledge, based on scheduled payments in fiscal year 2016-2017 and assuming no further prepayment, expected to generate the highest percentages of estimated annual Revenues in fiscal year 2016-2017.

Outstanding Subordinate Lien Bonds

Pursuant to a Subordinated General Indenture of Trust and Pledge dated as of December 1, 2005 (the "Subordinated Indenture"), the Finance Authority may incur obligations (the "Subordinate Lien Bonds") that have a lien on the revenues from the NMFA Portion of the Governmental Gross Receipts Tax and the revenues from Additional Pledged Loans (collectively, the "Subordinate Lien Revenues") that is subordinate to the lien of the Indenture on those revenues. The Subordinate Lien Bonds are additionally secured by their own pool of loans and securities executed and delivered to the Finance Authority by governmental units of the State in consideration for the financing of all or a portion of projects for such governmental units. The revenues derived from such loans and securities are pledged as security solely for the Subordinate Lien Bonds and are not pledged as security for the Bonds.

Pursuant to the Subordinated Indenture, the Finance Authority has issued various series of Subordinate Lien Bonds. The following table sets forth the various series of Subordinate Lien Bonds, the original aggregate principal amount and the aggregate principal amount of Subordinate Lien Bonds that are expected to be outstanding as of October 1, 2016:

Series[1]	Original Principal Amount Issued	Aggregate Principal Amount Outstanding as of 10/1/2016[2]
2006C	$ 39,860,000	$ 24,330,000
2007A	34,010,000	13,115,000
2007B	38,475,000	20,495,000
2007C	131,860,000	82,485,000
2013C-1	3,745,000	2,890,000
2013C-2	10,550,000	8,020,000
2014A-1	15,135,000	14,055,000
2014A-2	16,805,000	13,775,000
2015A	63,390,000	59,940,000
2015D	29,355,000	27,170,000
2016B	8,950,000	7,415,000
Total	$392,135,000	$273,690,000

(1) The official statements for the various series of outstanding Subordinate Lien Bonds are available at the Internet site of the Finance Authority, http://www.nmfa.net, under "Investors, Public Project Revolving Fund." The information provided on the Finance Authority's website is not a part of this Official Statement and should not be relied upon in making an investment decision with respect to the Series 2016E Bonds.

(2) All series of bonds have maturities on June 15.

(Source: The Finance Authority.)

The Finance Authority may issue additional bonds pursuant to the Subordinated Indenture from time to time to satisfy the financing needs of governmental entities in the State.

The Series 2016E Bonds have a lien on the Subordinate Lien Revenues senior to the lien securing the outstanding Subordinate Lien Bonds.

Supplemental Indentures and Amendments to Agreements; Rating Agency Discretion

Pursuant to the Indenture, the Finance Authority and the Trustee may, without the consent of or notice to any of the Owners of the Bonds, enter into an indenture or indentures supplemental to the Indenture in order to make certain amendments or changes to the Indenture, including any amendment with the prior written confirmation from the Rating Agencies that such amendment will not result in the rating on the Bonds, following such amendment, to be lower than the rating on the Bonds immediately prior to such amendment. See "APPENDIX B—EXTRACTS OF CERTAIN PROVISIONS OF THE INDENTURE—Supplemental Indentures."

In addition, the Finance Authority with the consent of the Trustee and the related Governmental Unit may, without the consent of any Owners of the Bonds, amend any Agreement, Additional Pledged Loan documents and any existing Security Documents with the prior written confirmation from the Rating Agencies that such amendment will not result in the rating on the Bonds following such amendment to be lower than the rating on the Bonds immediately prior to such amendment; or make any other change or amendment upon the delivery to the Trustee of a Cash Flow Statement and an Approval of Bond Counsel.

THE PLAN OF FINANCING

General

The proceeds of the Series 2016E Bonds will be used by the Finance Authority for the purpose of (i) originating Loans to or purchasing Securities from or reimbursing the Finance Authority for moneys used to originate Loans to or purchase Securities from the 2016E Governmental Units, the proceeds of which will be or were used to finance or refinance certain Projects for such 2016E Governmental Units, (ii) currently refunding the Refunded Obligations to achieve debt service savings, and (iii) paying costs incurred in connection with the issuance of the Series 2016E Bonds. See "INTRODUCTION—Authority and Purpose." See APPENDIX F for a list of the 2016E Governmental Units and the amount of the Loans expected to be financed with proceeds of the Series 2016E Bonds.

The Refunded Obligations will be redeemed on the date of initial delivery of the Series 2016E Bonds, with a portion of the proceeds of the Series 2016E Bonds. Upon the delivery of the Series 2016E Bonds, the Finance Authority will deposit funds, including a portion of the proceeds of the sale of the Series 2016E Bonds, to the Refunded Obligation Redemption Account, in an amount sufficient to pay all unpaid principal of and interest on the Refunded Obligations, with the Trustee, and such funds shall be applied by the Trustee to redeem the Refunded Obligations in accordance with the terms of the Indenture.

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Estimated Sources and Uses of Funds

The following tables set forth the estimated sources and uses of funds in connection with the issuance of the Series 2016E Bonds.

Sources of Funds

Principal Amount	$40,870,000.00
Original Issue Premium	6,620,929.85
Total Sources	$47,490,929.85

Uses of Funds

Deposit to Public Project Revolving Fund[1]	$ 24,082,475.65
Deposit to Refunded Obligation Redemption Account to redeem the Refunded Obligations[2]	23,119,084.20
Costs of Issuance[3]	289,370.00
Total Uses	$47,490,929.85

(1) Amounts deposited in the Public Project Revolving Fund will be used to reimburse the Finance Authority for Loans previously made to the 2016E Governmental Units, which have been used to finance Projects for such 2016E Governmental Units and, as applicable, fund an agreement reserve fund. See "APPENDIX F—2016E GOVERNMENTAL UNITS; LARGEST REPAYMENT OBLIGATIONS."

(2) Such amounts will be applied by the Trustee to redeem the Refunded Obligations on the date of initial delivery of the Series 2016E Bonds.

(3) Costs of issuance include Underwriters' discount, legal fees, rating agency fees, Trustee fees, financial advisory fees and other miscellaneous costs.

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ANNUAL DEBT SERVICE REQUIREMENTS

The following schedule shows the total debt service payable for the Series 2016E Bonds and all currently Outstanding Parity Bonds for each fiscal year through their respective final maturity dates.

ANNUAL DEBT SERVICE FOR THE BONDS[(1)]

Fiscal Year	Series 2016E Bonds		Outstanding	Total Annual
Ending 6/30	Principal	Interest	Parity Bonds[(2)]	Debt Service
2017	$ 4,345,000	$ 1,204,277	$ 93,356,495	$ 98,905,772
2018	2,705,000	1,757,950	93,547,813	98,010,763
2019	3,235,000	1,622,700	94,375,288	99,232,988
2020	4,970,000	1,460,950	89,367,263	95,798,213
2021	5,515,000	1,212,450	88,394,477	95,121,927
2022	3,325,000	936,700	83,357,503	87,619,203
2023	3,270,000	770,450	76,587,147	80,627,597
2024	3,375,000	606,950	68,557,857	72,539,807
2025	3,435,000	438,200	65,184,959	69,058,159
2026	3,280,000	266,450	58,577,787	62,124,237
2027	1,350,000	102,450	54,137,032	55,589,482
2028	1,415,000	61,950	53,942,748	55,419,698
2029	650,000	19,500	46,589,420	47,258,920
2030	-	-	38,477,621	38,477,621
2031	-	-	35,175,933	35,175,933
2032	-	-	34,356,822	34,356,822
2033	-	-	33,110,724	33,110,724
2034	-	-	30,381,096	30,381,096
2035	-	-	30,222,766	30,222,766
2036	-	-	18,776,760	18,776,760
2037	-	-	8,985,321	8,985,321
2038	-	-	8,940,042	8,940,042
2039	-	-	6,017,236	6,017,236
2040	-	-	5,680,950	5,680,950
2041	-	-	5,685,000	5,685,000
2042	-	-	2,788,950	2,788,950
2043	-	-	2,784,650	2,784,650
2044	-	-	2,782,850	2,782,850
2045	-	-	2,633,350	2,633,350
2046	-	-	1,957,000	1,957,000
Total	$40,870,000	$10,460,977	$1,234,732,863	$1,286,063,840

(1) Assumes the Series 2016E Bonds are issued and Outstanding and the Refunded Obligations are redeemed. Totals may not add due to rounding.
(2) Includes principal and interest.
(Source: Western Financial Group, LLC.)

The following table shows estimated available Revenues pledged to the payment of the Bonds, total debt service requirements for the Series 2016E Bonds and all other Outstanding Parity Bonds (except for the Refunded Obligations) and the resulting estimated annual coverage ratios. Revenues estimated for current and future fiscal years are based upon the governmental gross receipts tax distribution to the Public Project Revolving Fund for the 12 month period ending July 31, 2016, the Finance Authority's projections for fiscal year 2016-2017 and scheduled payments under the Agreements and Additional Pledged Loans, and do not reflect any future Prepayments or delinquencies. The estimated annual coverage ratios are based in part on assumptions that may not be realized. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Trust Estate—The Governmental Gross Receipts Tax," "—Agreement Revenues" and "—Additional Pledged Loans" for descriptions of the Revenues presented in the table under the headings "NMFA Portion of the Governmental Gross Receipts Tax" and "Aggregate Agreement Revenues." See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Trust Estate" and "INVESTMENT CONSIDERATIONS" for a list of some factors which may affect Revenues.

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ESTIMATED REVENUES, ANNUAL DEBT SERVICE REQUIREMENTS
AND PROJECTED COVERAGE RATIOS[(1)]

Fiscal Year Ending 6/30	NMFA Portion of Governmental Gross Receipts Tax[(2)]	Aggregate Agreement Revenues[(3)]	Estimated Total Revenues	Total Annual Debt Service Requirement[(4)]	Estimated Annual Coverage Ratios
2017	$ 27,950,000	$ 107,399,983	$ 135,349,983	$ 98,905,772	1.37
2018	27,950,000	108,054,939	136,004,939	98,010,763	1.39
2019	27,950,000	105,682,286	133,632,286	99,232,988	1.35
2020	27,950,000	104,217,511	132,167,511	95,798,213	1.38
2021	27,950,000	99,191,168	127,141,168	95,121,927	1.34
2022	27,950,000	91,919,550	119,869,550	87,619,203	1.37
2023	27,950,000	86,884,682	114,834,682	80,627,597	1.42
2024	27,950,000	78,158,614	106,108,614	72,539,807	1.46
2025	27,950,000	75,117,632	103,067,632	69,058,159	1.49
2026	27,950,000	66,083,422	94,033,422	62,124,237	1.51
2027	27,950,000	60,468,083	88,418,083	55,589,482	1.59
2028	27,950,000	60,835,054	88,785,054	55,419,698	1.60
2029	27,950,000	61,700,881	89,650,881	47,258,920	1.90
2030	27,950,000	43,017,253	70,967,253	38,477,621	1.84
2031	27,950,000	38,628,409	66,578,409	35,175,933	1.89
2032	27,950,000	36,049,506	63,999,506	34,356,822	1.86
2033	27,950,000	36,238,467	64,188,467	33,110,724	1.94
2034	27,950,000	33,211,233	61,161,233	30,381,096	2.01
2035	27,950,000	32,998,823	60,948,823	30,222,766	2.02
2036	27,950,000	21,352,015	49,302,015	18,776,760	2.63
2037	27,950,000	11,643,308	39,593,308	8,985,321	4.41
2038	27,950,000	10,911,149	38,861,149	8,940,042	4.35
2039	27,950,000	6,869,762	34,819,762	6,017,236	5.79
2040	27,950,000	6,412,540	34,362,540	5,680,950	6.05
2041	27,950,000	6,024,001	33,974,001	5,685,000	5.98
2042	27,950,000	3,122,070	31,072,070	2,788,950	11.14
2043	27,950,000	2,907,927	30,857,927	2,784,650	11.08
2044	27,950,000	2,907,352	30,857,352	2,782,850	11.09
2045	27,950,000	2,758,176	30,708,176	2,633,350	11.66
2046	27,950,000	2,077,104	30,027,104	1,957,000	15.34

(1) Assumes the Series 2016E Bonds are issued and Outstanding and the Refunded Obligations are redeemed. See "INTRODUCTION—Authority and Purpose" and "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Outstanding Parity Bonds." Totals may not add due to rounding.

(2) Based upon the governmental gross receipts tax distributions to the Public Project Revolving Fund for the 12-month period ending July 31, 2016, the Finance Authority projects that governmental gross receipts tax distributions for fiscal year 2016-2017 will be $27,950,000. Fiscal year collections represent distributions of governmental gross receipts tax for the period commencing May 1 of the preceding fiscal year through April 30 of the current fiscal year. Assumes annual distribution of the NMFA Portion of the Governmental Gross Receipts Tax will remain the same over the life of the Bonds.

(3) Assumes total Agreement Revenues to be received for Loans outstanding as of August 31, 2016, including the Loans financed or refinanced with proceeds of the Series 2016E Bonds. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Trust Estate—Agreement Revenues."

(4) Includes debt service for all Outstanding Parity Bonds (except for the Refunded Obligations). Assumes that no Additional Bonds will be issued under the Indenture. See "ANNUAL DEBT SERVICE REQUIREMENTS."

(Sources: The Finance Authority and Western Financial Group LLC.)

NEW MEXICO FINANCE AUTHORITY

General Information

The Finance Authority is a public body politic and corporate, separate and apart from the State, constituting a governmental instrumentality of the State. The Finance Authority was created in 1992 pursuant to the Act to coordinate the planning and financing of State and local public projects, to provide for long-term planning and assessment of State and local capital needs and to improve cooperation among the executive and legislative branches of State government and local governments in financing public projects. Pursuant to the Act, the Finance Authority and its corporate existence will continue until terminated by law, provided that no such law will take effect so long as the Finance Authority has bonds or other obligations outstanding, unless provision has been made for the payment of all such obligations. The Finance Authority is comprised of 11 members who also constitute the Finance Authority's board of directors and currently employs 39 persons, including a Chief Executive Officer. The Chief Executive Officer directs the business and affairs of the Finance Authority, subject to the policies, control and direction of the Finance Authority.

The Finance Authority staff provides a full range of services to its borrowers and other parties benefiting from or otherwise interested in the Finance Authority's financing programs. Those services include loan servicing and program fund administration, financial analysis relating to all aspects of the Finance Authority's programs, accounting, program marketing and development services, application assistance to borrowers, coordination and assistance with other funding sources, coordination with taxing and regulatory authorities, and coordination with various legislative authorities.

Powers

In addition to the power to issue bonds and other obligations to finance specific programs and projects, pursuant to the Act, the Finance Authority is granted all powers necessary and appropriate to carry out and effectuate its public and corporate purposes, including but not limited to the following powers:

(a) to procure insurance to secure payment on any loan, lease or purchase payments owed to the Finance Authority by a qualified entity in such amounts and from such insurers, including the federal government, as it may deem necessary or desirable, and to pay any premiums for such insurance;

(b) to fix, revise from time to time, charge and collect fees and other charges in connection with the making of loans and any other services rendered by the Finance Authority;

(c) to accept, administer, hold and use all funds made available to the Finance Authority from any sources;

(d) to borrow money and to issue bonds and provide for the rights of holders of the bonds;

(e) to establish and maintain reserve and sinking fund accounts to insure against and have funds available for maintenance of other debt service accounts;

(f) to invest and reinvest its funds and to take and hold property as security for the investment of such funds;

(g) subject to any agreement with bondholders to: (1) renegotiate any loan, lease or agreement; (2) consent to any modification of the terms of any loan, lease or agreement and, (3) purchase bonds, which may upon purchase be canceled; and

(h) to do any and all things necessary or convenient to carry out its purposes and exercise the powers given and granted in the Act.

The Finance Authority has no authority to impose or collect taxes.

Organization and Governance

The Finance Authority is composed of 11 members who serve as the governing body of the Finance Authority. Six of the members are ex officio members designated in the Act and five members are appointed by the Governor with the advice and consent of the State Senate. One of the appointed members must be the chief financial officer of a State higher educational institution. The remaining four appointed members must be residents of the State. The six ex officio members with voting privileges include four cabinet-level secretaries, each of whom are appointed by the Governor and serve at the pleasure of the Governor (the Secretary of Finance and Administration, the Secretary of Economic Development, the Secretary of Energy, Minerals and Natural Resources, and the Secretary of Environment), and two are chief executive directors of State-wide associations (the Executive Director of the New Mexico Municipal League and the Executive Director of the New Mexico Association of Counties). The appointed members serve at the pleasure of the Governor and the appointed members serve four-year terms. Vacancies for the appointed members are filled by appointment of the Governor for the remainder of any unexpired term. Any appointed member is eligible for reappointment.

The governing body of the Finance Authority exercises and oversees the exercise of the powers of the Finance Authority. The governing body of the Finance Authority satisfies those responsibilities through monthly meetings and through the standing committees that the governing body has established. A quorum of the governing body exists when a majority of the members then serving are present. A majority vote of a quorum of the members present may transact any business of the Finance Authority. A vacancy in the membership of the governing body does not impact the ability of a quorum to exercise all rights and duties of the Finance Authority. The committees are advisory and have no authority to act on behalf of the governing body, except that the Contracts Committee has authority to award certain contracts and the Investment Committee has authority to authorize certain investments. Each committee reviews and makes recommendations to the governing body concerning matters assigned to it by the governing body.

The Executive Committee provides oversight and direction relating to the operations of the Finance Authority. Other committees include the Finance and Loan Committee, the Audit Committee, the Economic Development Committee, the Investment Committee, the Disclosure Committee, and the Contracts Committee. The committees typically meet monthly.

The governing body has also established written policies concerning the exercise of the powers of the Finance Authority, including the administration of the Public Project Revolving Fund. The written policies serve as ongoing directions to staff and consultants with respect to standards to be applied in the conduct of the business of the Finance Authority.

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Governing Body and Key Staff Members

Current members of the Finance Authority, and their respective occupations and term expiration dates, are presented below. Two positions on the governing body are currently vacant.

Name	Occupation	Term Expires
John E. McDermott (Chair)[(1)]	President, McDermott Advisory Services, LLC	01/01/2017
William F. Fulginiti (Vice Chair)[(2)]	Executive Director, New Mexico Municipal League	not applicable
Tony Delfin (Secretary)[(1)(2)]	Acting Cabinet Secretary, Energy, Minerals and Natural Resources Department, State of New Mexico	not applicable
Katherine Ulibarri (Treasurer)[(1)]	Vice President for Finance and Operations, Central New Mexico Community College	12/31/2018
Jon Barela[(1)(2)(3)]	Cabinet Secretary, Economic Development Department, State of New Mexico	not applicable
Blake Curtis[(1)(4)]	Chief Executive Officer, Senior Vice President, Curtis & Curtis, Inc., Clovis, New Mexico	01/01/16
Steve Kopelman[(2)]	Executive Director, New Mexico Association of Counties	not applicable
Duffy Rodriguez[(1)(2)]	Cabinet Secretary Designate, Department of Finance and Administration	not applicable
Butch Tongate[(1)(2)]	Cabinet Secretary Designate, Environment Department, State of New Mexico	not applicable

(1) Appointed by the Governor of the State and serves at the pleasure of the Governor.

(2) Ex officio member with voting privileges. An ex officio member may designate an alternate member. Alternate members may attend meetings and vote on all matters considered by the Finance Authority. Ex officio members that are cabinet secretaries are appointed to their cabinet positions by the Governor of the State and serve in those capacities at the pleasure of the Governor.

(3) Member Barela announced his resignation as Cabinet Secretary, Economic Development Department, State of New Mexico to be effective as of September 30, 2016. Upon Member Barela's departure, effective September 30, 2016, Barbara Brazil will serve as Acting Cabinet Secretary, Economic Development Department, State of New Mexico.

(4) Term has expired but continues to serve until replaced or reappointed.

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Presented below is certain information concerning key staff members of the Finance Authority involved in the issuance of the Series 2016E Bonds and the administration of the Finance Authority's financing programs.

Robert P. Coalter, Chief Executive Officer. Mr. Coalter began serving as the Chief Executive Officer of the Finance Authority in January 2014. Previously, Mr. Coalter served as Executive Director of the Texas Public Finance Authority (TPFA), one of the largest bond issuers in the State of Texas with over $5 billion in outstanding debt. Prior to his work at TPFA, Mr. Coalter served as Assistant Director of Treasury Operations for the Texas Comptroller of Public Accounts for 16 years. He has been employed in various positions within state government for over 20 years, working with senior officials and staff in the both the legislative and executive branches. Mr. Coalter holds a Masters of Business Administration in Finance and has been accountable for the issuance, payment, and compliance of over $90 billion dollars in various municipal instruments during his career.

Chief Financial Officer. Vacant. The Finance Authority announced that Oscar Rodriguez, currently serving as the Finance Director for the City of Santa Fe, New Mexico, will join the Finance Authority as its Chief Financial Officer in October 2016.

Heather Travis Boone, Chief Regulatory Compliance Officer. Ms. Boone joined the Finance Authority in July 2016. Prior to joining the Finance Authority, Ms. Boone served as Chief Legal Officer and General Counsel for Los Alamos National Bank. Ms. Boone has over 15 years of experience with financial institutions and practicing law. Ms. Boone received her Juris Doctor from Washington & Lee University School of Law and her Bachelor of Arts degree from Trinity University.

Michael J. Zavelle, Chief Financial Strategist. Mr. Zavelle joined the Finance Authority in June 2009. Mr. Zavelle has an extensive and varied background in finance with public and private universities, a major cultural organization, and as a capital markets banker in Asia responsible for client relations and for loan and bond underwriting, syndication and private placement. He served as a VP/CFO for Fisk University, Brooklyn College/CUNY, and Baruch College/CUNY, as Vice Chancellor for Administration & Planning for City University of New York, as SVP and Chief Administrative Officer for The New York Public Library, and as a Managing Director with Chase Manhattan Asia Limited in Hong Kong and Tokyo. Mr. Zavelle has a Bachelor of Arts degree in Economics from Dartmouth College and a Master of Business Administration degree from Harvard University.

Zach Dillenback, Chief Lending Officer. Mr. Dillenback joined the Finance Authority in February 2006, and was promoted to Chief Lending Officer in 2012. Mr. Dillenback has over 10 years of experience in the finance industry, the majority of such time being devoted to public finance. He holds a Bachelor of Arts degree in Finance from Florida State University and an Executive Master of Business Administration degree from the University of New Mexico.

Marquita Russel, Chief of Programs. Ms. Russel joined the Finance Authority in September, 2000. Ms. Russel has approximately 20 years of experience in the financial services industry, in both marketing and financial analysis. Prior to joining the Finance Authority, Ms. Russel spent 10 years at the Illinois Development Finance Authority, where she held the positions of Marketing Director and Senior Program Administrator. During that time, Ms. Russel closed more than $1 billion of transactions, ranging from $5,000 microloans to $175 million tax-exempt hospital bonds. Ms. Russel earned her Bachelor of Science degree from Marquette University, Milwaukee, Wisconsin.

Daniel C. Opperman, General Counsel. Mr. Opperman joined the Finance Authority in November 2010 as Assistant General Counsel and was hired as the General Counsel in October 2012. Prior to joining the Finance Authority, Mr. Opperman served as General Counsel for the New Mexico Department of Transportation (NMDOT) for two years. Mr. Opperman obtained his law degree from the University New Mexico School of Law and his Bachelor of Arts degree in Economics from the University of New Mexico, and is a retired professional baseball player with the Los Angeles Dodgers organization.

Legislative Oversight

The Act also provides for the creation of a legislative oversight committee, whose membership is determined by the State Legislative Council. The oversight committee is required to monitor and oversee the operation of the Finance Authority, and in that capacity it, among other things: (i) meets on a regular basis to receive and review reports from the Finance Authority and to review and approve regulations proposed for adoption pursuant to the Act; (ii) monitors and provides assistance and advice on the public project financing program of the Finance Authority; (iii) oversees and monitors State and local government capital planning and financing; (iv) provides advice and assistance to the Finance Authority on planning, setting priorities for and financing of State and local capital projects; (v) undertakes an ongoing examination of the statutes, constitutional provisions, regulations and court decisions governing State and local government capital financing in the State; and (vi) reports its findings and recommendations, including recommended legislation or necessary changes, to the Governor and to each session of the State legislature (the "Legislature"), and makes available the report and proposed legislation.

The Public Project Revolving Fund Program

General. The Act created the Public Project Revolving Fund (the "PPRF") program of the Finance Authority in 1992 to pay the reasonably necessary costs of originating and servicing loans, grants or securities funded by the PPRF and to make loans or grants and to purchase or sell securities to assist qualified entities in financing the acquisition, construction, improvement, alteration or reconstruction of assets of a long-term capital nature, including land; buildings; water rights; water, sewerage and waste disposal systems; streets; airports; municipal utilities; public recreation facilities; public transportation systems; parking facilities; and machinery, furniture and equipment. Public projects financed through the PPRF in amounts in excess of $1 million per project require specific authorization by the Legislature. As of July 31, 2016, the Finance Authority had made 1,315 PPRF loans totaling approximately $2.78 billion. To implement the PPRF Program, the Finance Authority has been granted the following specific powers:

(a) to make loans to qualified entities that establish one or more dedicated sources of revenue to repay the loan from the Finance Authority;

(b) to make, enter into and enforce all contracts necessary, convenient or desirable for the purposes of the Finance Authority or pertaining to (1) a loan to a qualified entity, (2) a purchase or sale of securities individually or on a pooled basis, or (3) the performance of its duties and execution of any of its powers under the Act;

(c) to purchase or hold securities at prices and in a manner the Finance Authority considers advisable, giving due consideration to the financial capability of the qualified entity, and sell securities acquired or held by it at prices without relation to cost and in a manner the Finance Authority considers advisable;

(d) to prescribe the form of application or procedure required of a qualified entity for a loan or purchase of its securities, fix the terms and conditions of the loan or purchase and enter into agreements with qualified entities with respect to loans or purchases;

(e) to charge for its costs and services in review or consideration of a proposed loan to a qualified entity or purchase by the Finance Authority of securities, whether or not the loan is made or the securities purchased;

(f) to fix and establish terms and provisions with respect to: (1) a purchase of securities by the Finance Authority, including date and maturities of the securities; (2) redemption or payment before maturity; and (3) any other matters that in connection with the purchase are necessary, desirable or advisable in the judgment of the Finance Authority;

(g) to the extent permitted under its contracts with the holders of bonds of the Finance Authority, consent to modification of the rate of interest, time and payment of installment of principal or interest, security or any other term of a bond, contract or agreement of any kind to which the Finance Authority is a party;

(h) in connection with the purchase of any securities, to consider the ability of the qualified entity to secure financing from other sources and the costs of that financing and the particular public project or purpose to be financed or refinanced with the proceeds of the securities to be purchased by the Finance Authority;

(i) to acquire fee simple, leasehold, mortgagor's or mortgagee's interests in real and personal property and to sell, mortgage, convey or lease that property for Finance Authority purposes; and

(j) in the event of a default by a qualifying entity, enforce its rights by suit or mandamus or use all of the available remedies under State law.

Contingent Liquidity Account. In an effort to pursue its policy of maintaining a sufficient cash balance to meet the borrowing needs of eligible entities and improving the fund and cash balances of the PPRF program, the Finance Authority established a contingency account (the "Contingent Liquidity Account"). Although it will not be pledged to the Series 2016E Bonds, or any other Finance Authority bonds, the Contingent Liquidity Account is intended to enhance the Finance Authority's ability to meet the cash-flow needs of the PPRF program. Funds from the Contingent Liquidity Account may be used to pay debt service on Finance Authority bonds; however, such use is within the sole discretion of the Finance Authority and such funds may also be used for other purposes, including but not limited to payments of unforeseen expenses of the Finance Authority, urgent economic development projects, loan originations, or addressing other purposes as determined by the Finance Authority. As of September 21, 2016, the Contingent Liquidity Account was funded to an amount of approximately $30,445,718. The debt management policy relating to the PPRF was revised on November 19, 2015 to provide that the Contingent Liquidity Account will be funded to an amount no greater than the funding level for the Common Debt Service Reserve Fund. See SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Flow of Funds—Common Debt Service Reserve Fund."

Temporary Borrowing. The Finance Authority has entered into an arrangement (the "Wells Fargo Short-Term Borrowing") with Wells Fargo Bank, National Association ("Wells Fargo") for Wells Fargo to provide to the Finance Authority an amount up to $100,000,000 to reimburse the Finance Authority for loans made to eligible entities that are incurred prior to the issuance of a series of bonds or to make loans to eligible entities by using funds drawn from the Wells Fargo Short-Term Borrowing. Once the amounts are advanced, the Finance Authority has up to 180 days to repay the advancement. The Wells Fargo Short-Term Borrowing is currently scheduled to expire on December 10, 2020. The Wells Fargo Short-Term Borrowing is secured by proceeds of bonds that are anticipated to be issued subsequent to the advances. The Finance Authority has entered into the Wells Fargo Short-Term Borrowing to assist it with its cash flows. The Wells Fargo Short-Term Borrowing is not secured by the Trust Estate. The Finance Authority does not have any current plans to draw upon the Wells Fargo Short-Term Borrowing by the end of the year. However, the Finance Authority reserves the right to draw upon the Wells Fargo Short-Term Borrowing if it is expedient to do so.

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Other Bond Programs and Projects

The Finance Authority also participates in or administers other bond programs designed to provide financing to local governmental entities and state agencies for public projects. Such programs are not secured by the Trust Estate but are secured by other sources of revenues. The following table sets forth the different types of bond programs and the amount of bonds expected to be outstanding under such programs as of October 1, 2016.

Program	Project	Original Principal Amount	Outstanding as of 10/1/2016	Scheduled Final Maturity
Cigarette Tax	Behavioral Health Facilities 2006	2,500,000	1,125,000	5/01/2026
Transportation	Highways 2006A	150,000,000	7,770,000	12/15/2018
Transportation	Highways 2006B Subordinate	40,085,000	1,500,000	12/15/2016
Transportation	Highways 2008A Subordinate	115,200,000	35,200,000	6/15/2024
Transportation	Highways 2008B Subordinate	220,000,000	100,000,000	12/15/2026
Transportation	Highways 2009A	112,345,000	5,065,000	6/15/2017
Transportation	Highways 2010A-1	95,525,000	30,270,000	12/15/2024
Transportation	Highways 2010A-2 Subordinate	79,100,000	52,355,000	12/15/2021
Transportation	Highways 2010B	461,075,000	444,405,000	6/15/2024
Transportation	Highways 2011A-1 Subordinate	80,000,000	80,000,000	12/15/2026
Transportation	Highways 2011A-2 Subordinate	120,000,000	120,000,000	12/15/2026
Transportation	Highways 2011A-3 Subordinate	84,800,000	84,800,000	12/15/2026
Transportation	Highways 2012	220,400,000	171,070,000	6/15/2026
Transportation	Highways 2014A Subordinate	70,110,000	70,110,000	6/15/2032
Transportation	Highways 2014B-1	61,380,000	61,380,000	6/15/2027
Transportation	Highways 2014B-2 Subordinate	18,025,000	18,025,000	6/15/2027

(Source: The Finance Authority.)

LITIGATION

To the knowledge of the Finance Authority, there is no controversy or litigation known to be pending or threatened to restrain or enjoin the issuance, sale, execution or delivery of the Series 2016E Bonds, the execution, adoption or effectiveness of the Indenture or the levying or collecting of any Revenues the loss of which would materially adversely affect the ability of the Finance Authority to pay debt service on the Series 2016E Bonds, or in any way contesting or affecting the validity or enforceability of the Series 2016E Bonds, the Indenture, or any proceeding and authority of the Finance Authority taken with respect to the foregoing. The Finance Authority will deliver a non-litigation certification as to the foregoing prior to the issuance of the Series 2016E Bonds.

UNDERWRITING

Pursuant to a Bond Purchase Agreement dated September 22, 2016 (the “Bond Purchase Agreement”) between Merrill Lynch, Pierce, Fenner & Smith Incorporated, as representative of the Underwriters, and the Finance Authority, the Underwriters have agreed to purchase the Series 2016E Bonds from the Finance Authority at a purchase price equal to $47,401,559.85 (being the par amount of the Series 2016E Bonds plus an original issue premium of $6,620,929.85, and less an underwriting discount of $89,370.00). The Bond Purchase Agreement provides that the Underwriters will purchase all of the Series 2016E Bonds if any are purchased, the obligation to make such purchase being subject to certain terms and conditions set forth in the Bond Purchase Agreement, including the approval of certain legal matters by counsel and certain other conditions.

The prices at which the Series 2016E Bonds are offered to the public (and the yields resulting therefrom) may vary from the initial public offering prices appearing on the inside front cover of this Official Statement. In addition, the Underwriters may allow commissions or discounts from such initial offering prices to dealers and others.

J.P. Morgan Securities LLC ("JPMS"), one of the underwriters of the Series 2016E Bonds, has entered into negotiated dealer agreements (each, a "Dealer Agreement") with each of Charles Schwab & Co., Inc. ("CS&Co.") and LPL Financial LLC ("LPL") for the retail distribution of certain securities offerings at the original issue prices. Pursuant to each Dealer Agreement, each of CS&Co. and LPL may purchase Series 2016E Bonds from JPMS at the original issue price less a negotiated portion of the selling concession applicable to any Series 2016E Bonds that such firm sells.

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage services. Certain of the Underwriters and their respective affiliates have, from time to time, performed, and may in the future perform, various financial advisory and investment banking services for the Finance Authority, for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the Underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities, which may include credit default swaps) and financial instruments (including bank loans) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the Finance Authority.

The Underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

TAX MATTERS

Federal Income Tax

In the opinion of Ballard Spahr LLP, Bond Counsel to the Finance Authority, interest on the Series 2016E Bonds is excludable from gross income for purposes of federal income tax under existing laws as enacted and construed on the date of initial delivery of the Series 2016E Bonds, assuming the accuracy of the certifications of the Finance Authority and continuing compliance by the Finance Authority with the requirements of the Internal Revenue Code of 1986. Interest on the Series 2016E Bonds is not an item of tax preference for purposes of either individual or corporate federal alternative minimum tax ("AMT"); however, interest on Series 2016E Bonds held by a corporation (other than an S corporation, regulated investment company, or real estate investment trust) may be indirectly subject to federal AMT because of its inclusion in the adjusted current earnings of a corporate holder.

Original Issue Premium. The Series 2016E Bonds are offered at a premium ("original issue premium") over their principal amount. For federal income tax purposes, original issue premium is amortizable periodically over the term of such Series 2016E Bond through reductions in the holder's tax basis for such Series 2016E Bond for determining taxable gain or loss from sale or from redemption prior to maturity. Amortization of premium does not create a deductible expense or loss. Holders should consult their tax advisors for an explanation of the amortization rules.

State of New Mexico Income Tax

Bond Counsel is also of the opinion that under the currently existing laws of the State of New Mexico, interest on the Series 2016E Bonds is excluded from net income of the owners thereof for State of New Mexico income tax purposes.

No Further Opinion

Bond Counsel expresses no opinion regarding any other tax consequences relating to ownership or disposition of, or the accrual or receipt of interest on, the Series 2016E Bonds.

Changes in Federal and State Tax Laws

From time to time, there are Presidential proposals, proposals of various federal committees, and legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to herein or adversely affect the marketability or market value of the Series 2016E Bonds or otherwise prevent holders of the Series 2016E Bonds from realizing the full benefit of the tax exemption of interest on the Series 2016E Bonds. Further, such proposals may impact the marketability or market value of the Series 2016E Bonds simply by being proposed. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to Series 2016E Bonds issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value, marketability or tax status of the Series 2016E Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Series 2016E Bonds would be impacted thereby.

Purchasers of the Series 2016E Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Series 2016E Bonds, and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any proposed or pending legislation, regulatory initiatives or litigation.

LEGAL MATTERS

In connection with the issuance and sale of the Series 2016E Bonds, Ballard Spahr LLP, Salt Lake City, Utah, as Bond Counsel to the Finance Authority, will deliver its opinion in substantially the form included in APPENDIX D. Certain legal matters will be passed upon for the Finance Authority by its General Counsel. Certain matters relating to disclosure will be passed upon for the Finance Authority by Andrews Kurth LLP, Austin, Texas, Disclosure Counsel to the Finance Authority. Certain legal matters will be passed upon for the Underwriters by Hogan Lovells US LLP, Denver, Colorado, counsel to the Underwriters. The counsels involved in this transaction have not participated in any independent verification of the information concerning the financial condition or capabilities of the Finance Authority contained in this Official Statement.

MUNICIPAL ADVISOR

The Finance Authority has retained Western Financial Group, LLC, as municipal advisor in connection with the preparation of this Official Statement and with respect to the issuance of the Series 2016E Bonds. Western Financial Group, LLC is an independent advisory firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities.

FINANCIAL STATEMENTS

The financial statements of the Finance Authority for the year ended June 30, 2015, included in APPENDIX A of this Official Statement, have been audited by REDW, LLC, certified public accountants, Albuquerque, New Mexico, as set forth in its report thereon dated October 30, 2015. REDW, LLC has not been asked to consent to the use of its name and audited financial reports of the Finance Authority in this Official Statement nor has REDW, LLC participated in the preparation of this Official Statement.

In July 2012, the Finance Authority disclosed that what it believed was the audit of its financial statements for the fiscal year ended June 30, 2011 was not completed properly (the “Incomplete Audit”). Upon such discovery, the Finance Authority withdrew the Incomplete Audit. The Finance Authority then initiated an investigation and determined that its former controller had misrepresented the status of the Incomplete Audit and provided financial statements for use with third parties that he falsely represented as "audited." For additional information relating to the Incomplete Audit, see "2011 Audit Situation" at www.nmfa.net/investors/disclosures/.

CONTINUING DISCLOSURE UNDERTAKING

The Finance Authority will execute and deliver a Continuing Disclosure Undertaking in connection with the issuance of the Series 2016E Bonds pursuant to which it will agree to provide the following information:

- to the Municipal Securities Rulemaking Board ("MSRB") in an electronic format prescribed by the MSRB by March 31 of each fiscal year, or the next succeeding business day if March 31 is not a business day (and to the Trustee and to each holder of the Series 2016E Bonds who requests such information):

    1. with respect to the Finance Authority, annual financial information and operating data concerning the Revenues, such information to be of the type set forth in the tables under the caption "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Trust Estate–Agreement Revenues" and in the table captioned "Governmental Gross Receipts Tax Collections Fiscal Years 2011-2012 Through 2015-2016" under the caption "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Trust Estate—The Governmental Gross Receipts Tax–Collection and Distribution Information," in the Official Statement;

    2. with respect to any Governmental Unit expected by the Finance Authority, on the last business day that is at least 45 days prior to the date specified for providing such information to the MSRB, to have Loan repayment obligations in the then-current fiscal year constituting more than 20% of the estimated Revenues for the then-current fiscal year (the "20% Test"), and each additional Governmental Unit designated by the Finance Authority by such business day, information concerning the four-year history of the specific revenues constituting such Governmental Unit's Agreement Pledged Revenues, or such shorter period for which such information is available;

    3. audited financial statements for the Finance Authority, any Governmental Unit meeting the 20% Test and each additional Governmental Unit designated by the Finance Authority, or, if audited financial statements are not available by March 31 of each fiscal year, or the next succeeding business day if March 31 is not a business day, unaudited financial statements and audited financial statements as soon as such audited financial statements become available;

- in a timely manner to the MSRB in an electronic format prescribed by the MSRB, notice of any failure of the Finance Authority to provide the required annual financial information and audited or unaudited financial statements, on or before the date specified in its Continuing Disclosure Undertaking;

- in a timely manner, but not more than ten business days after the occurrence of the event, to the MSRB in an electronic format prescribed by the MSRB, notice of the occurrence of any of the following events (if applicable) with respect to the Series 2016E Bonds:

    1. principal and interest payment delinquencies;

    2. unscheduled draws on debt service reserves reflecting financial difficulties;

    3. unscheduled draws on credit enhancements reflecting financial difficulties;

    4. substitution of credit or liquidity providers, or their failure to perform;

5. adverse tax opinions or the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the bonds;

6. defeasances;

7. tender offers;

8. bankruptcy, insolvency, receivership or similar proceedings; and

9. rating changes.

- in a timely manner, but not more than ten business days after the occurrence of the event, to the MSRB in an electronic format prescribed by the MSRB, notice of the occurrence of any of the following events (if applicable) with respect to the Series 2016E Bonds, if material:

1. mergers, consolidations, acquisitions, the sale of all or substantially all of the assets of the obligated persons or their termination;

2. appointment of a successor or additional trustee or the change of the name of a trustee;

3. non-payment related defaults;

4. modification of rights of owners of the bonds;

5. bond calls; and

6. release, substitution, or sale of property securing repayment of the bonds.

The Finance Authority may from time to time choose to provide notice of the occurrence of certain other events, in addition to those listed above, if, in the judgment of the Finance Authority, such other event is material with respect to the Series 2016E Bonds. However, the Finance Authority does not undertake to commit to provide any such notice of the occurrence of any material event except those events listed above.

The Finance Authority reserves the right to modify from time to time the Continuing Disclosure Undertaking, including the specific types of information provided or the format of the presentation of such information, to the extent necessary or appropriate in the judgment of the Finance Authority; provided that, the Finance Authority has agreed that any such modification is consistent with the Rule as determined by an opinion of counsel experienced in federal securities law selected by the Finance Authority. The Finance Authority acknowledges that its undertaking pursuant to the Rule described under this heading is intended to be for the benefit of the Owners of the Series 2016E Bonds and will be enforceable by the Owners; provided that the right to enforce the provisions of this undertaking are limited to a right to obtain specific performance of the Finance Authority's obligations, and any failure by the Finance Authority to comply with the provisions of the undertaking will not be an event of default with respect to the Series 2016E Bonds.

None of the Governmental Units have represented annual Loan repayment obligations exceeding 20% of estimated Revenues in the first full year immediately preceding issuance of the Series 2016E Bonds. See APPENDIX F for a discussion of Loans to Governmental Units with the largest outstanding principal loan balances.

In July 2012, the Finance Authority disclosed that what it believed was the audit of its financial statements for the fiscal year ended June 30, 2011 was not properly completed (the "Incomplete Audit"). See "FINANCIAL STATEMENTS." Due to the Incomplete Audit, the Finance Authority was unable to file its audit for the fiscal year ended June 30, 2011 in a manner that was in material compliance with its previous undertakings. Eventually, the audit for fiscal year ended June 30, 2011 was completed and made available, and the Finance Authority filed such audit with the MSRB in February 2013 as specified in its disclosure undertakings. In addition, the Finance

Authority reports that it did not provide notice to the MSRB of an upgrade on its Subordinate Lien Bonds by Moody's in April 2011 from Aa3 to Aa2. The Finance Authority filed notice of such upgrade with the MSRB in September 2014.

RATINGS

S&P and Moody's have assigned ratings of "AAA" and "Aa1," respectively, to the Series 2016E Bonds. An explanation of the significance of such ratings may be obtained from S&P and Moody's, respectively.

Such ratings reflect only the views of such organizations. The ratings are not a recommendation to buy, sell or hold the Series 2016E Bonds and there is no assurance that such ratings will continue for any given period of time or that such ratings will not be revised downward or withdrawn entirely by the rating agencies if, in their judgment, circumstances so warrant. Any downward revision or withdrawal of the ratings given to the Series 2016E Bonds may have an adverse effect on the market price of the Series 2016E Bonds. The Municipal Advisor has not undertaken any responsibility to bring to the attention of the owners of the Series 2016E Bonds any proposed revision or withdrawal of the ratings on the Series 2016E Bonds, or to oppose any such proposed revision or withdrawal. The Finance Authority undertakes no responsibility to oppose any such revision or withdrawal. Any such downward revision or withdrawal of the ratings or other actions by a rating agency may have an adverse effect on the market price of the Series 2016E Bonds.

INVESTMENT CONSIDERATIONS

Availability of Revenues

The amount of Revenues actually received by the Finance Authority may be affected by several factors. Among other things, the amount of governmental gross receipts taxes that will be collected and distributed to the Finance Authority is subject to fluctuation based on the activities that generate those taxes, including general economic conditions. There can be no guarantee that the NMFA's Portion of the Governmental Gross Receipts Taxes collected in the future will be consistent with historical collection trends. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Trust Estate—The Governmental Gross Receipts Tax."

Pursuant to Section 7-9-4.3, NMSA 1978, revisions to laws of the State affecting, among other things, tax rates, taxed activities and distributions of governmental gross receipts taxes could be adopted in the future by the State legislature. There is no assurance that any future revisions to State laws will not adversely affect, among other things, tax rates, activities now subject to the governmental gross receipts tax or distribution of governmental gross receipts tax revenues to the Finance Authority. However, the State has pledged to and agreed with holders of any bonds or notes issued under the Act that the State will not limit or alter the rights vested by the Act in the Finance Authority to fulfill the terms of any agreements made with the holders thereof or in any way impair the rights and remedies of those holders until the bonds or notes together with the interest thereon, with interest on any unpaid installments of interest, and all costs and expenses in connection with any action or proceedings by or on behalf of those holders, are fully met and discharged.

As previously stated, the Series 2016E Bonds are also payable from Agreement Revenues. Agreement Revenues are derived from a variety of different sources including enterprise system revenues, property taxes and specific taxes. Those sources of Agreement Revenues may be adversely affected by a variety of factors including, but not limited to, general economic conditions, the demand and cost of certain services and governmental actions. There can be no guarantee that future Agreement Revenues will be consistent with historical receipts.

The mandate from the Budget Control Act of 2011 that became effective in March 2013 requires a reduction of federal spending ("Sequestration"). The Finance Authority receives an insignificant amount of federal revenues including federally provided interest subsidies for the Finance Authority's Series 2010A-2 Bonds. In addition, various entities throughout the State of New Mexico have been receiving federal revenues. While some of those entities may experience a reduction in the receipt of federal revenues due to Sequestration, the Finance Authority does not believe that any such reductions will impact the ability of the Finance Authority to pay debt service on its Bonds.

ADDITIONAL INFORMATION

This Official Statement speaks only as of its date, and the information in this Official Statement is subject to change. The quotations from, and summaries and explanations of, the statutes, regulations and documents contained in this Official Statement do not purport to be complete, and reference is made to said laws, regulations and documents for full and complete statements of their provisions. Copies, in reasonable quantity, of such laws, regulations and documents, and of the financial statements of the Finance Authority, may be obtained during the offering period, upon request to the Finance Authority and upon payment to the Finance Authority of a charge for copying, mailing and handling, at 207 Shelby Street, Santa Fe, New Mexico 87501, Attention: Chief Executive Officer.

Any statements in this Official Statement involving matters of opinion, whether or not expressly stated as such, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the Finance Authority and the purchasers or holders of any of the Series 2016E Bonds.

NEW MEXICO FINANCE AUTHORITY

By /s/ John E. McDermott
John E. McDermott,
Chair

By /s/ Robert P. Coalter
Robert P. Coalter,
Chief Executive Officer

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APPENDIX A

AUDITED FINANCIAL STATEMENTS OF THE FINANCE AUTHORITY
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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New Mexico Finance Authority
(A Component Unit of the State of New Mexico)

Financial Statements, Supplemental Information
and
Independent Auditor's Report

June 30, 2015 and 2014

REDW LLC
CPAs | Business & Financial Advisors

New Mexico Finance Authority
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New Mexico Finance Authority

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New Mexico Finance Authority

Official Roster

Year Ended June 30, 2015

Governing Board
John E. McDermott, Chair
William Fulginiti, Vice Chair
David Martin, Secretary
Katherine Ulibarri, Treasurer
Steve Kopelman, Member
Ryan Flynn, Member
Tom Clifford, Member
Jon Barela, Member
Jerry L. Jones, Member
Blake Curtis, Member
Terry White, Member

Chief Executive Officer
Robert P. Coalter

Chief Financial Officer
Robert Brannon

Independent Auditor's Report

Governing Board
New Mexico Finance Authority
and
Mr. Timothy Keller
New Mexico Office of the State Auditor
Santa Fe, NM

Report on the Financial Statements

We have audited the accompanying financial statements of the New Mexico Finance Authority (the "Authority"), a component unit of the State of New Mexico, as of and for the years ended June 30, 2015 and 2014, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on the accompanying financial statements based on our audits. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

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Albuquerque, NM 87109
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Phoenix
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Phoenix, AZ 85016
P 602.730.3600
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Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of June 30, 2015 and 2014, and the changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The accompanying supplementary schedules, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The supplementary schedules and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 30, 2015, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

REDW LLC

Albuquerque, New Mexico
October 30, 2015

New Mexico Finance Authority
Management's Discussion and Analysis
June 30, 2015 and 2014

Introduction

This section of the New Mexico Finance Authority's (the "Authority") annual financial statements presents management's discussion and analysis of the Authority's financial position at June 30, 2015 and its financial performance during the fiscal year then ended. This section should be read together with the Authority's financial statements and accompanying notes.

The New Mexico Finance Authority

The Authority was created by the New Mexico State Legislature in 1992 to finance infrastructure projects for the state's counties, cities, school districts and certain departments of the state government. The objective was to provide low-cost financing for borrowers who might not otherwise be able to access the tax-exempt bond market on a cost-effective basis. The 1992 statute created the Public Project Revolving Fund (PPRF) as the vehicle to accomplish this financing objective. As authorized by the statute, the Authority issues tax-exempt PPRF bonds to obtain the funds in which it loans to New Mexico governmental entities. The statute created the Governmental Gross Receipts Tax as a source of funding for Authority operations and to serve as a credit enhancement for the Authority's bonds. Although the legislature has created additional program responsibilities for the Authority, the PPRF remains the core of its activities.

Overview of the Financial Statements

The financial statements have been prepared using the economic resources measurement focus and accrual basis of accounting in accordance with generally accepted accounting principles. The Authority's basic financial statements are comprised of the following:

- The *Statement of Net Position* presents information on the assets and liabilities of the Authority, with the difference between the assets and the liabilities reported as net position. Over time, increases or decreases in net position serve as a useful indicator of whether financial position is improving or deteriorating.
- The *Statement of Revenues, Expenses and Changes in Net Position* present information reflecting how the net position of the Authority changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the cash flows. Thus, revenues and expenses are reported in the statement for some items that will only result in cash flows in future fiscal periods.
- The *Statement of Cash Flows* reports the cash flows from operating activities, noncapital financing activities, capital and related financing activities and investing activities, and the resulting change in cash and cash equivalents during the fiscal year.

The accompanying notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes can be found immediately following the financial statements.

Financial Highlights

- The Authority's overall financial improved slightly in the past year. The key indicator is total net position which increased by $40.7 million or 8.9%.
- During the fiscal year, unrestricted cash increased 9.4% or $1.9 million. Restricted cash increased by .4% or $.4 million. Restricted investments increased by 52.5% or $96.5 million.
- Loans receivable remained consistent from previous year.
- Intergovernmental receivables decreased by $12.1 million or 10.2%, primarily as a result of payments received in fiscal year 2015 and restructuring of the Administrative Office of the Courts intergovernmental receivable.
- Bonds payable increased by $8.7 million or 0.8% in 2015, the result of issuing of $166.9 million of new bonds, principal payments on outstanding bonds of $162.3 million, and amortization of bond premium of $4.1 million.
- Undisbursed loan proceeds increased by $43.2 million or 150.3% during 2015 due to the timing of a bond issuance at the end of the fiscal year.
- Appropriation revenue decreased by $5.9 million in fiscal year 2015, representing a 13.8% decrease from fiscal year 2014. The reduction reflects the closing out of all tranches from the appropriation for the State Small Business Credit Initiative program.
- The Authority experienced a $1.4 million or 31.0% decrease in administrative fees revenue from $4.6 million in 2014 to $3.2 million in 2015. This drop in revenue was in direct relation to the decreased number of loans in 2015 compared to 2014.
- Expenses decreased 5.4% from $114.9 million in 2014 to $108.7 million in 2015, representing an expected decrease of $6.2 million.
- Grant revenue and corresponding activity increased 15.9% or $8.8 million as the Authority experienced increased grant activity within the Colonias and Drinking Water programs during the year.
- There was one reversion to the State General Fund for fiscal year 2015 of $500 thousand related to the close out of a loan in the Behavioral Health program.

New Mexico Finance Authority
Management's Discussion and Analysis
June 30, 2015 and 2014

Statement of Net Position

The following presents condensed, combined statements of net position as of June 30, 2015, 2014, and 2013, with the dollar and percentage change:

	2015	Restated 2014	Restated 2013	Net Increase/ (Decrease)	Percentage Increase/ (Decrease)
Assets					
Cash and equivalents					
Unrestricted	$ 21,656,317	$ 19,792,613	$ 116,073,324	$ 1,863,704	9.4%
Restricted	113,366,876	112,880,142	109,965,262	486,734	0.4%
Investments – restricted	280,161,230	183,692,467	131,565,455	96,468,763	52.5%
Loans receivable, net of allowance	1,178,795,528	1,179,166,365	1,231,232,043	(370,837)	0.0%
Intergovernmental receivables	106,092,483	118,148,921	125,274,549	(12,056,438)	-10.2%
Other receivables	7,798,937	10,258,000	10,960,455	(2,459,063)	-24.0%
Capital assets	4,867	104,378	220,772	(99,511)	-95.3%
Other assets	19,500	19,500	118,630	-	0.0%
Total assets	**$ 1,707,895,738**	**$ 1,624,062,386**	**$ 1,725,410,490**	**$ 83,833,352**	5.2%
Deferred Outflows of Resources					
Deferred charge on refunding	$ 184,242	$ 1,191,181	$ -	$ (1,006,939)	-84.5%
Total deferred outflows of resources	**$ 184,242**	**$ 1,191,181**	**$ -**	**$ (1,006,939)**	-84.5%
Liabilities					
Bonds payable, net	$ 1,056,903,674	$ 1,048,141,351	$ 1,180,405,517	$ 8,762,323	0.8%
Undisbursed loan proceeds	71,940,001	28,744,630	45,485,533	43,195,371	150.3%
Advanced loan payments	74,332,049	72,189,707	68,380,111	2,142,342	3.0%
Accounts payable, accrued payroll and compensated absences	643,540	657,934	831,236	(14,394)	-2.2%
Line of credit	-	12,006,298	-	(12,006,298)	-100.0%
Other liabilities	4,254,194	4,200,346	4,998,215	53,848	1.3%
Total liabilities	**1,208,073,458**	**1,165,940,266**	**1,300,100,612**	**42,133,192**	3.6%
Net Position					
Invested in capital assets	4,867	104,378	220,772	(99,511)	-95.3%
Restricted for program commitments	483,282,743	445,061,112	211,361,534	38,221,631	8.6%
Unrestricted	16,718,912	14,147,811	213,727,572	2,571,101	18.2%
Total net position	**500,006,522**	**459,313,301**	**425,309,878**	**40,693,221**	8.9%
Total liabilities and net position	**$ 1,708,079,980**	**$ 1,625,253,567**	**$ 1,725,410,490**	**$ 82,826,413**	**5.1%**

The Authority's overall financial position increased slightly in the past year. The key indicator is total net position which increased by $40.7 million or 8.9%.

The 2013 net position was not reclassified as its inclusion in the financials is limited to the MD&A. Please see Note 2 Summary of Significant Accounting Policies – Net Position.

Assets

Loans receivable decreased by $0.4 million or 0.1% in 2015. New loans made during the year totaled $149.6 million while loan payments received were $152.3 million.

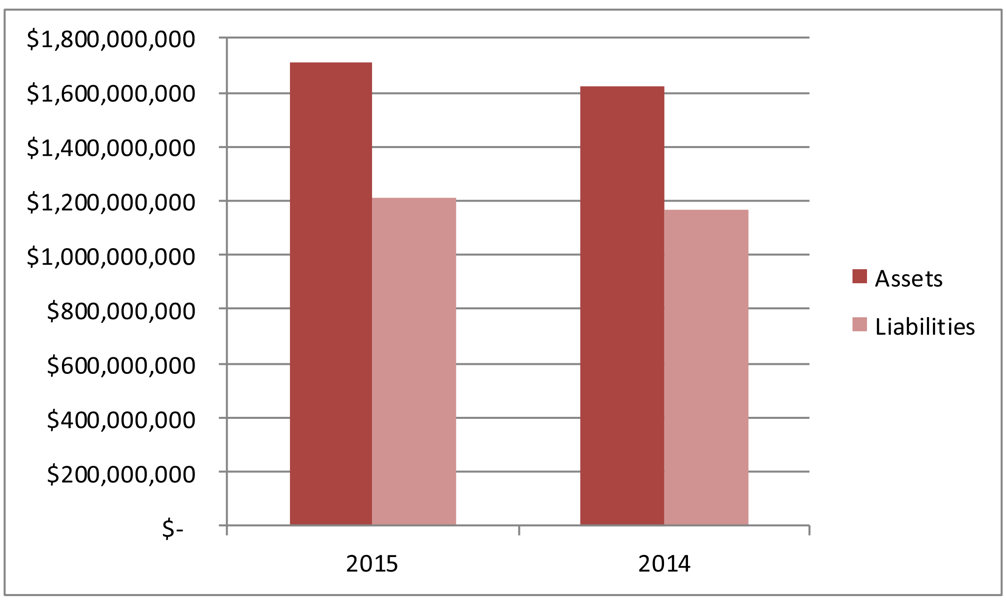
The allowance for uncollectible loans decreased $2.4 million due to changes in estimated losses based on the risk evaluations performed by a third party. The number and amount of early loan payoffs increased significantly from 2014 as interest rates began to fall.

Total cash and investments increased 31.2% from $316.4 million in 2014 to $415.2 million in 2015 due primarily to the closing of the 2015B bonds at the end of the fiscal year.

Liabilities

Bonds payable increased by $8.7 million in 2015 resulting from the issuance of $166.9 million of new bonds, principal payments and defeasances on outstanding bonds of $162.3 million, and amortization of bond premium of $4.1 million. Undisbursed loan proceeds increased by $43.2 million during 2015 due to a bond issuance occurring close to fiscal year-end. Advanced loan payments experienced a $2.1 million or 3.0% increase from 2014.

The following chart indicates the ratio of assets to liabilities:



Statement of Revenue, Expenses and Changes in Net Position

The following table presents the condensed combined statement of revenue, expenses and changes in net position for 2015, 2014, and 2013 fiscal years:

	2015	Restated 2014	Restated 2013	Net Increase/ (Decrease)	Percentage Increase/ (Decrease)
Operating Revenues					
Administrative and processing fees	$ 3,197,684	$ 4,631,509	$ 3,395,491	$ (1,433,825)	-31.0%
Interest on loans	48,645,757	48,723,703	52,942,880	(77,946)	-0.2%
Interest on investments	925,910	488,741	139,403	437,169	89.4%
Total operating revenues	52,769,351	53,843,953	56,477,774	(1,074,602)	-2.0%
Expenses					
Grants to local governments	54,240,349	50,824,441	48,828,884	3,415,908	6.7%
Bond issuance costs	1,243,632	674,398	10,918,272	569,234	84.4%
Professional services	2,146,157	2,189,377	2,651,079	(43,220)	-2.0%
Salaries and benefits	4,361,363	4,284,392	3,926,740	76,971	1.8%
Debt service – interest expense	46,707,522	54,319,247	53,026,726	(7,611,725)	-14.0%
Other expense	(11,884)	2,580,937	4,636,406	(2,592,821)	-100.5%
Total operating expenses	108,687,139	114,872,792	123,988,107	(6,185,653)	-5.4%
Net operating loss	(55,917,788)	(61,028,839)	(67,510,333)	5,111,051	-8.4%
Nonoperating Revenues (Expenses)					
Appropriation revenue	37,157,026	43,086,860	34,033,130	(5,929,834)	-13.8%
Grant revenue	64,031,220	55,224,996	48,692,048	8,806,224	15.9%
Reversions and transfers	(4,577,237)	(3,931,693)	(2,953,157)	(645,544)	16.4%
	96,611,009	94,380,163	79,772,021	2,230,846	2.4%
Increase in net position	40,693,221	33,351,324	12,261,688	7,341,897	22.0%
Net position, beginning of year, as restated	459,313,301	425,961,977	413,048,190	33,351,324	
Net position, end of year	**$ 500,006,522**	**$ 459,313,301**	**$ 425,309,878**	**$ 40,693,221**	**8.9%**

Operating revenue decreased 2.0% to $52.8 million in 2015. Interest on investments increased, experiencing 89.4% incline compared to 2014 due to a larger portion of cash being invested in long-term investments. Appropriation revenue decreased 13.8% while grant revenue increased 15.9%. The loan interest decline directly relates to lower outstanding loans receivable.

Overall operating costs decreased 5.4% due to increased grant expenses of $3.4 million and a decrease of interest expense of $7.6 million. The decrease in interest expense was due to recognition of amortized bond premium expense for 2004 and 2005 called bonds. Grant expense increased in 2015 after grant activity recovery efforts in fiscal years 2013 and 2014.

Long-Term Debt

The Authority's long-term debt consists of outstanding bond issues related to the various programs administered by the Authority. At the end of fiscal year 2015, the total amount outstanding was $1.1 billion (excluding the $1.4 billion in GRIP bonds which are administered

by, but are not a direct liability of the Authority). More detailed information about the Authority's long-term debt is presented in Note 7 to the financial statements.

During the fiscal year, the Authority issued $166.9 million in PPRF bonds, primarily to directly fund loans and to reimburse the PPRF loan fund for loans already made.

Programs

The Authority accounts for each of its programs separately, each with its own assets, liabilities, net position, income and expense. The Public Project Revolving Fund is highlighted in the following discussion due to the significance of the program.

Public Project Revolving Fund

The Authority began its existence in 1992 to administer the PPRF. The mission of the PPRF is to coordinate the planning and financing of state and local public projects with borrowers who could not, on their own, access the bond market on a cost-effective basis. Qualified entity's, including without limitation counties, municipalities and school districts, are eligible to borrow from the PPRF. Since 1993, the PPRF has made 1,228 loans totaling $2.6 billion.

The PPRF makes loans of less than $5 million from its own funds on hand. It then replenishes its cash balance at a later date by "packaging" the loans as collateral and selling tax-exempt bonds. Loans for amounts larger than $5 million are funded by closing the loans at the same time a reimbursement bond issue closes, thus ensuring a precise matching of loan and bond interest rates.

The PPRF operates, in many respects, in the same manner as a bank or other lending institution. Infrastructure finance agencies similar to the PPRF are often called "bond banks." Financial statements for the PPRF are presented in the following pages in a format similar to that employed by commercial banking organizations.

Public Project Revolving Fund
Statements of Net Position
June 30

	2015	2014	Restated 2013	Net Increase/ (Decrease)	Percentage Increase/ (Decrease)
Assets					
Cash and equivalents					
Unrestricted	$ 21,129,169	$ 18,662,427	$ 79,007,637	$ 2,466,742	13.2%
Restricted	74,239,292	86,535,872	79,173,378	(12,296,580)	-14.2%
Restricted investments	231,414,125	122,591,262	130,787,736	108,822,863	88.8%
Accounts receivable and other	6,462,198	8,794,009	10,367,285	(2,331,811)	-26.5%
Loans receivable, net of allowance	1,058,275,504	1,081,631,189	1,138,450,511	(23,355,685)	-2.2%
Due from the State of New Mexico	96,135,000	104,525,000	108,025,000	(8,390,000)	-8.0%
Capital assets	(29,209)	70,302	186,696	(99,511)	-141.5%
Other assets	7,824,918	9,353,716	13,073,586	(1,528,798)	-16.3%
Total assets	**$ 1,495,450,997**	**$ 1,432,163,777**	**$ 1,559,071,829**	**$ 63,287,220**	4.4%
Deferred Outflows of Resources					
Deferred charge on refunding	$ 184,242	$ 1,191,181	$ -	$ (1,006,939)	-84.5%
Total deferred outflows of resources	**$ 184,242**	**$ 1,191,181**	**$ -**	$ (1,006,939)	-84.5%
Liabilities					
Accounts payable and accrued payroll liabilities	$ 1,445,741	$ 2,751,301	$ 6,202,814	$ (1,305,560)	-47.5%
Undisbursed loan proceeds	71,877,909	28,682,538	45,423,441	43,195,371	150.6%
Borrowers' debt service and reserve deposits	77,563,762	86,969,969	72,016,499	(9,406,207)	-10.8%
Bonds payable, net	1,048,093,351	1,036,144,409	1,165,236,955	11,948,942	1.2%
Total liabilities	**1,198,980,763**	**1,154,548,217**	**1,288,879,709**	**44,432,546**	3.8%
Net Position					
Invested in capital assets	(29,209)	70,302	186,696	(99,511)	-141.5%
Restricted for program commitments	276,556,622	262,175,614	103,752,754	14,381,008	5.5%
Unrestricted	20,127,063	16,560,825	166,252,670	3,566,238	21.5%
Total net position	**296,654,476**	**278,806,741**	**270,192,120**	**17,847,735**	6.4%
Total liabilities and net position	**$ 1,495,635,239**	**$ 1,433,354,958**	**$ 1,559,071,829**	**$ 62,280,281**	**4.3%**

Loan Volume

	2015	2014	Since Inception
Amount of loans made	$149.2 million	$104.0 million	$2.51 billion
Number of loans made	49	63	1,228
Average loan size	$3.01 million	$1.63 million	$2.1 million

Public Project Revolving Fund
Statements of Revenue, Expenses and Changes in Net Position
For the Years Ended June 30

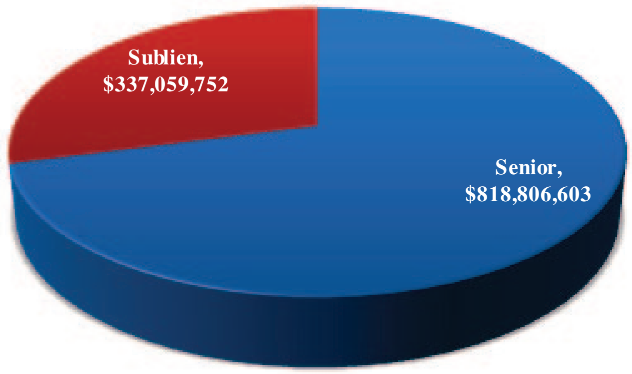
	2015	2014	Restated 2013	Net Increase/ (Decrease)	Percentage Increase/ (Decrease)
Interest Income					
Loans	$ 46,430,667	$ 46,548,780	$ 50,708,332	$ (118,113)	-0.3%
Investments	504,597	245,422	127,387	259,175	105.6%
Total interest income	46,935,264	46,794,202	50,835,719	141,062	0.3%
Interest Expense					
Bonds	46,321,567	53,772,342	52,317,500	(7,450,775)	-13.9%
Short-term borrowing	359,592	144,082	94,931	215,510	149.6%
Total interest expense	46,681,159	53,916,424	52,412,431	(7,235,265)	-13.4%
Net Interest Income (Loss)					
Interest income (loss) less interest expense	254,105	(7,122,222)	(1,576,712)	7,376,327	-103.6%
Provision for loan losses	62,215	1,900,656	(699,842)	(1,838,441)	-96.7%
Net interest loss after provision for loan losses	316,320	(5,221,566)	(2,276,554)	5,537,886	-106.1%
Noninterest Income					
Loan administration fees	1,819,441	1,451,116	1,659,473	368,325	25.4%
Appropriation revenues	24,267,401	29,091,277	26,585,797	(4,823,876)	-16.6%
Total noninterest income	26,086,842	30,542,393	28,245,270	(4,455,551)	-14.6%
Noninterest Expense					
Salaries and benefits	2,322,032	2,179,170	2,507,794	142,862	6.6%
Professional services	1,048,599	970,669	874,564	77,930	8.0%
Bond issuance costs	1,243,632	674,398	674,703	569,234	84.4%
Other	908,102	1,561,926	10,808,047	(653,824)	-41.9%
Total noninterest expense	5,522,365	5,386,163	14,865,108	136,202	2.5%
Excess of revenues over expenditures	20,880,797	19,934,664	11,103,608	946,133	4.7%
Transfers to other funds or agencies	(3,033,062)	(11,320,043)	(7,490,781)	8,286,981	-73.2%
Increase (decrease) in net position	**17,847,735**	**8,614,621**	**3,612,827**	**9,233,114**	107.2%
Net position, beginning of year, as restated	**278,806,741**	**270,192,120**	**266,579,293**	**8,614,621**	3.2%
Net position, end of year	**$ 296,654,476**	**$ 278,806,741**	**$ 270,192,120**	**$ 17,847,735**	**6.4%**

Net Interest Income

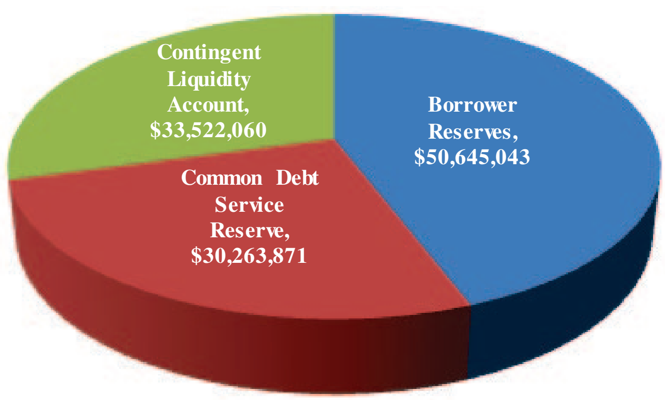
As a not-for profit lender, the Authority attempts to pass on to its borrowers the same rates it pays on the bonds it issues to provide the funds it loans. Therefore, in its planning and management processes, the Authority attempts to achieve approximately zero net interest income in the PPRF. In 2015, the PPRF had net interest income of $0.3 million, compared to a $7.1 million loss in 2014. This is a result of market conditions in which $87.9 million in PPRF loans exercised their early call provisions in 2014 and 2015 and the Authority relent those loan repayments at moderately lower interest rates. See Note 14 Contingencies – Loan Prepayment and Bond Call Provisions.

PPRF Indentures

The PPRF maintains a General Indenture of Trust (Senior Lien) and a Subordinated Indenture of Trust (Sub Lien). At the end of the fiscal year there were 651 loans including intergovernmental totaling $1.2 billion outstanding; 71% in the Senior and 29% in the Subordinate. This is an increase of 2.64% from $1.19 billion in 2014 primarily as a result of increased loan prepayments, payoffs, and natural maturities. In turn this has increased cash which will be used to call and defease bonds in 2016.



Currently the Senior Lien has a AAA rating from Standard & Poors and a Aa2 from Moodys and the Subordinate Lien a AA and Aa1 respectively. In order to maintain such a rating the PPRF holds reserves and credit enhancements. These include the Common Debt Service Reserve, Contingent Liquidity Account, and pooled borrower debt service reserve. The Common Debt Service Reserve is subject to the General indenture of Trust for the Senior Lien, borrower reserves are pledged to the individual loans within their respective liens, and the Contingent Liquidity Account is considered to be held outside the General and Subordinated Indentures of Trust.



Governmental Gross Receipts Tax

The Governmental Gross Receipts Tax (GGRT) is a tax imposed on the gross receipts of municipalities for services rendered to customers such as water, sewer, and solid waste collection. 75% of GGRT collections are appropriated to the PPRF. The Authority's share of GGRT collections was $26.5 million in 2015, a $0.8 million decrease from the $27.3 million received in 2014. The GGRT funds are used as follows:

- As a credit enhancement for the PPRF bonds. In the event of defaults on loans, GGRT funds can be used to make up for any shortfall in funds available for bond payments.
- To fund loans to borrowers, especially smaller loans which the Authority may choose to not reimburse in a bond issue.
- To pay operating expenses of the PPRF.

Other Programs

The PPRF accounts for a large portion of total Authority activity. At June 30, 2015, and for the year then ended, the relationships were as follows:

	PPRF	Total Authority	% PPRF
Total assets	$1.5 billion	$1.7 billion	88%
Net assets	$296.7 million	$500.0 million	59%
Revenues	$73.0 million	$90.2 million	81%

There are 23 other programs administered by the Authority, some of which are loan programs and some of which are grant programs.

A rise occurred in grant volume for the Drinking Water Revolving Loan Fund program because of increased grant subsidies being awarded for qualifying drinking water facilities projects in New Mexico. The cause was due to various larger projects being approved during the fiscal year.

Similar to the Drinking Water Revolving Loan Fund program, an increase in the Colonias Infrastructure program grant activity reflects the fact that the program saw an increased number of projects being approved during 2015. This is the result of the Colonias Infrastructure Act taking effect July 1, 2011 and the number of approved projects increasing as more funding is available.

A for profit limited liability company operated by the Authority has been awarded a total of $201 million allocation of New Markets Tax Credits by the U.S. Treasury Department. Under this program, the Authority can provide federal income tax credits to incentivize businesses to create jobs and otherwise contribute to the economic development of the state. Prior to 2015, the Authority made twelve awards totaling $151.3 million. During 2015, the Authority made no

additional awards. The tax credits have no impact on the financial statements of the Authority beyond the expenses incurred to administer the program and the fees charged to applicants and recipients of the credits, which are minimal.

Contacting the Authority's Financial Management

This financial report is designed to provide citizens, taxpayers, customers, legislators, investors, and creditors with a general overview of the Authority's finances and to demonstrate the Authority's accountability for the money it receives. Substantial additional information is available on the Authority's website at www.nmfa.net. If you have any questions about this report or need additional financial information, contact:

New Mexico Finance Authority (NMFA)
207 Shelby Street
Santa Fe, New Mexico 87501

Financial Statements

	2015	2014, restated (Note 16)
Assets		
Current assets		
Cash and cash equivalents		
Unrestricted	**$ 21,656,317**	$ 19,792,613
Restricted	**113,366,876**	112,880,142
Interest receivable	**6,657,501**	7,431,412
Grants and other receivable	**950,402**	2,640,545
Prepaid rent	**19,500**	19,500
Administrative fees receivable	**191,034**	186,043
Loans receivable, net of allowance	**96,135,492**	93,384,387
Intergovernmental receivables	**6,499,184**	7,341,438
Total current assets	**245,476,306**	243,676,080
Noncurrent assets		
Restricted investments	**280,161,230**	183,692,467
Loans receivable, net of allowance	**1,082,660,036**	1,085,781,978
Intergovernmental receivables	**99,593,299**	110,807,483
Capital assets, net of accumulated depreciation	**4,867**	104,378
Total assets	**$ 1,707,895,738**	$ 1,624,062,386
Deferred Outflows of Resources		
Deferred charge on refunding	**$ 184,242**	$ 1,191,181
Total deferred outflows of resources	**$ 184,242**	$ 1,191,181
Liabilities		
Current liabilities		
Accounts payable	**$ 244,901**	$ 292,954
Accrued payroll	**112,716**	91,540
Compensated absences	**285,923**	273,440
Bond interest payable	**3,482,270**	3,625,714
Undisbursed loan proceeds	**71,940,001**	28,744,630
Advanced loan payments	**74,332,049**	72,189,707
Line of credit	**-**	12,006,298
Bonds payable, net	**75,943,000**	70,430,000
Other liabilities	**771,924**	574,632
Total current liabilities	**227,112,784**	188,228,915
Noncurrent liabilities		
Bonds payable	**980,960,674**	977,711,351
Total liabilities	**1,208,073,458**	1,165,940,266
Net Position		
Net investment in capital assets	**4,867**	104,378
Restricted for program commitments	**483,282,743**	445,061,112
Unrestricted	**16,718,912**	14,147,811
Total net position	**500,006,522**	459,313,301
Total liabilities and net position	**$ 1,708,079,980**	$ 1,625,253,567

The accompanying notes are an integral part of these financial statements.

Statements of Revenues, Expenses and Changes in Net Position
For the Years Ended June 30

	2015	2014, restated (Note 16)
Operating Revenues		
Administrative fees revenue	**$ 2,385,583**	$ 3,199,839
Processing fee	**812,101**	390,004
Interest on loans	**48,645,757**	48,723,703
Interest on investments	**925,910**	488,741
Total operating revenues	**52,769,351**	52,802,287
Operating Expenses		
Grants to others	**54,240,349**	50,824,441
Bond issuance costs	**1,243,632**	674,398
Administrative fees	**134,365**	189,383
Professional services	**2,146,157**	2,189,377
Salaries and benefits	**4,361,363**	4,284,392
Other operating costs	**1,632,550**	1,757,243
Depreciation expense	**102,187**	116,394
Bond interest expense	**46,707,522**	54,319,247
Provision for loan losses	**(2,370,845)**	(822,108)
Interest expense	**489,859**	298,359
Total operating expenses	**108,687,139**	113,831,126
Net operating loss	**(55,917,788)**	(61,028,839)
Nonoperating Revenues (Expenses)		
Appropriation revenue	**37,157,026**	43,086,860
Grant revenue	**64,031,220**	55,224,996
Transfers to the State of New Mexico	**(4,577,237)**	(3,931,693)
Increase in net position	**40,693,221**	33,351,324
Net position, beginning of year, as restated (Note 16)	**459,313,301**	425,961,977
Net position, end of year	**$ 500,006,522**	$ 459,313,301

The accompanying notes are an integral part of these financial statements.

	2015	2014, restated (Note 16)
Cash flows from operating activities		
Cash paid for employee services	**$ (4,327,704)**	$ (4,277,609)
Cash paid to vendors for services	**(3,221,411)**	(4,879,471)
Intergovernmental payments received	**12,056,839**	7,125,630
Loans payments received	**154,100,150**	156,697,761
Loans funded	**(104,764,054)**	(116,741,280)
Grants to local governments	**(54,240,349)**	(50,824,441)
Cash received from federal government for revolving loan funds	**24,735,441**	12,448,854
Interest on loans	**49,419,453**	49,600,877
Proceeds from line of credit	**30,573,802**	17,536,712
Payments of line of credit	**(42,580,100)**	(5,530,414)
Administrative fees received	**3,083,524**	4,268,188
Net cash provided by operating activities	**64,835,591**	65,424,807
Cash flows from noncapital financing activities		
Appropriations received from the State of New Mexico	**37,157,026**	43,086,860
Cash transfers from the State of New Mexico	**39,356,801**	42,775,670
Cash transfers to the State of New Mexico	**(4,638,259)**	(3,931,221)
Proceeds from the sale of bonds, including premiums	**186,584,472**	62,595,000
Payment of bonds	**(162,345,000)**	(197,526,239)
Bond issuance costs	**(1,243,632)**	(674,398)
Bond interest expense paid	**(61,811,035)**	(53,477,874)
Net cash provided by (used in) noncapital financing activities	**33,060,373**	(107,152,202)
Cash flows from investing activities		
Purchase of investments	**(113,028,816)**	(60,323,486)
Sale of investments	**16,557,380**	8,196,474
Interest received on investments	**925,910**	488,576
Net cash used in investing activities	**(95,545,526)**	(51,638,436)
Net increase (decrease) in cash and cash equivalents	**2,350,438**	(93,365,831)
Cash and cash equivalents, beginning of year	**132,672,755**	226,038,586
Cash and cash equivalents, end of year	**$ 135,023,193**	$ 132,672,755

The accompanying notes are an integral part of these financial statements.

	2015	2014, restated (Note 16)
Reconciliation of net operating loss to net cash provided by (used in) operating activities		
Net operating loss	**$ (55,917,788)**	$ (61,028,839)
Adjustments to change in net position		
Depreciation	**102,187**	116,394
Amortization on bond premiums	**(15,203,907)**	(2,298,264)
Provision for loan losses	**(62,215)**	(1,238,151)
Interest on investments	**(925,909)**	(488,741)
Bond interest paid	**62,039,377**	56,766,702
Bond issuance costs	**1,243,632**	674,398
Cash received from federal grants	**24,735,441**	12,448,854
Interest expense	**361,913**	149,168
Changes in assets and liabilities		
Interest receivable	**773,911**	876,416
Grants and other receivable	**1,698,434**	652,045
Due from other funds	**1,279,769**	2,752,121
Administrative fees receivable	**(13,282)**	26,300
Notes receivable	**-**	967,099
Loans receivable, net of allowance	**433,052**	53,303,831
Intergovernmental receivables	**12,056,438**	7,125,628
Accounts payable	**(48,053)**	(210,841)
Accrued payroll	**21,176**	7,420
Compensated absences	**12,483**	(637)
Due to other funds	**(930,230)**	(2,328,339)
Funds held for others	**-**	(80,263)
Undisbursed loan proceeds	**43,195,373**	(16,740,903)
Advanced loan payments	**2,142,342**	3,809,596
Notes payable	**(349,547)**	(967,099)
Line of credit	**(12,006,298)**	12,006,298
Other liabilities	**197,292**	(875,386)
Net cash provided by operating activities	**$ 64,835,591**	$ 65,424,807

	2015	2014
Assets		
Cash held by Trustee		
Program funds	**$ 88,409,455**	$ 97,782,134
Expense funds	**85,820**	171,363
Revenue funds	**474,191**	7,135,444
Rebate fund	**1,540,906**	3,126,037
Bond reserve funds	**506,879**	824,863
Total assets	**$ 91,017,251**	$ 109,039,841
Liabilities		
Accounts payable	**$ 1,626,726**	$ 1,712,100
Debt service payable	**981,070**	9,545,607
Program funds held for the NM Department of Transportation	**88,409,455**	97,782,134
Total liabilities	**$ 91,017,251**	$ 109,039,841

The accompanying notes are an integral part of these financial statements.

1) Nature of Organization

The New Mexico Finance Authority (the "Authority"), a component unit of the State of New Mexico (the "State"), is a public instrumentality of the State, organized and existing pursuant to the New Mexico Finance Authority Act (the "Act") created by the Laws of 1992 Chapter 61, as amended. The Authority has broad powers to provide financing for an array of infrastructure and economic development projects. The Authority also provides for long-term planning and assessment of state and local capital needs and improves cooperation among the executive and legislative branches of state government and local governments in financing public projects.

The Authority's governing board is composed of eleven members including the Secretary of the Department of Finance and Administration; the Secretary of Economic Development; the Secretary of Energy, Minerals and Natural Resources; and the Secretary of the Environment Department. The Executive Director of the New Mexico Municipal League and the Executive Director of the New Mexico Association of Counties are ex-officio members of the Authority with voting privileges. The Governor, with the advice and consent of the Senate, appoints to the Authority Board, whose membership must include the chief financial officer of an institution of higher education and four other members who are residents of the State. The appointed members serve at the pleasure of the Governor.

The Authority issues loans to entities pursuant to the rules and regulations governing the Public Projects Revolving Loan Fund Program (PPRF). The PPRF provides low cost financing to local government entities for a variety of infrastructure projects throughout the State. The PPRF Program receives 75 percent of the Governmental Gross Receipts Tax of the State of New Mexico pursuant to section 7-1-6.1 NMSA, 1978, and may issue bonds in amounts deemed necessary to provide sufficient money for the purposes set forth by the New Mexico Finance Authority Act. Bonds are issued under a Master Indenture as well as individual Series Indentures, proceeds and covenants of which are administered through a trust relationship established by contract with a trust company or bank bearing trust powers (Trustee) and the Authority. The Authority may also serve as conduit issuer of revenue bonds for other governmental agencies.

The Authority manages the Drinking Water State Revolving Loan Program (DWRLF) and the Water Trust Board Program (WTB).

The DWSRF provides low cost financing for the construction of and improvements to drinking water facilities throughout New Mexico in order to protect drinking water quality and public health. This program is primarily funded through a federal capitalization grant which the State is required to match by 20 percent.

The WTB program provides grant and interest free loans to support water projects which support water use efficiency, resource conservation and protection and fair distribution and allocation of water.

Other significant programs administered by the Authority include:

- The Local Transportation Infrastructure Projects Program provides for grants and low-cost financial assistance for local governments transportation projects which are not eligible for federal funding and funding for which have not been set by the existing Local Government Road Fund.
- The Economic Development Program provides comprehensive financing tools to stimulate economic development projects statewide.
- The New Markets Tax Credit Program, whereby the Authority acts as the managing member in Finance New Mexico, LLC, a for-profit limited liability company which receives allocations of federal tax credits under Section 45D of the Internal Revenue Code.
- The Primary Care Capital Program is a revolving loan program which provides financial assistance to rural primary care health clinics for infrastructure, construction and capital equipment purchases. These loans provide 20 percent annual loan forgiveness if the borrower agrees to a contract-for-services to provide medical care free or at reduced prices to sick and indigent clients.
- The Water and Wastewater Project Grant Program provides grant funding for water and wastewater system projects authorized by legislation.
- The Local Government Planning Grant Program provides grants to qualified entities on a per project basis for water and wastewater related studies, long-term water management plans and economic development plans.
- The State Capital Improvement Financing Program accounts for the issuance of revenue bonds the proceeds of which were used to finance capital improvements to a state facility located adjacent to the State Capitol.
- The UNM Health Sciences Program administers the financing of several capital projects for UNM Health Sciences Center. The Authority issued bonds, secured by authorized distributions of cigarette excise taxes, for the purpose of designing, constructing, equipping and furnishing additions and improvements to the University of New Mexico Hospital and the Cancer Research and Treatment Center.
- The Colonias Infrastructure Act appropriates to the Authority 5% of the senior lien severance tax bond proceeds for loans and grants to certain communities in southern New Mexico that lack basic infrastructure for water and wastewater, solid waste disposal, flood and drainage control, roads and housing.
- Through a Memorandum of Understanding entered into with the New Mexico Economic Development Department, the Authority received $13.2 million of federal State Small Business Credit Initiative funds in 2011 to help increase the flow of

capital to small businesses by mitigating bank risk. The Authority uses the funds to buy loan participations from banks for economic development projects under a program marketed as the Collateral Support Participation.

The Authority is not subject to the supervision or control of any other board, bureau, department or agency of the State, except as specifically provided in the Act. Bonds and other obligations issued by the Authority under the provisions of the Act are not a debt or liability of the State or any subdivision thereof. The New Mexico Finance Authority Finance Committee was created by the Act and was appointed by the Legislative Council Service to provide legislative oversight.

The financial statements include the accounts of the Authority and its blended component unit, Finance New Mexico LLC (FNMLLC). All intercompany transactions and balances are eliminated. The condensed financial statements of FNMLLC are disclosed in Note 16.

2) Summary of Significant Accounting Policies

Accounting Principles
The financial statements of the Authority have been prepared in accordance with accounting principles generally accepted in the United States of America as applied to governmental units and funds. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting.

Basis of Presentation
The financial statements of the Authority have been prepared using the economic resources measurement focus and the accrual basis of accounting. All of the Authority's activities, except those in which the Authority acts as an agent, are reported as an enterprise fund. Enterprise funds are used for activities for which a fee is charged to external users for goods and services.

The Authority distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing financial services in connection with on-going operations. Primary operating revenues includes financing income and fees charged to program borrowers. Operating expenses include interest expense, program support, as well as funds granted to others in the form of loan forgiveness and other subsidies to governmental entities.

Nonoperating items consist primarily of governmental gross receipts and other tax distributions reported as appropriations, grant revenue, and transfers-out for excess distributions and reversions of prior year appropriated revenue.

Revenues from grants that are restricted for specific uses are recognized as revenues and as receivables when the related costs are incurred. When restricted resources meet the

criteria to be available for use and unrestricted resources are also available, it is the Authority's policy to use restricted resources first. Expenses are recorded when they are incurred. Expenses charged to federal programs are recorded utilizing the cost principles prescribed or permitted by the various funding sources.

Agency Funds
Agency Funds are used to report resources held by the Authority in a purely custodial capacity. These funds result from transactions associated with the Authority acting as fiscal agent for the New Mexico Department of Transportation (the "Department") on several of the Department's bond transactions. The amounts reported as agency funds do not belong to the Authority and are held in separate accounts on the Authority's books in the name of the Department. Accordingly, all assets held and reported in the Agency Funds are offset by a corresponding liability.

Cash, Cash Equivalents and Investments
The Authority considers all highly liquid financial instruments with a maturity of three months or less when purchased to be cash equivalents. Cash and cash equivalents consist of cash on deposit with Wells Fargo Bank and the Bank of Albuquerque which also acts as bond trustee. Certain proceeds of the Authority's bonds, as well as certain resources set aside for their repayment are invested in certain allowable securities.

Accounts Receivable
Accounts receivable consists of payments due from governmental entities, administrative fees due from projects, and other receivables arising from the normal course of operations.

Loans Receivable
Loans are carried at amounts advanced, net of collections and reserves for loan losses, if any. Loans that become past due as to principal and interest are evaluated for collectability. Generally, loans are not placed on nonaccrual status because they are insured, guaranteed, or collateralized.

The allowance for loan losses is maintained to cover possible losses inherent in the loan portfolio based on management's evaluation of the loan portfolio, giving consideration to various factors, including collateral value, past loan loss experience, current facts and economic conditions. The allowance is based on management's estimates, and ultimate losses may vary from the current estimates. These estimates are reviewed periodically and any necessary adjustments are reported in income in the period they become known.

Intergovernmental Receivables
Intergovernmental receivables consist of amounts due from the State based on legislated appropriation of specified taxes for repayment of certain bonds issued by the Authority on behalf of State entities. The related statute directs the Authority to issue bonds and make proceeds available to specified State entities to fund various projects. The statute

appropriates a portion of existing taxes or fees to fund the payment of the related bonds. No allowance has been established, as all such receivables are considered collectable.

Capital Assets
Capital assets are recorded at historical cost and depreciated over their estimated useful lives. Donated capital assets are recorded at their estimated fair value at the date of donation. Additions, improvements and other capital outlays individually exceeding $5,000 that significantly extend the useful life of an asset are capitalized.

Estimated useful life is management's estimate of how long the asset is expected to meet service demands. Straight-line depreciation is used, based on estimated useful lives ranging from three to seven years.

Deferred Outflows/Inflows of Resources
The statement of net position, where applicable, includes separate sections for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources represent consumption of net position that applies to future periods that will be recognized as an expense in future periods. Deferred inflows of resources represent an acquisition of net position that applies to future periods and will be recognized as revenues in future periods.

Bond Discounts and Premiums
Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount.

Compensated Absences
Full-time employees with ten years or less employment with the Authority are entitled to fifteen days' vacation leave. Employees with more than ten years' service receive twenty days. When employees terminate, they are compensated at their current hourly rate for accumulated unpaid vacation leave.

Full-time employees are entitled to twelve days of sick leave each fiscal year. When employees terminate, they are compensated at twenty-five (25%) of their current hourly rate of accumulated unpaid sick leave up to 300 hours. Part-time employees accrue vacation leave and sick leave on a prorated basis based on the number of hours they work. Accrued compensated absences are recorded and liquidated in the PPRF operating fund.

Undisbursed Loan Proceeds
Undisbursed loan proceeds represent loan amounts awaiting disbursement to loan recipients. Funds are not automatically disbursed in their entirety when a loan closes. Proceeds are disbursed as the related project costs are incurred. The accounts, in the majority, represent loans of the PPRF program.

Net Position
The difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources, is referred to as net position. Net position is categorized as net investment in capital assets (net of related debt), restricted and unrestricted, based on the following:

Net investment in capital assets is intended to reflect the portion of net position which is associated with capital assets less outstanding capital asset related debt. The net of related debt is the debt less the outstanding liquid assets and any associated unamortized cost. The Authority has no capital asset related debt.

Restricted net position has third-party (statutory, bond covenant or granting agency) limitations on their use. When there is an option, the Authority spends restricted resources first.

Management modified the net position presentation of the restricted and unrestricted categories. Comparative amounts in the fiscal year 2014 net position balances were reclassified for consistency with the fiscal year 2015 presentation. These reclassifications had no effect on the reported change in net position.

Program Restricting Statute, bond covenant or granting agency

PPRF	6-21-6 NMSA 1978; General and Subordinated Indentures of Trust
Child Care	24-24-4.0 NMSA 1978
Cig Tax	6-21-6.10 NMSA 1978; Bond Purchase Agreement
DWSRF	6-21A-4 NMSA 1978; EPA Capitalization Grant Agreements
Primary Care	24-1C-4 NMSA 1978
Local Road	6-21-6.8 NMSA 1978
NMTC	6-25-6.1 NMSA 1978; NMTC Allocation Agreement
UNM Health	6-21-6.7 NMSA 1978
State Capitol	Laws 1997, Ch. 178; Bond Resolution
State Office	6-21C-5, NMSA 1978; Bond Resolution
Equipment Loan	6-21-6 NMSA 1978
Water Trust Board	72-4A-9 NMSA 1978
WWWGF	6-21-6.3 NMSA 1978
Emerg Drought	Executive Order 2002-19, Executive Order 2012-006
LGPF	6-21-6.4 NMSA 1978
Econ Development	6-25-1 NMSA 1978
Local Transport	6-21-6.12 NMSA 1978
SSBCI	6-25-13 NMSA 1978; SSBCI Allocation Agreement
Colonias	6-30-1.0 NMSA 1978
Bio Mass	Laws 2006, Ch. 111, Sec. 55(2)

Unrestricted net position represents net position not otherwise classified as invested in capital assets or restricted net position.

Income Taxes
The Authority is a tax-exempt, quasi-governmental organization under Section 115 of the Internal Revenue Code. Accordingly, no provision for income taxes has been included in the accompanying financial statements. The Authority is subject to other Internal Revenue Code sections relating to the tax-exempt status of the bonds issued by the Authority.

Use of Estimates
The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

Budget
The Authority's budget represents a financial plan, not a legal constraint, therefore, budgetary comparison information is not presented in the financial statements or as required supplementary information.

Recently Issued Accounting Standards
In June 2012, GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions* (GASB 68). The objective of this Statement is to improve the information provided in government financial reports about pension related financial support provided by certain nonemployer entities that make contributions to pension plans that are used to provide benefits to the employees of other entities. The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2014. Adopting GASB 68 did not impact the Authority's financial statements.

In October 2013, GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68* (GASB 71). The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, Accounting and Financial Reporting for Pensions. The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2014. Adopting GASB 71 did not impact the Authority's financial statements.

In February 2015, GASB issued Statement No. 72, *Fair Value Measurement and Application* (GASB 72). The objective is to establish general principles for measuring fair value and standards of accounting and financial reporting for assets and liabilities measured at fair value. The provisions of this Statement are effective for financial

statements for periods beginning after June 15, 2015. The Authority has not completed the process of evaluating the impact of GASB 72 on its financial statements.

In June 2015, GASB issued Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68* (GASB 73). The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability. The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2016. The Authority has not completed the process of evaluating the impact of GASB 73 on its financial statements.

In June 2015, GASB issued Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* (GASB 74). The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2016. The Authority has not completed the process of evaluating the impact of GASB 74 on its financial statements.

In June 2015, GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (GASB 75). The objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2017. The Authority has not completed the process of evaluating the impact of GASB 75 on its financial statements.

In June 2015, GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments* (GASB 76). The objective of this Statement is to identify—in the context of the current governmental financial reporting environment—the hierarchy of generally accepted accounting principles (GAAP). The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2015. The Authority has not completed the process of evaluating the impact of GASB 76 on its financial statements.

In August 2015, GASB issued Statement No. 77, *Tax Abatement Disclosures* (GASB 77). The objective is to improve financial reporting by giving users of financial statements essential information that is not consistently or comprehensively reported to the public at present. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2015. The Authority has not completed the process of evaluating the impact of GASB 77 on its financial statements.

3) Cash and Cash Equivalents and Investments

The Authority follows GASB No. 40, *Deposit and Investment Risk Disclosures*. This statement requires the disclosure of applicable interest rate, credit, custodial credit, concentration of credit and foreign currency risks.

Investments conform to the provisions of the Statements of Investment Policies, Objectives and Guidelines adopted by the Board on March 26, 2008, as revised. The investment policy applies to all of the Authority's funds; including funds the Authority may manage for others, except for those funds where trust indentures, bond resolutions, or other documents or agreements control the investment of funds. This policy is the Authority master investment policy and may be amended or supplemented as applied to specific categories of funds by adoption of addenda by the Board applicable to specific categories of the Authority funds.

Except where prohibited by statute, trust indenture, or other controlling authority, the Authority consolidates cash and reserve balances from all funds to maximize investment earnings and to increase efficiencies with regard to investment pricing, safekeeping, and administration. Investment income is allocated to the various funds based on their respective participation. The primary objectives, in order of priority, of investment activity shall be safety, liquidity and yield.

Investments shall be undertaken in a manner that seeks to ensure the preservation and principal in the overall portfolio while mitigating credit risk and interest rate risk.

The Authority has Primary Care Capital Program funds invested in the New Mexico State Treasurer's Office investment pool. State law (Section 8-6-3 NMSA 1978) requires investments of these funds be managed by the New Mexico State Treasurer's Office.

<u>Credit Risk</u>
The Authority minimizes credit risk (the risk of loss due to the failure of securities issuer or backer) by limiting investments, prequalifying financial institutions, broker/dealers, intermediaries and advisors with which the Authority will do business and diversifying the investment portfolio so that the impact of potential losses from any one type of security or from any one individual issuer will be minimized.

The New Mexico State Treasurer pools are not rated.

Finance NM LLC cash balances are maintained in several accounts in several banks. At times, these balances may exceed the federal insurance limits; however, Finance NM LLC has not experienced any losses with respect to its bank balances in excess of government provided insurance. Management believes that no significant concentration of credit risk exists with respect to these cash balances at June 30, 2015 and 2014.

Interest Rate Risk

The Authority minimizes interest rate risk (the risk that the market value of securities in the portfolio will decline due to changes in market interest rates) by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market prior to maturity and by investing operating funds primarily in short-term securities limiting the average maturity of the portfolio.

For the Primary Care Capital program funds invested in the New Mexico State Treasurer's Office investment pool, the New Mexico State Treasurer's Office has an investment policy that limits investment maturities to five years or less on allowable investments. This policy is a means of managing exposure to fair value losses arising from increasing interest rates. This policy is reviewed and approved annually by the New Mexico State Board of Finance.

For additional GASB 40 disclosure information regarding cash held by the New Mexico State Treasurer, the reader should refer to the separate audit report for the New Mexico State Treasurer's Office for the fiscal years ended June 30, 2015 and 2014.

State General Fund Investment Pool

The Authority, as required by Section 24-1C-4, NMSA 1978, administers the Primary Care Capital Fund (PCC Fund), which was created as a revolving fund in the State Treasurer's Office (STO). PCC Funds are deposited into the State General Fund Investment Pool (SGFIP), as are funds of state agencies, and as of the end of fiscal year 2015 totaled $529,786, representing less than 1% of total Authority funds.

During the period from July 2006 – January 2013, draws by agencies, including the Authority, against the SGFIP were not reconciled by the STO against the State's centralized accounting system (SHARE), causing uncertainty as to the validity of the draws and the ability of the STO to fulfill the withdrawals. The State has pledged that any draws will be honored in their entirety.

It is important to note that all other funds of the Authority, including Public Project Revolving Funds that are subject to the General and Subordinated Indentures of Trust, are held outside of the STO with a Trustee and are secured in accordance with the Authority's Investment Policy. Furthermore, the Authority operates an independent accounting system separate from SHARE. The PCC Funds are the only Authority funds entered as transaction entries into SHARE.

Permitted Investments

As provided in Sections 6-21-6 and 6-21-2 of the Act, money pledged for or securing payment of bonds issued by the Authority shall be deposited and invested as provided in the bond resolution, trust indenture or other instrument under which the bonds were issued. The following table identifies the investment types permitted by the investment policy:

	Description	Maximum Percentage of Authority Funds [1]
A	Direct and general U.S. Government Obligations (Treasury Bills, Treasury Notes, Treasury Bonds)	100%
B	U.S. Government Agencies (any federal agency or instrumentality notes, bonds, debentures, with implicit guarantee of the United States of America)	75%
C	SEC-registered money market funds with total assets at time of deposit in excess of $100,000,000[2]	100%
E	Certificates of deposits and bank deposits[3]	20%
F	Commercial paper issued by corporations organized and operating on the United States and rated A1 P1 or equivalent by two or more rating services.	10%
G	Bonds or notes issued by any municipality, county or school district of the State	10%
H	Overnight repurchase agreements[4]	25%
I	Investment contracts (guaranteed investment contracts (GIC's) and flexible repurchase agreements)[1]	N/A
J	State Treasurer's Short-term Investment Fund	50%

Investment of Bond Proceeds

All or any portion of the proceeds of bonds or other obligations of the Authority may be invested in a GIC or flexible repurchase agreement without regard to the investment allocation ranges set forth in the investment policy, if the GIC or repurchase agreement provides for disbursement upon request of the Authority in amounts necessary to meet expense requirements for the bonds or other obligations.

[1] Limits do not apply to cash invested by trustee per bond indenture.

[2] Money markets must be rated AAA by Standards & Poor or Aaa by Moody and in compliance with the diversification, quality and maturity requirements 2a-7 of the U.S. Securities and Exchange Commission applicable to money markets with no sales load or deferred sales charge.

[3] Interest bearing certificates of deposit or bank deposits must be in banks having a branch location in New Mexico, and all principal and interest must be fully insured by the Federal Deposit Insurance Corporation or secured by obligations described in A) and B) above, registered in the name of the Authority and held by a third party safe-keeping agent, or collateralized as required by 6.10.16 NMSA at 102% of the value of the deposit that is not FDIC insured.

[4] Investment contracts and repurchase agreements investments must be fully secured by obligations described in A) and B) above with all collateral held by an independent third party safekeeping agent.

Cash and equivalents at June 30, 2015 and 2014 were as follows:

Description	Balance at June 30, 2015	Rated	Percentage of Authority Funds [1]
Bank deposits, collateralized, at the Bank of Albuquerque in the name of the State Treasurer	$ -	N/A	<1%
Finance NM LLC cash accounts	657,456	N/A	<1%
Wells Fargo deposit account	307,072	N/A	<1%
Wells Fargo Repurchase agreement -fully secured[2]	374,361	N/A	<1%
Government money market funds	133,684,304	AAA	32%
Total cash and equivalents	$ 135,023,193		
Cash held in agency fund	$ 91,017,251[3]		

Description	Balance at June 30, 2014	Rated	Percentage of Authority Funds
Bank deposits, collateralized, at the Bank of Albuquerque in the name of the State Treasurer	$ 1,023	N/A	<1%
Finance NM LLC cash accounts	532,300	N/A	<1%
Wells Fargo deposit account	213,482	N/A	<1%
Wells Fargo Repurchase agreement -fully secured[4]	248,028	N/A	<1%
Government money market funds	131,677,922	AAA	42%
Total cash and equivalents	$ 132,672,755		
Cash held in agency fund	$ 109,039,841		

Maturity Restrictions

It is the policy of the Authority to diversify investment maturities based on cash flow requirements. Unless matched to a specific cash flow, the Authority will invest in securities maturing five years or less from date of purchase.

Investments consist of bond proceeds which are restricted to uses specified in the related bond indentures. Such restricted investments at June 30, 2015 and 2014 are comprised of the following:

[1] Limits described in the “permitted investments” section above do not apply to cash invested by trustee per bond indenture.
[2] Wells Fargo accounts FDIC insured for $250,000. Remaining $317,867 as of June 30, 2015 is secured by a pledge of Agency securities in the name of the State of New Mexico monitored by the New Mexico State Treasurer’s Office.
[3] All cash held as agent by the Authority is fully collateralized by securities held in the name of the Authority.
[4] Wells Fargo accounts FDIC insured for $250,000. Remaining $308,490 as of June 30, 2014 is secured by a pledge of Agency securities in the name of the State of New Mexico monitored by the New Mexico State Treasurer’s Office.

Description	Fair Value at June 30, 2015	Average Years to Maturity	Percentage of Authority Funds
U.S. Treasury notes	$ 224,598,139	1.36	54%
Primary Care Capital Program funds held with the State Treasurer Fund Investment Pool	529,786	1 day to 5 years	<1%
Federal Home Loan Mortgage Corporation bonds	55,033,304	0.50	13%
Total restricted investments	$ 280,161,229		

Description	Fair Value at June 30, 2014	Average Years to Maturity	Percentage of Authority Funds
U.S. Treasury notes	$ 120,084,268	.98	38%
Primary Care Capital Program funds held with the State Treasurer Fund Investment Pool	1,407,522	1 day to 5 years	<1%
Federal Home Loan Mortgage Corporation bonds	62,200,677	1.33	20%
Total restricted investments	$ 183,692,467		

4) Loans Receivable

Loans receivable activity for the fiscal year ending June 30, 2015 and 2014, respectively, were as follows:

Program Description	Term (Years)	Rates	2014	Increases	Decreases	2015
Public Projects Revolving Loan Fund	1 to 30	0% to 6%	$ 1,082,705,619	$ 120,023,720	$ 143,441,622	$ 1,059,287,717
Drinking Water State Revolving Loans	1 to 30	0% to 4%	64,933,358	20,656,717	3,962,953	81,627,122
Drinking Water State Revolving Loans-ARRA	1 to 20	1%	2,305,678	-	1,070,063	1,235,615
Primary Care Capital Fund Loans	10 to 20	3%	3,584,307	600,000	304,529	3,879,778
Water Projects Fund Loan Grants	10 to 20	0%	21,222,996	5,808,843	2,101,398	24,930,441
Smart Money Participation Loans	3 to 20	2% to 5%.	4,681,764	38,133	867,086	3,852,811
Behavioral Health Care Loan	15	3%	174,605	-	174,605	-
Cigarette Tax - Behavioral Health Care Capital Loans	15	3%	993,698	32,770	53,159	973,309
Pooled Equipment Certificates of Participation Loans	5 to 20	4% to 6.4%	53,000	-	25,000	28,000
Colinias Infrastructure Fund Loans	10 to 20	3%	661,350	1,046,924	157,468	1,550,806
SSBCI Loans	10 to 20	3%	3,312,527	1,346,316	130,872	4,527,971
Child Care Revolving Loans	8	3%	19,810	-	6,350	13,460
			1,184,648,712	149,553,423	152,295,105	1,181,907,030
Less allowance for loan losses			(5,482,347)	-	2,370,845	(3,111,502)
Totals			$ 1,179,166,365	$ 149,553,423	$ 154,665,950	$ 1,178,795,528

Program Description	Term (Years)	Rates	2013	Increases	Decreases	2014
Public Projects Revolving Loan Fund	1 to 30	0% to 6%	$ 1,140,530,507	$ 104,821,188	$ 162,646,076	$ 1,082,705,619
Drinking Water State Revolving Loans	1 to 30	0% to 4%	63,341,227	5,662,622	4,070,491	64,933,358
Drinking Water State Revolving Loans-ARRA	1 to 20	1%	2,616,809	-	311,131	2,305,678
Primary Care Capital Fund Loans	10 to 20	3%	4,216,376	-	632,069	3,584,307
Water Projects Fund Loan Grants	10 to 20	0%	18,336,546	7,301,228	4,414,778	21,222,996
Smart Money Participation Loans	3 to 20	2% to 5%.	4,161,711	576,000	55,947	4,681,764
Behavioral Health Care Loan	15	3%	198,512	-	23,907	174,605
Cigarette Tax - Behavioral Health Care Capital Loans	15	3%	441,272	587,230	34,804	993,698
Pooled Equipment Certificates of Participation Loans	5 to 20	4% to 6.4%	108,000	-	55,000	53,000
Colinias Infrastructure Fund Loans	10 to 20	3%	202,731	546,253	87,634	661,350
SSBCI Loans	10 to 20	3%	2,461,746	2,127,931	1,277,150	3,312,527
Child Care Revolving Loans	8	3%	25,970	-	6,160	19,810
			1,236,641,407	121,622,452	173,615,147	1,184,648,712
Less allowance for loan losses			(5,409,364)	(895,092)	822,109	(5,482,347)
Totals			$ 1,231,232,043	$ 120,727,360	$ 174,437,256	$ 1,179,166,365

The following is a summary of scheduled payments to be collected on loans receivable as of June 30, 2015:

	Principal	Interest	Total
Fiscal year ending June 30			
2016	$ 96,135,492	$ 40,173,592	$ 136,309,084
2017	90,097,345	37,936,651	128,033,996
2018	88,522,295	35,519,614	124,041,909
2019	87,765,040	32,902,304	120,667,344
2020	78,548,431	30,221,993	108,770,424
2021 – 2025	344,927,763	115,904,758	460,832,521
2026 – 2030	236,181,161	57,324,074	293,505,235
2031 – 2035	128,283,537	21,402,520	149,686,057
2036 – 2040	27,449,687	2,899,196	30,348,883
2041 – 2045	3,996,279	422,892	4,419,171
Subtotals	1,181,907,030	$ 374,707,594	$ 1,556,614,624
Less allowance for loan losses	(3,111,502)		
Loans receivable net	$ 1,178,795,528		

5) Intergovernmental Receivables

The Authority has agreements with various state entities relating to the issuance of bonds. Pursuant to the underlying legislation and resolutions, the bond proceeds financed various state projects. Pursuant to the legislation, the debt service on these bonds is payable solely from revenues from the State and state entities. Intergovernmental receivables represent amounts due to the Authority under these agreements.

Intergovernmental receivables activity during the year ended June 30, 2015 and 2014, respectively, were as follows:

State Entity	Revenue Pledge	Rates	Maturity	2014	Increases	Decreases	2015	Due in One Year
Administrative Office of the Courts	Court Facilities fees	3.05% to 5.00%	6/15/2025	$ 37,560,000	$ -	$ 37,560,000	$ -	$ -
Administrative Office of the Courts	Court Facilities fees	1.25% to 5.0%	6/15/2025	-	30,685,000	490,000	30,195,000	2,390,000
University of New Mexico Health Sciences Center	Cigarette excise tax	3.88% to 5.00%	6/15/2025	23,445,000	-	125,000	23,320,000	480,000
General Services Department - State of New Mexico	State Gross Receipts tax	4.25% to 5.00%	6/1/2036	43,520,000	-	900,000	42,620,000	945,000
University of New Mexico Health Sciences Center	Cigarette excise tax	2.25% to 5.00%	4/1/2019	8,850,000	-	1,955,000	6,895,000	1,920,000
University of New Mexico Health Sciences Center	Cigarette excise tax	2.13% to 3.94%	4/1/2019	3,828,921	-	766,438	3,062,483	764,184
General Services Department - State of New Mexico	Income from Land Grant Permanent Fund	7.00%	3/15/2015	945,000	-	945,000	-	-
			Totals	$ 118,148,921	$ 30,685,000	$ 42,741,438	$ 106,092,483	$ 6,499,184

State Entity	Revenue Pledge	Rates	Maturity	2013	Increases	Decreases	2014	Due in One Year
Administrative Office of the Courts	Court Facilities fees	3.05% to 5.00%	6/15/2025	$ 40,085,000	$ -	$ 2,525,000	$ 37,560,000	$ 2,650,000
University of New Mexico Health Sciences Center	Cigarette excise tax	3.88% to 5.00%	6/15/2025	23,565,000	-	120,000	23,445,000	125,000
General Services Department - State of New Mexico	State Gross Receipts tax	4.25% to 5.00%	6/1/2036	44,375,000	-	855,000	43,520,000	900,000
University of New Mexico Health Sciences Center	Cigarette excise tax	2.25% to 5.00%	4/1/2019	10,825,000	-	1,975,000	8,850,000	1,955,000
University of New Mexico Health Sciences Center	Cigarette excise tax	2.13% to 3.94%	4/1/2019	4,599,549	-	770,628	3,828,921	766,438
General Services Department - State of New Mexico	Income from Land Grant Permanent Fund	7.00%	3/15/2015	1,825,000	-	880,000	945,000	945,000
			Totals	$ 125,274,549	$ -	$ 7,125,628	$ 118,148,921	$ 7,341,438

The following is a summary of scheduled payments to be collected on the receivables from state entities as of June 30, 2015:

	Principal	Interest	Total
Fiscal year ending June 30			
2016	$ 6,499,184	$ 5,227,638	$ 11,726,822
2017	6,668,814	4,941,892	11,610,706
2018	6,855,443	4,622,647	11,478,090
2019	7,159,042	4,293,575	11,452,617
2020	7,385,000	3,953,945	11,338,945
2021-2025	41,845,000	13,906,005	55,751,005
2026-2030	11,505,000	6,290,750	17,795,750
2031-2035	14,755,000	3,142,500	17,897,500
2036-2040	3,420,000	171,000	3,591,000
Intergovernmental receivables	$ 106,092,483	$ 46,549,952	$ 152,642,435

6) Capital Assets

A summary of changes in capital assets during the fiscal year 2015 and 2014, respectively, was as follows:

	Balance at June 30, 2014	Increases	Decreases	Balance at June 30, 2015
Depreciable assets				
Furniture and fixtures	$ 28,665	$ -	$ -	$ 28,665
Computer hardware and software	731,618	2,675	-	734,293
Leasehold improvement	8,241	-	-	8,241
	768,524	2,675	-	771,199
Accumulated depreciation				
Furniture and fixtures	(28,665)	-	-	(28,665)
Computer hardware and software	(627,240)	(102,186)	-	(729,426)
Leasehold improvement	(8,241)	-	-	(8,241)
	(664,146)	(102,186)	-	(766,332)
Net total	$ 104,378	$ (99,511)	$ -	$ 4,867

	Balance at June 30, 2013	Increases	Decreases	Balance at June 30, 2014
Depreciable assets				
Furniture and fixtures	$ 28,665	$ -	$ -	$ 28,665
Computer hardware and software	731,618	-	-	731,618
Leasehold improvement	8,241	-	-	8,241
	768,524	-	-	768,524
Accumulated depreciation				
Furniture and fixtures	(28,665)	-	-	(28,665)
Computer hardware and software	(510,846)	(116,394)	-	(627,240)
Leasehold improvement	(8,241)	-	-	(8,241)
	(547,752)	(116,394)	-	(664,146)
Net total	$ 220,772	$ (116,394)	$ -	$ 104,378

Depreciation expense for the fiscal year ending June 30, 2015 and 2014, respectively, was $102,187 and $116,394.

7) Bonds Payable

Bonds have been issued to provide financing for various Authority programs and are collateralized as follows:

- Loan Agreements and securities executed and delivered by governmental units in consideration for the financing of all or a portion of their respective projects by the Authority.
- Amounts held in the Agreement Reserve Accounts.
- Additional pledged loans.
- Revenues received by the Authority from the allocation of the Authority's portion of the Governmental Gross Receipts tax.
- Revenues pledged through legislation as security for the payment of principal and interest on bonds. These revenues include Court Facilities Fees, Cigarette Excise Tax, State Gross Receipts Tax, Workers' Compensation Fees and Income from Land Grant Permanent Fund.

Bonds payable consist of the following at June 30, 2015 and 2014:

Bond Series	Rate	Maturities	Original Amount	Outstanding Amount June 30, 2015	Outstanding Amount June 30, 2014
Public Project Revolving Fund Revenue Bonds - Senior Lien Debt					
2005 A	3.750% to 5.000%	June 1, 2013 to June 1, 2025	$ 19,015,000	$ 5,795,000	$ 6,980,000
2005 B	3.500% to 4.500%	June 1, 2013 to June 1, 2020	13,500,000	3,490,000	4,365,000
2006 B	4.250% to 5.000%	June 1, 2013 to June 1, 2036	38,260,000	24,440,000	26,265,000
2006 D	4.250% to 5.000%	June 1, 2013 to June 1, 2036	56,400,000	44,975,000	46,015,000
2007 E	4.250% to 5.000%	June 1, 2013 to June 1, 2032	61,945,000	37,085,000	40,030,000
2008 A	3.000% to 5.000%	June 1, 2013 to June 1, 2038	158,965,000	124,400,000	129,605,000
2008 B	4.000% to 5.250%	June 1, 2013 to June 1, 2035	36,545,000	24,195,000	25,780,000
2008 C	4.250% to 6.000%	June 1, 2013 to June 1, 2033	29,130,000	19,385,000	21,150,000
2009 A	2.250% to 5.000%	June 1, 2013 to June 1, 2038	18,435,000	13,265,000	14,230,000
2009 C	2.500% to 5.250%	June 1, 2013 to June 1, 2029	55,810,000	43,630,000	45,795,000
2009 D-1	3.000% to 4.500%	June 1, 2013 to June 1, 2030	13,570,000	8,385,000	9,370,000
2009 D-2	2.320% to 6.070%	June 1, 2013 to June 1, 2036	38,845,000	35,605,000	36,290,000
2009 E	3.000% to 4.500%	June 1, 2013 to June 1, 2019	35,155,000	16,480,000	19,945,000
2010 A-1	3.000% to 4.500%	June 1, 2013 to June 1, 2034	13,795,000	13,795,000	7,555,000
2010 A-2	3.777% to 6.406%	June 1, 2016 to June 1, 2039	15,170,000	6,110,000	13,795,000
2010 B-1	2.000% to 5.000%	June 1, 2013 to June 1, 2035	38,610,000	26,035,000	28,450,000
2010 B-2	2.236% to 6.230%	June 1, 2013 to June 1, 2035	17,600,000	17,120,000	17,285,000
2011 A	2.000% to 4.000%	June 1, 2013 to June 1, 2016	15,375,000	3,270,000	6,425,000
2011 B-1	2.000% to 4.000%	June 1, 2013 to June 1, 2036	42,735,000	28,850,000	32,500,000
2011 B-2	2.000% to 4.950%	June 1, 2013 to June 1, 2031	14,545,000	11,435,000	12,225,000
2011 C	3.000% to 5.000%	June 1, 2013 to June 1, 2036	53,400,000	42,800,000	46,025,000
2012 A	1.500% to 5.500%	June 1, 2013 to June 1, 2038	24,340,000	21,265,000	22,445,000
2013 A	2.000% to 5.000%	June 1, 2013 to June 1, 2038	44,285,000	37,910,000	41,245,000
2013 B	2.000% to 5.000%	June 1, 2014 to June 1, 2036	16,360,000	14,175,000	15,455,000
2014 B	2.000% to 5.000%	June 1, 2016 to June 1, 2035	58,235,000	54,970,000	-
2015 B	2.250% to 5.000%	June 1, 2016 to June 1, 2045	45,325,000	45,325,000	-
			975,350,000	724,190,000	669,225,000
Public Project Revolving Fund Revenue Bonds - Subordinate Lien Debt					
2005 C	3.625% to 5.000%	June 15, 2013 to June 15, 2025	50,395,000	-	36,410,000
2005 E	3.875% to 5.000%	June 15, 2013 to June 15, 2025	23,320,000	23,320,000	23,445,000
2005 F	4.000% to 5.000%	June 15, 2013 to June 15, 2025	21,950,000	-	16,245,000
2006 A	4.000% to 5.000%	June 15, 2013 to June 15, 2035	49,545,000	2,040,000	42,525,000
2006 C	4.000% to 5.000%	June 15, 2013 to June 15, 2026	39,860,000	26,135,000	27,845,000
2007 A	4.000% to 5.000%	June 15, 2013 to June 15, 2027	34,010,000	15,680,000	18,260,000
2007 B	4.250% to 5.000%	June 15, 2013 to June 15, 2034	38,475,000	22,340,000	24,050,000
2007 C	4.250% to 5.250%	June 15, 2013 to June 15, 2027	131,860,000	89,445,000	96,700,000
2013 C-1	2.000% to 4.000%	June 15, 2014 to June 15, 2028	3,745,000	3,050,000	3,325,000
2013 C-2	.950% to 5.000%	June 15, 2014 to June 15, 2029	10,550,000	8,520,000	9,350,000
2014 A-1	2.000% to 5.000%	June 15, 2014 to June 15, 2033	15,135,000	14,605,000	15,135,000
2014 A-2	.250% to 4.491%	June 15, 2014 to June 15, 2034	16,805,000	15,295,000	16,805,000
2015 A	3.000% to 5.000%	June 15, 2016 to June 15, 2035	63,390,000	62,355,000	-
			499,040,000	282,785,000	330,095,000
		Subtotal - PPRF Bonds	1,474,390,000	1,006,975,000	999,320,000

Bond Series	Rate	Maturities	Original Amount	Outstanding Amount June 30, 2015	Outstanding Amount June 30, 2014
Pooled Equipment Certificates of Participants					
1995 A	6.30%	October 1, 2015	4,288,000	19,000	36,000
1996 A	5.80%	April 1, 2016	1,458,000	9,000	17,000
			5,746,000	28,000	53,000
State Capitol Building Improvement Revenue Bonds					
1996	7.0%	Sept. 15, 2012 to Mar. 15, 2015	9,315,000	-	945,000
Cigarette Tax Revenue Bonds - UNM Health Sciences Center Project					
2004A	4.0% to 5.0%	April 1, 2012 to April 1, 2019	39,035,000	6,895,000	8,850,000
Cigarette Tax Revenue Bonds - Behavioral Health Projects					
2006	5.51%	May 1, 2012 to May 1, 2026	2,500,000	1,375,000	1,500,000
Total bonds outstanding			$ 1,530,986,000	1,015,273,000	1,010,668,000
Add net unamortized premium				41,630,674	37,473,351
Total bonds payable, net				1,056,903,674	1,048,141,351
Less current portion of bonds payable				(75,943,000)	(70,430,000)
Noncurrent portion of bonds payable				$ 980,960,674	$ 977,711,351

Maturities of bonds payable and interest are as follows:

	Principal	Interest	Total
Fiscal year ending June 30,			
2016	$ 75,943,000	$ 48,997,460	$ 124,940,460
2017	74,440,000	43,923,067	118,363,067
2018	76,025,000	40,617,409	116,642,409
2019	77,580,000	37,234,823	114,814,823
2020	67,495,000	33,823,636	101,318,636
2021-2025	332,345,000	120,955,873	453,300,873
2026-2030	179,355,000	54,570,990	233,925,990
2031-2035	107,390,000	20,508,143	127,898,143
2036-2040	21,140,000	2,351,709	23,491,709
2041-2045	3,560,000	426,600	3,986,600
	1,015,273,000	$ 403,409,710	$ 1,418,682,710
Add unamortized premium	41,630,674		
Bonds payable, net	$ 1,056,903,674		

The bonds payable activity for the fiscal years were as follows:

Activity for Fiscal Year 2015

	Balance at June 30, 2014	Increases	Decreases	Balance at June 30, 2015	Due within One Year
Bonds payable	$ 1,010,668,000	$ 166,950,000	$ (162,345,000)	$ 1,015,273,000	$ 75,943,000
Add unamortized premium	37,473,351	19,634,472	(15,477,149)	41,630,674	-
Total	$ 1,048,141,351	$ 186,584,472	$ (177,822,149)	$ 1,056,903,674	$ 75,943,000

Activity for Fiscal Year 2014

	Balance at June 30, 2013, as restated	Increases	Decreases	Balance at June 30, 2014	Due within One Year
Bonds payable	$ 1,145,326,000	$ 62,595,000	$ (197,253,000)	$ 1,010,668,000	$ 70,430,000
Add unamortized premium	36,378,109	3,666,745	(2,571,503)	37,473,351	-
Total	$ 1,181,704,109	$ 66,261,745	$ (199,824,503)	$ 1,048,141,351	$ 70,430,000

Current and Advance Refunding of Debt

The PPRF Refunding Revenue Bonds Subordinate Lien 2015A series, issued in the total par amount of $63,390,000, refunded the outstanding portions of the PPRF Refunding Revenue Bonds Subordinate Lien 2005C series and PPRF Revenue Bonds Subordinate Lien 2006C series. The PPRF 2005C series bonds were originally issued to fund a loan to the Metro Courts and that loan was refunded simultaneously with the issuance of the 2015A series bonds. The PPRF 2006A series bonds were originally issued to fund a loan to the City of Santa Fe and that loan was refunded simultaneously with the issuance of the 2015A series bonds. The purpose of the refinancing was financial savings for both bonds. The PPRF 2005C series bonds resulted in a reduction in debt service expense for Metro Courts over the remaining life of the loan of $5,621,486 converted for comparison purposes to a Net Present Value (NPV) savings of $4,741,519. The PPRF 2006A series bonds resulted in a reduction in debt service expense for the City of Santa Fe over the remaining life of the loan of $5,800,337 converted for comparison purposes to a NPV savings of $4,351,828. Portions of the PPRF 2006A bonds were used to fund other loans. In total, the PPRF 2015A series bonds produced debt service savings over the remaining life of the loan of $16,591,573 converted for comparison purposes to a NPV savings of $13,834,690. The NPV rate used was 2.873%, the rate calculated for IRS Arbitrage Yield purposes.

8) Advanced Loan Payments

Advanced loan payments represent the amounts received from loan recipients which have not been applied as a payment against their loan as well as debt service reserve accounts funded from the loan proceeds. The Authority applies loan payments semi-annually, therefore, any payments received prior to being applied to the loan are held in an account which earns interest and the interest is credited to the borrower. These funds are held by the trustee and in accounts at the State Treasurer's office. The balance of advanced loan payments was $74,332,049 and $72,189,707 at June 30, 2015 and 2014.

9) Line of Credit

The Authority maintains a credit facility with Wells Fargo for the PPRF which provides for a borrowing limit of up to $100,000,000 for the purpose of obtaining necessary funding, on an interim basis, to make loans to qualified entities prior to the issuance, sale and delivery of certain Public Project Revolving Fund Revenue Bonds and to reimburse the Authority for such loans that have been made. The terms of the credit facility require payment in full of any outstanding balance from the proceeds of the next PPRF bond issuance. Interest is due monthly on the outstanding balance, and accrues at 70% of U.S. dollar monthly LIBOR plus 75 basis points. The LIBOR rate at June 30, 2015, was .154. The Authority pays a 15 basis point fee on the unused portion of the facility. A summary of changes in the line of credit follows:

Activity for Fiscal Year 2015

	Balance June 30, 2014	Increases	Decreases	Balance, June 30, 2015	Due within One Year
PPRF line of credit	$ 12,006,298	$ 30,573,802	$ (42,580,100)	$ -	$ -
Total	$ 12,006,298	$ 30,573,802	$ (42,580,100)	$ -	$ -

Activity for Fiscal Year 2014

	Balance June 30, 2013	Increases	Decreases	Balance, June 30, 2014	Due within One Year
PPRF line of credit	$ -	$ 17,536,712	$ (5,530,414)	$ 12,006,298	$ 12,006,298
Total	$ -	$ 17,536,712	$ (5,530,414)	$ 12,006,298	$ 12,006,298

10) Operating Lease Commitment

The Authority is committed under various lease agreements for office space, a vehicle, and office equipment. These leases are classified as operating leases. Lease expenditures for the years ended June 30, 2015 and 2014, were $316,250 and $362,044. Future minimum lease payments are as follows:

Fiscal year ending June 30		
2016	$	361,663
2017		368,896
2018		376,274
2019		383,800
2020		259,255
Total	$	1,749,888

11) Retirement Plans

The Authority's retirement plan was organized under Section 408(k) of the Internal Revenue Code. The retirement plan is not subject to the general claims of the creditors of the Authority. Each eligible employee participating in the plan must contribute 3% of their compensation. The Authority makes a contribution of 15% of their compensation. Employees can make an additional, voluntary contribution of up to 4% of their compensation. The Authority also makes a 50% matching contribution on voluntary contributions. Employee contributions are 100% vested, and the Authority contributions will vest 100% to the employee over five years. The contributions are invested in various mutual funds selected by the employee. The Authority's contributions for this retirement plan for the year ended June 30, 2015 and 2014, respectively, were $484,916 and $479,948. Additionally, employee contributions for the retirement plan for the year ended June 30, 2015 and 2014, respectively, were $149,634 and $148,347. Substantially all full-time employees participate in this plan.

The Authority maintains a retirement plan in accordance with an "eligible deferred compensation plan" pursuant to Section 457 of the Internal Revenue Code for its Executive Director and its Chief Operating Officer. The contributions are made regardless of the number of hours worked or the employment status on the last day of the plan year. Employer contributions are limited by IRS Code Section 457(e)(15)(A). The employee is fully vested at all times. The executive plan was in effect for the years ended June 30, 2015 and 2014.

12) Compensated Absences

The following changes occurred during the fiscal year in the compensated absences liabilities:

Balance at June 30, 2014	$	273,440
Additions		201,740
Deletions		(189,257)
Balance at June 30, 2015	$	285,923
Due within one year	$	285,923
Balance at June 30, 2013	$	274,077
Additions		193,745
Deletions		(194,382)
Balance at June 30, 2014	$	273,440
Due within one year	$	273,440

13) Agency Transactions

The Authority was authorized in 2003 to issue bonds as agent for the New Mexico Department of Transportation (NMDOT). Approximately $1.4 billion of such bonds are outstanding at June 30, 2015 and 2014.

Debt service for the bonds is payable solely from certain revenues of the Department of Transportation. In the opinion of legal counsel, there is no claim that could be asserted against the Authority's assets for payment of debt service on the bonds; therefore, these bonds are not reflected in the Authority's financial statements. The Authority receives a biannual fee from the Department of Transportation equal to its overhead costs for management of the bond issues. The fee is recognized on a cost reimbursement basis.

14) Contingencies

Litigation
In the normal course of operations, the Authority is involved in certain litigation and arbitration proceedings involving former employee complaints and subcontractor claims.

Management and legal counsel believe the outcomes will not have a materially adverse impact on the financial position of the Authority.

Loan Prepayment and Bond Call Provisions

Certain loans included in loans receivable contain provisions that allow for prepayment of the loan after one year whereas the related bonds used to fund the loans cannot be called for up to 10 years. In the event of a loan prepayment prior to the tenth year, the Authority's bond indentures require the substitution of a loan with similar cash flow characteristics or the defeasance of the related bond.

If interest rates at the time of prepayment are lower than the rates on the related bonds, as is currently the case, both loan substitution and defeasance will result in the Authority earning less on the substituted loan or the defeasance escrow than it will pay on the related bond, resulting in a negative cash flow. The Authority has other funding sources available to pay the shortfall, including the proceeds of the loan payoff, reserve funds, and operating cash. Management does not believe this condition will have a material adverse impact on the financial statements. The variance in prepayment and call periods was eliminated through a Board resolution in 2008 so that this condition is eliminated by 2018. The loans containing the shortened call provision total approximately $349 million and the related bonds total approximately $419 million at June 30, 2015. Loans exercising this call provision consisted of $83.8 million and $63.8 million in FY 2015 and FY 2014, respectively.

The Authority is exposed to various risks of loss related to torts; theft of, damages to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority participates in the State of New Mexico self-insurance program (Risk Management Program). Under this program, the Authority pays an annual premium to the State for the following types of insurance coverage:

- Workers' compensation insurance
- General liability insurance
- Civil rights
- Blanket property insurance
- Boiler and machinery insurance
- Auto physical damage insurance
- Crime insurance

The Authority also carries commercial insurance to cover losses to which it may be exposed related to their leased office space.

During the year, there were no significant reductions in commercial insurance coverage. For the past five years, no insurance settlements exceeded commercial insurance coverage.

15) Related Party Transactions

The Authority has issued bonds or purchased securities for several other state entities to finance the construction of certain capital projects. Representatives of two of these entities (the Secretary of the New Mexico Department of Finance and Administration and the Secretary of the New Mexico Department of Energy, Minerals and Natural Resources) are members of the Authority's Board of Directors. Additionally, a representative serving on the Board holds a position as Cabinet Secretary of the NM Environmental Department in which the Authority assists the Department in the administration of the State's Drinking Water federal program.

16) Finance New Mexico, LLC and Restatement

The Authority has invested in and is the managing member of, Finance New Mexico, LLC (FNMLLC) which was formed on June 19, 2006, under the laws of the State of New Mexico. FNMLLC is an approved Community Development Entity (CDE) that holds New Market Tax Credits (NMTC) allocation authority to be used for investment in Qualified Active Low-Income Community Businesses (QALICB) pursuant to Section 45D of the Internal Revenue Code (IRC).

The principal business objective of FNMLLC is to provide nontraditional investment capital to underserved markets and enhance the return on such investments by providing its members with new market tax credits. In general, under Section 45D of the Internal Revenue Code, a qualified investor in a CDE can receive the tax credits to be used to reduce Federal taxes.

In accordance with the operating agreement of FNMLLC, 99% of profits, losses and cash flows are allocated to the Authority, the managing member, and 1% to New Mexico Community Capital, the nonmanaging member.

In 2015, management re-evaluated how to report the Authority's interest in FNMLLC for financial statement purposes. Management evaluated a number of criteria as stated in GASB Statements Number 39 and 61, amendments of GASB Statement Number 14. The basic, but not the only criterion, is FNMLLC's financial accountability to the Authority. Financial accountability is measured through the degree to which the Authority can appoint a voting majority of the governing body, impose its will, ascertain a potential financial benefit, or face a potential financial burden with regard to the potential component unit. Based on the above criterion, it was determined that the FNMLLC is a blended component unit of the Authority. As such, the Authority has consolidated the FNMLLC's financial statement amounts within the Authority's New Market Tax Credit program. The condensed component unit information for FNMLLC and subsidiaries, for the year ended June 30, 2015 and 2014 were as follows:

	2015	2014
Statements of Net Position		
Assets		
Cash	$ 657,456	$ 532,300
Due from affiliates	935,345	838,737
Investment in limited liability companies	13,506	13,569
Total assets	$ 1,606,307	$ 1,384,606
Liabilities		
Accounts payable	$ 59,078	$ 30,756
Due to affiliate	647,193	493,938
Total liabilities	706,271	524,694
Net Position		
Restricted	900,036	859,912
Total liabilities and net position	$ 1,606,307	$ 1,384,606

Statements Revenues, Expenses and Changes in Net Position	2015	2014
Operating Income		
Interest income	$ 114	$ 597
Sponsor fee income	-	810,000
Asset management fee income	629,603	612,203
Total operating income	629,717	1,422,800
Operating Expense		
Sponsor fee expense	-	743,681
Management fee expense	372,729	377,035
Professional fees	162,460	80,835
Gross receipt tax	45,555	110,104
Miscellaneous administrative expenses	8,972	2,506
Total operating expenses	589,716	1,314,161
Net operating income	40,001	108,639
Nonoperating Income		
Share of income from investment in limited liability companies	123	64
Increase in net position	$ 40,124	$ 108,703

New Mexico Finance Authority
Notes to Financial Statements
June 30, 2015 and 2014

Statement of Cash Flows	**2015**	2014
Cash flows from operating activities		
Increase in net position	**$ 40,124**	$ 108,703
Adjustments to reconcile net income to net cash provided by operating activities		
Share of income from investment in limited liability companies	**(123)**	(64)
Increase in assets		
Due from affiliate	**(96,608)**	(115,716)
Increase in liabilities		
Accounts payable	**28,322**	3,002
Due to affiliate	**153,255**	78,155
Net cash provided by operating activities	**124,970**	74,080
Cash flows from investing activities		
Investment in limited liability companies	**-**	(145)
Return of capital from limited liability companies	**-**	155
Distributions from limited liability companies	**186**	190
Net cash provided by investing activities	**186**	200
Net increase in cash	**125,156**	74,280
Cash, beginning of year	**532,300**	458,020
Cash, end of year	**$ 657,456**	$ 532,300

In previous years, the Authority reported its interest in FNMLLC as an investment in the Statement of Net Position. The financial statements for the fiscal year ending June 30, 2014 have been restated as follows:

	June 30, 2014 Amounts Previously Reported	Restatement	**June 30, 2014 as Restated**
Statement of Net Position			
Current assets			
Restricted cash and equivalents	$ 51,834,915	$ 532,300	**$ 52,367,215**
Grants and other receivable	1,788,239	852,306	**2,640,545**
Investment in Finance NM LLC	99,110	(99,110)	**-**
Current liabilities			
Accounts payable	262,198	30,756	**292,954**
Other liabilities	80,694	493,938	**574,632**
Net position	458,552,499	760,802	**459,313,301**
Statement of Revenues, Expenses and Changes in Net Position			
Operating revenues			
Administrative fees revenue	2,819,302	380,537	**3,199,839**
Interest on investments	488,080	661	**488,741**
Operating expenses			
Other operating costs	1,484,748	272,495	**1,757,243**
Increase in net position	33,242,621	108,703	**33,351,324**
Net position, beginning of year	425,309,878	652,099	**425,961,977**
Net position, end of year	458,552,499	760,802	**459,313,301**

APPENDIX B

EXTRACTS OF CERTAIN PROVISIONS OF THE INDENTURE

The following statements are extracts, supplementing the information in the body of the Official Statement, of certain defined terms in and provisions of the Indenture. These extracts do not purport to be complete. Please refer to the Indenture itself for a full and complete statement of such provisions. During the offering period of the Series 2016E Bonds, copies of the Indenture will be available at the principal office of the Municipal Advisor. Subsequent to the offering of the Series 2016E Bonds, copies of the Indenture may be obtained from the Trustee. See "ADDITIONAL INFORMATION."

Certain Definitions

"Account" or "Accounts" means one or more of the special trust accounts created and established pursuant to the Indenture.

"Act" means the New Mexico Finance Authority Act, being Sections 6-21-1 through 6-21-31, inclusive, NMSA 1978, as amended and as the same may hereafter be amended and supplemented.

"Additional Bonds" means any Bonds of the NMFA, authorized and issued under the Indenture, in compliance with the Indenture, except for the Series l995A-B Bonds.

"Additional Pledged Loans" means any additional loans or securities which (i) were made or purchased by the NMFA from amounts on deposit in the Public Project Revolving Fund and (ii) the payments of principal and interest on which have been specifically pledged by the NMFA to the payment of the Bonds and other amounts due under the Indenture. No such loans or securities will be deemed to be Additional Pledged Loans unless the Trustee has received written notice from the NMFA that a specific loan or security will be included under the Indenture.

"Aggregate Annual Debt Service" means, for any given Bond Fund Year, the sum of the principal and interest payable on all Bonds Outstanding or to be Outstanding or any portion thereof.

"Agreement" or "Agreements" means, as the case may be, one or more Loan Agreements, Grant Agreements or Securities executed and delivered by Governmental Units in consideration for the financing of all or a portion of a Project by the NMFA under the General Indenture.

"Agreement Pledged Revenues" means the pledged revenues designated by a Governmental Unit for payments to be made pursuant to the respective Loan Agreement, Security Documents or Securities.

"Agreement Reserve Fund" means the Agreement Reserve Fund established by the Indenture and each Agreement Reserve Account, if any, created by an Agreement.

"Agreement Reserve Requirement" for each Agreement establishing an Agreement Reserve Account, means the amount, if any, required by such Agreement to be allocated to an Agreement Reserve Account (relating to such Agreement) within the Agreement Reserve Fund.

"Annual Common Debt Service Reserve Deposit Amount" means the lesser of (a) the positive difference, if any, between the Required Common Debt Service Reserve Funding Level and the amount then on deposit in the Common Debt Service Reserve (and if there is no positive difference, then the amount under this clause (a) shall be deemed to be zero), and (b) twenty-five percent (25%) of the remaining NMFA Portion of the Governmental Gross Receipts Tax for a given Bond Fund Year that was distributed to the NMFA by the trustee under the Subordinated Indenture on June 16, being the day after the end of the applicable bond fund year under the Subordinated Indenture, through the process described in the Indenture.

"Approval of Bond Counsel" means an opinion of Bond Counsel to the effect that the matter proposed will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Tax Exempt Bonds.

"Assumed Repayments of Loans and Additional Pledged Loans" means, for any given Bond Fund Year, the sum (expressed as a dollar amount) of the principal and interest payments scheduled to be due and payable with respect to all Loans and Additional Pledged Loans during such Bond Fund Year multiplied by, in each case, the applicable percentage pertaining to each such Loan and Additional Pledged Loan:

Category of Loans and Additional Pledged Loans	Applicable Percentages
CATEGORY I	100%
CATEGORY II	80%
CATEGORY III	50%
CATEGORY IV	0%

"Authorized Denominations" means, with respect to the Series 2016E Bonds, $5,000 or any integral multiple thereof and means, with respect to the Loans that are subject to the Ninety-Second Supplemental Indenture, $1 or any integral multiple thereof.

"Authorized Officer" means: (i) in the case of the NMFA, the Chair, any Vice Chair, Secretary or Treasurer, and when used with reference to any act or document also means any other person authorized by resolution of the NMFA to perform such act or execute such documents; (ii) in the case of a Governmental Unit, means the person or persons authorized by resolution or ordinance of the Governmental Unit to perform any act or execute any document; and (iii) in the case of the Trustee or the Paying Agent any person authorized to perform any act or sign any document by or pursuant to the bylaws or any resolution of the governing body of the Trustee or the Paying Agent, respectively.

"Beneficial Owner" means, while DTC or its nominee is the registered owner of the Series 2016E Bonds, any person entitled to receive payment of principal of, premium, if any, and interest on Series 2016E Bonds and otherwise exercise ownership rights with respect to Series 2016E Bonds.

"Bond Counsel" means nationally recognized bond counsel experienced in matters of municipal law, satisfactory to the Trustee and listed in the list of municipal bond attorneys, as published semiannually by *The Bond Buyer*, or any successor publication.

"Bond Documents" means collectively, the Loan Agreements, the Grant Agreements, the Securities, the Security Documents, and the Indenture.

"Bond Fund" means the fund by that name established by the Indenture to be held by the Trustee and used to pay amounts due on the Bonds.

"Bond Fund Year" shall, with respect to each Series of Bonds, have the meaning set forth in the related Supplemental Indenture.

"Bond Registrar" or "Registrar" means the Trustee or any other registrar appointed under the Indenture.

"Bonds" means all Bonds issued and secured under the Indenture.

"Business Day" means any day, other than a day on which banks located in New York, New York or the cities in which the Principal Offices of the Trustee or the Paying Agent are located are required or authorized by law or executive order to close, or on which the New York Stock Exchange is closed.

"Cash Flow Statement" means an NMFA certificate setting forth, for the then current and each future Bond Fund Year during which Bonds will be Outstanding, and taking into account (i) any Bonds expected to be issued or redeemed or purchased for cancellation in each such Bond Fund Year upon or in connection with the filing of such certificate, (ii) the terms of any Loans and Grants or Additional Pledged Loans expected to be made or purchased by the NMFA or Loans or Additional Pledged Loans released from the Trust Estate upon or in connection with the filing of such certificate, and (iii) the application, withdrawal or transfer of any moneys expected to be applied, withdrawn or transferred upon or in connection with the filing of such certificate:

(A) the amount of NMFA Portion of the Governmental Gross Receipts Tax to be received in each such Bond Fund Year and to be available to make debt service payments on the Bonds;

(B) the Assumed Repayments of Loans and Additional Pledged Loans to be received in each such Bond Fund Year and to be available to make debt service payments on the Bonds; and

(C) the Aggregate Annual Debt Service for each such Bond Fund Year on all Bonds reasonably expected to be Outstanding;

and (b) showing that in each such Bond Fund Year, the aggregate of the amount set forth in clause (A) of the definition divided by 1.35, plus the aggregate amount set forth in clause (B) of the definition, exceeds one hundred percent (100%) of the aggregate of the amounts set forth in clause (C) of the definition.

For purposes of the foregoing definition the following assumptions will apply:

(i) NMFA Portion of the Governmental Gross Receipts Tax in any future Bond Fund Year will be assumed to be the greatest amount received by the NMFA in any consecutive 12-month period in the 24 months next preceding the delivery of the Cash Flow Statement;

(ii) For any Bonds issued in the year in which a Cash Flow Statement is prepared, the Aggregate Annual Debt Service and Assumed Repayments of Loans and Additional Pledged Loans associated with such Bonds will be included in calculating the ratio described above; and

(iii) Loans and Additional Pledged Loans will be assumed to remain in their then-current category designations throughout the period projected in the Cash Flow Statement.

"Category I Loans and Additional Pledged Loans" means Loan Agreements, Securities and Additional Pledged Loans, the underlying obligations of which, at the time in question, are designated or rated in at least the third highest full rating category or higher by the Rating Agencies.

"Category II Loans and Additional Pledged Loans" means Loan Agreements, Securities and Additional Pledged Loans, the underlying obligations of which, at the time in question, are designated or rated in the fourth highest full rating category by the Rating Agencies.

"Category III Loans and Additional Pledged Loans" means Loan Agreements, Securities and Additional Pledged Loans the underlying obligations of which, at the time in question, are not designated or rated or are designated or rated below the fourth highest full rating category by the Rating Agencies, but excluding Category IV Loans and Additional Pledged Loans.

"Category IV Loans and Additional Pledged Loans" means all Nonperforming Loans and Additional Pledged Loans and Loans for which moneys have been drawn on the related Agreement Reserve Account to make payments due under the related Agreement and such moneys have not been fully replenished in accordance with the related Agreement or loans or Additional Pledged Loans otherwise designated as Category IV by the NMFA or the Rating Agencies.

"Cede" means Cede & Co. and any substitute nominee of DTC who becomes the Registered Owner of any Series 2016E Bonds.

"Code" means the Internal Revenue Code of 1986, as amended and the applicable regulations thereunder.

"Common Debt Service Reserve Fund" means the fund by that name which is created and established by the Indenture.

"Continuing Disclosure Agreement" means that certain Continuing Disclosure Agreement between the NMFA and the Trustee dated the date of issuance and delivery of the Series 2016E Bonds, as originally executed as it may be amended from time to time in accordance with the terms thereof.

"Covenant Default" has the meaning, if any, given in any Loan Agreement, Securities or Additional Pledged Loan.

"DTC" means The Depository Trust Company, New York, New York, a limited purpose trust company organized under the laws of the State of New York.

"Expense Fund" means the fund by that name established by the Indenture to be held by the Trustee.

"Funds and Accounts" means collectively, the Debt Service Fund and the Accounts created in therein, the Agreement Reserve Fund and the Accounts created therein, the Program Fund and the Accounts created therein, the Expense Fund, the Rebate Fund and the Accounts created therein, the Revenue Fund, the Bond Fund, and the Common Debt Service Reserve Fund.

"Governmental Obligations" means direct obligations of, or obligations the payment of the principal of and interest on which are unconditionally guaranteed by, the United States of America.

"Governmental Units" means any "qualified entity" under the Act which has executed and delivered to the NMFA a Loan Agreement, Grant Agreement or Securities for the purpose of financing all or a portion of a Project.

"Grant Agreements" means a grant or other similar financing agreement and any amendment thereto, which is entered into by and between the NMFA and a Governmental Unit and which provides for the financing of a Project with proceeds of Bonds and does not require payments by the Governmental Unit to be made thereunder.

"Grants" means collectively, the Grants made pursuant to the Grant Agreements.

"Indenture" means the General Indenture of Trust and Pledge and all Supplemental Indentures thereto as the same may be amended and supplemented.

"Interest Component" means the portion of each Loan Payment representing interest on the related Loan.

"Interest Payment Date" means, with respect to the Series 2016E Bonds, each June 1 and December 1, commencing December 1, 2016.

"Loan Agreement" means a loan or other similar financing agreement and any amendment thereto, which is entered into by and between the NMFA and a Governmental Unit and which provides for the financing of a Project with proceeds of Bonds and requires the Governmental Unit to repay the amounts advanced.

"Loan Payment" means the payments made by each Governmental Unit pursuant to the provisions of a Loan Agreement or Securities and which are to be used in accordance with the Indenture.

"Loan Payment Date" means the date specified in each Loan Agreement or Securities as the due date for Loan Payments.

"Loans" means collectively, the Loans made pursuant to the Loan Agreements and the Securities; excluding, however, all Additional Pledged Loans. Loans and Additional Pledged Loans may be evidenced by the same document containing two or more separate obligations.

"Maximum Debt Service Year" means the Bond Fund Year in which the aggregate annual Principal Component and Interest Component due in relation to all Loans is at its greatest, less any reserves, sinking fund redemption deposits or other funds deposited with the Trustee to the extent such reserves, sinking fund redemption deposits or funds may be used as a matter of right for such payments (as opposed to other reserves that are available for the payment of debt service solely in the event of non-performance of a party), for the payment of the Principal Component and Interest Component due, provided, however, amounts within the Agreement Reserve Fund shall in no event be accounted for in any calculation of the Maximum Debt Service Year.

"NMFA" means the New Mexico Finance Authority.

"NMFA Portion of the Governmental Gross Receipts Tax" means an amount equal to seventy-five percent (75%) of the net receipts attributable to the governmental gross receipts tax levied pursuant to Section 7-9-4.3, NMSA 1978, as amended, and distributed to the NMFA pursuant to Section 7-1-6.38, NMSA 1978, as amended.

"Nonperforming Loans and Additional Pledged Loans" means Loan Agreements and Securities and Additional Pledged Loans under which there has occurred and is continuing an event of default (other than a Covenant Default) or under which a delinquency exists in payments of principal or interest thereunder.

"Original Issue Date" means, with respect to the Series 2016E Bonds, the date of delivery thereof.

"Outstanding" or "Bonds outstanding" mean all Bonds which have been authenticated and delivered by the Trustee under the Indenture, except:

(a) Bonds canceled after purchase in the open market or because of payment at or redemption prior to maturity;

(b) any Bond (or any portion thereof) (i) for the payment or redemption of which there will be held in trust under the Indenture and set aside for such payment or redemption, moneys and/or Governmental Obligations (not callable at the option of the issuer thereof) maturing or redeemable at the option of the holder thereof not later than such maturity or redemption date which, together with income to be earned on such Governmental Obligations prior to such maturity or redemption date, will be sufficient to pay the principal or redemption price thereof, as the case may be, together with interest thereon to the date of maturity or redemption, and (ii) in the case of any such Bond (or any portion thereof) to be redeemed prior to maturity, notice of the redemption of which will be given in accordance with the Indenture or provided for in a manner satisfactory to the Trustee; and

(c) Bonds deemed paid pursuant to the provisions of the Indenture; and

(d) Bonds in lieu of which others have been authenticated pursuant to the Indenture.

"Participants" means underwriters, securities brokers and dealers, banks and trust companies, clearing corporations and other persons from time to time for which DTC or any successor Securities Depository holds Series 2016E Bonds as Securities Depository.

"Paying Agent," when used with respect to the Series 2016E Bonds, means the person or persons authorized by the NMFA to pay the principal of, premium, if any, and interest on, the Series 2016E Bond on behalf of the NMFA, and initially is the Trustee.

"Permitted Investments" (i) with respect to the investment of the respective Accounts of the Program Fund, the Agreement Reserve Fund and the Debt Service Fund has the meaning set forth in each Agreement, and (ii) with respect to the investment of the Revenue Fund, the Bond Fund, the Expense Fund, the Rebate Fund, and the Common Debt Service Reserve Fund or any other fund created under the Indenture, the following to the extent permitted by New Mexico law:

(a) Governmental Obligations;

(b) Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following federal agencies and provided such obligations are backed by the full faith and credit of the United States of America (stripped securities are only permitted if they have been stripped by the agency itself);

(i) Farmers Home Administration (FmHA) Certificates of Ownership;

(ii) Federal Housing Administration (FHA) Debentures;

(iii) General Services Administration Participation certificates;

(iv) Government National Mortgage Association (GNMA or "Ginnie Mae") GNMA guaranteed mortgage-backed bonds and GNMA-guaranteed pass-through obligations (participation certificates);

(v) U.S. Maritime Administration Guaranteed Title Xl financing;

(vi) U.S. Department of Housing and Urban Development (HUD) Project Notes and Local Authority Bonds;

(c) Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following non-full faith and credit U.S. government agencies (stripped securities are only permitted if they have been stripped by the agency itself;

(i) Federal Home Loan Bank System Senior debt obligations (Consolidated debt obligations);

(ii) Federal Home Loan Mortgage Corporation (FHLMC or "Freddie Mac") rated AAA by Standard & Poor's and Aaa by Moody's. Participation Certificates (Mortgage-backed securities) Senior debt obligations;

(iii) Federal National Mortgage Association (FNMA or "Fannie Mae") Mortgage-backed securities and senior debt obligations (excluded are stripped mortgage securities which are valued greater than par on the portion of unpaid principal);

(iv) Student Loan Market Association (SLMA or "Sallie Mae") Senior debt obligations;

(v) Resolution Funding Corp. (REFCORP). Only the interest component of REFCORP strips which have been stripped by request of the Federal Reserve Bank of New York in book entry form are acceptable;

(vi) Farm Credit System Consolidated systemwide bonds and notes;

(d) Money market funds registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933, and having a rating by S&P of "AAAmG," "AAAm" or "Aam" or by Moody's of "Aaa" including funds from which the Trustee or its affiliates revenue fees for investment advisory or other services to such funds.

(e) Certificates of deposit ("CD") secured at all times by collateral described in (a) and/or (b) above. CD's must have a one-year or less maturity. Such certificates must be issued by commercial banks, savings and loan associations or mutual savings banks whose short-term obligations are rated "A-1+" or better by S&P, and "Prime-1" or better by Moody's. The collateral must be held by a third party and the third party must have a perfected first security interest in the collateral;

(f) Certificates of deposit, savings accounts, deposit accounts or money market deposits which are fully insured by FDIC, including BID and SAIF;

(g) Commercial paper rated "Prime-1" by Moody's and "A-1+" or better by S&P;

(h) Bonds or notes issued by any state or municipality which are rated by Moody's and S&P in one of the two highest long-term rating categories assigned by such agencies;

(i) Federal funds or bankers acceptances with a maximum term of one year of any bank which has an unsecured, uninsured and unguaranteed obligation rating of "Prime-1" or "A-3" or better by Moody's and "A-1+" by S&P;

(j) Repurchase agreements providing for the transfer of securities from a dealer bank or securities firm (seller/borrower) to a municipal entity (buyer/lender), and the transfer of cash from a municipal entity to the dealer bank or securities firm with an agreement that the dealer bank or securities firm will repay the cash plus a yield to the municipal entity in exchange for the securities at a specified date; provided, however, that the repurchase agreement must satisfy certain criteria articulated in writing to the NMFA by the Rating Agencies;

(k) Investment contracts with providers the long term, unsecured debt organization of which are rated at least "Aaa" by the Rating Agencies; and

(l) deposits with the Treasurer of the State for investment in obligations described above.

"Prepayment" means the amount paid by a Governmental Unit pursuant to the provisions of its Loan Agreement or Securities as a prepayment of all or a portion of the principal balance due under its Loan Agreement or a prepayment of the principal amount of the Securities.

"Principal Component" means the portion of each Loan Payment representing principal on the related Loan.

"Program" means the NMFA's public project revolving fund program.

"Program Costs" means the fees and expenses payable to the Trustee, any Paying Agent and the NMFA.

"Program Fund" means the fund by that name which is created and established by the Indenture.

"Projects" means, collectively, the projects (i) authorized by the Legislature for financing by the NMFA from the Public Project Revolving Fund (to the extent required by law) and (ii) described in a Supplemental Indenture and a Loan Agreement, Grant Agreement or Securities.

"Public Project Revolving Fund" means the public project revolving fund established pursuant to the Act.

"Rating Agencies" means Moody's Investors Service, Standard & Poor's Ratings Group and Fitch Ratings or their successors and assigns and any other nationally recognized rating service designated by the NMFA and then maintaining a rating on the Bonds.

"Rebate Calculation Date" means, with respect to each Series of Bonds, the interest payment date next preceding the fifth anniversary of the issue date of such Series of Bonds, each fifth anniversary of the Initial Rebate Calculation Date for such Series of Bonds, and the date of retirement of the last bond for such Series.

"Rebate Fund" means the Fund so designated, which is created and established by the Indenture.

"Rebate Requirement" means the amount of arbitrage profits earned from the investment of gross proceeds of the Bonds in nonpurpose investments described in Section 148(f)(2) of the Code and defined as "Rebate Amount"

in Section 1.148-3 of the Treasury Regulations, which are payable to the United States at the times and in the amounts specified in Section 148(f)(3) of the Code and Section 1.148-3 of the Treasury Regulations.

"Register" means the record of ownership of the Series 2016E Bonds maintained by the Registrar.

"Registered Owner" or "Bondowner" or "Owner" or "Bondholder" or "holder" means the person or persons in whose name or names a Bond will be registered on the books of the Trustee kept for that purpose in accordance with provisions of the Indenture.

"Regular Record Date" means the fifteenth (15th) day immediately preceding each Interest Payment Date (or the Business Day immediately preceding such fifteenth (15th) day, if such fifteenth (15th) day is not a Business Day).

"Representation Letter" means the blanket representations letter from the NMFA to DTC.

"Required Common Debt Service Reserve Funding Level" means an amount (unless amended pursuant to the provisions of this definition of Required Common Debt Service Reserve Funding Level), rounded up to the nearest thousand dollars, equal to the sum of:

(i) 0% of maximum annual Principal Component and Interest Component payable in the Maximum Debt Service Year of Loans secured by revenue pledges classified by the NMFA as fire protection fund, law enforcement protection fund, governmental gross receipts tax, or state gross receipts tax (collectively, "Risk Group One");

(ii) 20% of maximum annual Principal Component and Interest Component payable in the Maximum Debt Service Year of Loans outstanding secured by revenue pledges classified by the NMFA as general obligation, limited mill levy (limited general obligation), or gross receipts tax (other than governmental gross receipts tax, or state gross receipts tax) (collectively, "Risk Group Two");

(iii) 35% of maximum annual Principal Component and Interest Component payable in the Maximum Debt Service Year of Loans outstanding secured by revenue pledges classified by the NMFA as enterprise system revenues, special assessments or a local special tax such as a lodgers' tax, cigarette tax, gasoline tax, special fuel excise tax, pari-mutuel tax, or court facilities fees (collectively, "Risk Group Three," and together with Risk Group One and Risk Group Two, "Risk Groups").

Pursuant to the following provisions, the NMFA may revise the method of calculating the Required Common Debt Service Reserve Funding Level. The NMFA may, from time to time pursuant to an indenture supplemental to the Indenture and without obtaining the consent of the Owners, add or revise revenue pledge categories in addition to those included above. New revenue pledge categories either may be included in one of the three Risk Groups identified above or included in a new Risk Group established using a different Risk Group calculation percentage (a "Factor"). The NMFA may, from time to time pursuant to an indenture supplemental to the Indenture and without obtaining the consent of the Owners, adjust the funding percentages of the Risk Group Factors, adjust the Risk Group in which a revenue pledge is categorized and add or revise revenue pledge categories within Risk Groups as to any future Bond issuances. As to any Bonds outstanding at the time a supplemental indenture as described above is entered into, the Risk Groups and Risk Group Factors as they existed prior to the supplemental indenture shall continue to be applied to such Bonds. In the event of any adjustment pursuant to a supplemental indenture whereby the Required Common Debt Service Reserve Level is decreased over time below the amount that is currently on deposit in the Common Debt Service Reserve Fund, then as provided in the Indenture, the excess amount shall remain on deposit in the Common Debt Service Reserve Fund unless used for shortfalls in any Governmental Unit's Account of the Debt Service Fund, or to redeem or defease Bonds. The NMFA's and the Trustee's ability to enter into supplemental indentures for the foregoing purposes without the consent of the Owners is an integral term and condition of subjecting the Common Debt Service Reserve Fund to the Indenture, and the Trustee is authorized to execute any such supplemental indentures, and the provisions of Article XIII of the Indenture shall not apply to such supplemental indentures as long as such supplemental indentures comply with the terms of this definition of "Required Common Debt Service Reserve Funding Level." In conjunction with executing such supplemental

indentures, the Trustee shall not be required to make any determination as to whether such a supplemental indenture is materially adverse to the interests of the Owners or any other party; whether such a supplemental indenture otherwise is permitted pursuant to Article XIII of the Indenture; or any other determination.

"Revenue Fund" means the Governmental Gross Receipts Tax, Additional Pledged Loan Revenue and Tax Subsidy Revenue Fund so designated, which is created and established by the Indenture to be held by the Trustee.

"Revenues" means (i) all revenues received or earned by the NMFA from or attributable to the Agreements (but excluding amounts paid as Program Costs), (ii) all revenues received by the NMFA from the allocation of the NMFA Portion of the Governmental Gross Receipts Tax, (iii) all revenues received or earned by the NMFA from or attributable to Additional Pledged Loans, if any, (iv) all interest earned by and profits derived from the sale of investments in the Funds and Accounts created under the Indenture (except the Rebate Fund), and (v) all Federally provided interest subsidies actually delivered to or for the account of the NMFA in relation to Bonds, including, but not limited to direct payments of the refundable interest credit (i.e., an interest subsidy) paid pursuant to Section 6431(b) of the Code in relation to 'build America bonds' (as such term is defined in such section of the Code).

"Securities" means the securities purchased or acquired by the NMFA in consideration for a Loan made pursuant to the Indenture.

"Securities Depository" means the person who operates the computerized book entry system through which ownership interest in the Series 2016E Bonds may be recorded. Such entity shall at all times be a registered clearing agency under the Securities Exchange Act of 1934, as amended, or other applicable statute or regulation, and in good standing thereunder.

"Security Documents" means the intercept agreements or other security documents delivered by Governmental Units to provide additional security for a Loan Agreement or Securities.

"Series" means all of the Bonds authenticated and delivered on original issuance and identified pursuant to the Supplemental Indenture authorizing such Bonds as a separate Series of Bonds, and any Bonds thereafter authenticated and delivered in lieu thereof or in substitution therefor.

"Series 2016E Bonds" means the New Mexico Finance Authority Senior Lien Public Project Revolving Fund Revenue and Refunding Bonds, Series 2016E.

"Special Record Date" means a special record date established pursuant to the Indenture. "State" means the State of New Mexico.

"Subordinated Indenture" means that certain Subordinated General Indenture of Trust and Pledge between the NMFA and BOKF, N.A., Albuquerque, New Mexico, dated as of March 1, 2005, and all supplemental indentures supplementing or amending such Subordinated Indenture.

"Supplemental Indenture" means any supplemental indenture approved by the NMFA in accordance with the Indenture amending or supplementing the Indenture or any Supplemental Indenture.

"Trust Estate" means the property held in trust by the Trustee pursuant to the Granting Clauses of the Indenture.

"Trustee" means BOKF, N.A., Albuquerque, New Mexico, and its successors and any corporation or association resulting from or surviving any consolidation or merger to which it or its successors may be a party and any successor Trustee at the time serving as successor Trustee under the Indenture.

Registration and Exchange of Bonds

Books for the registration and for the transfer of the Bonds will be kept by the Trustee which is appointed the Bond Registrar with respect to the Bonds. Any Bond may, in accordance with its terms, be transferred only

upon the registration books kept by the Bond Registrar, by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Bond for cancellation, accompanied by delivery of a written instrument of transfer in a form approved by the Registrar, duly executed. No transfer will be effective until entered on the registration books kept by the Registrar. Upon surrender for transfer of any fully-registered Bond at the principal corporate trust office of the Trustee, duly endorsed for transfer or accompanied by an assignment duly executed by the Registered Owner or his attorney duly authorized in writing and satisfactory to the Trustee, the NMFA will execute and the Trustee will authenticate and deliver in the name of the transferee or transferees a new, fully-registered Bond or Bonds for a like aggregate principal amount. Bonds may be exchanged at the principal corporate trust office of the Trustee for a like aggregate principal amount of Bonds of other authorized denominations of the same Series and the same maturity. The execution by the NMFA of any Bond of any authorized denomination will constitute full and due authorization of such denomination, and the Trustee will thereby be authorized to authenticate and deliver such Bond. The NMFA and the Trustee will not be required to transfer or exchange any Bond of a particular Series (i) during the period from and including any Regular Record Date, to and including the next succeeding Interest Payment Date, (ii) during the period from and including the day fifteen days prior to any Special Record Date, to and including the date of the proposed payment pertaining thereto, (iii) during the period from and including the day fifteen days prior to the mailing of notice calling any Bonds of a particular Series for redemption, to and including the date of such mailing, or (iv) at any time following the mailing of notice calling such Bond for redemption.

The NMFA, the Bond Registrar and the Paying Agent may treat and consider the person in whose name each Bond is registered on the registration books kept by the Registrar as the holder and absolute owner thereof for the purpose of receiving payment of, or on account of, the principal or redemption price thereof and interest due thereon and for all other purposes whatsoever, and neither the NMFA, nor the Bond Registrar nor the Paying Agent will be affected by any notice to the contrary. Payment of or on account of either principal of or interest on any Bond will be made only to or upon order of the Registered Owner thereof or such person's legal representative, but such registration may be changed as hereinabove provided. All such payments will be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid.

The Trustee will require the payment by the Registered Owner requesting exchange or transfer, only of any tax or other governmental charge required to be paid with respect to such exchange or transfer.

Nonpresentment of Bonds

In the event that any Bond are not presented for payment when the principal thereof becomes due at maturity, or otherwise, if funds sufficient to pay any such Bond are made available to the Trustee for the benefit of the holder or holders thereof, all liability of the NMFA to the holder thereof for the payment of such Bond will forthwith cease, determine and be completely discharged, and thereupon it will be the duty of the Trustee to hold such funds, without liability to the holders of such Bonds for interest thereon, for the benefit of the holder of such Bond who will thereafter be restricted exclusively to such funds, for any claim of whatever nature on his part under the Indenture or on, or with respect to, such Bond. Moneys so deposited with the Trustee which remain unclaimed four (4) years after the date payment thereof becomes due will, to the extent authorized by applicable law, at the request of the NMFA and if the NMFA is not at the time to the knowledge of the Trustee in default with respect to any covenant contained in the Indenture and if to the knowledge of the Trustee there has been no Event of Default, be repaid to the NMFA and the Owners of the Bonds for which the deposit was made will thereafter be limited to a claim against the NMFA; provided that the Trustee, before making payment to the NMFA, may cause a notice to be given to the Owners of the Bonds at their registered addresses, stating that the moneys remaining unclaimed will be returned to the NMFA after a specified date. Upon payment of such amounts to the NMFA by the Trustee, the NMFA will deal with such money as required by applicable law.

Covenants of the NMFA

The NMFA will faithfully perform and abide by all of the covenants, undertakings and provisions contained in the Indenture or Supplemental Indenture or in any Bond, including the following covenants and agreements:

Covenant Against Creating or Permitting Liens. Except for the pledge of the Trust Estate to secure payment of the Bonds, the Trust Estate is and will be free and clear of any pledge, lien, charge or encumbrance thereon or with respect thereto; provided, however, that (i) nothing contained in the Indenture will prevent the NMFA from issuing, if and to the extent permitted by law, indebtedness having a lien on the Trust Estate subordinated to that of the Bonds and (ii) Revenues constituting NMFA Portion of the Governmental Gross Receipts Tax and payments of Additional Pledged Loans not needed for payments under the Indenture in any Bond Year may be released to the NMFA free and clear of the lien as provided in the Indenture.

Existence; Compliance with Laws. The NMFA will take no action to discontinue maintenance of its existence nor to impair its rights, powers, privileges, and franchises, and will comply with all valid and applicable laws, acts, rules, regulations, permits, orders, requirements, and directions of any legislative, executive, administrative, or judicial body which may relate to the execution and delivery of the Bonds and the performance of the NMFA's obligations under the Indenture.

No Transfer of Loan Agreements, Grant Agreements, Security Documents and Securities; Exceptions, Further Assurance. The NMFA and the Trustee will not transfer any of the Loan Agreements, Grant Agreements, Security Documents and Securities except as specifically authorized in the Indenture in furtherance of the security for the Bonds; provided that, (i) once the Governmental Unit has repaid all amounts, if any, owing under its Loan Agreement, Grant Agreement, Securities, or Additional Pledge Loan and complied with the other provisions thereof, the NMFA and the Trustee may release such Agreement or Additional Pledge Loan and any Security Documents from the pledge created under the Indenture; and (ii) the NMFA may direct the release of any Agreement or Additional Pledged Loan from the lien and pledge of the Trust Estate under the Indenture upon the delivery to the Trustee of a Cash Flow Statement reflecting such release. Except to the extent otherwise provided in the Indenture, the NMFA will not enter into any contract or take any action by which the rights of the Trustee or the Bond Owners may be impaired and will, from time to time, execute and deliver such further instruments and will take such further action as may be required to carry out the purposes of the Indenture.

Financing Statements. The NMFA and the Trustee will cause the Indenture to be filed as a financing statement with the Secretary of State of the State, in such manner and at such places as may be required by law fully to protect the security interest of the Owners in the Bonds and the right, title, and interest of the Trustee in and to the Trust Estate. From time to time, the Trustee may, but will not be required to, obtain an opinion of counsel setting forth what, if any, actions by the NMFA or Trustee should be taken to preserve such security. The NMFA will execute or cause to be executed any and all further instruments as may reasonably be requested by the Trustee for such protection of the interests of the Registered Owners, and will furnish satisfactory evidence to the Trustee that such actions have been taken and will take such other action as is necessary to preserve the lien of the Indenture upon the Trust Estate created by the Indenture until the principal of and interest on the Bonds executed and delivered under the Indenture has been paid. The Trustee will execute or join in the execution of any such further or additional instrument and file or join in the filing thereof at such time or times and in such place or places as it may be advised by an opinion of Counsel may be necessary to preserve the lien of the Indenture upon the Trust Estate created by the Indenture until the Principal of and interest on the Bonds have been paid.

Rights Under Loan Agreements; Grant Agreements, Security Documents and Securities. The Loan Agreements, Grant Agreements, Security Documents and Securities set forth the covenants and obligations of the Governmental Units, including provisions that, subsequent to the issuance of a Series of Bonds and prior to their payment in full or provision for payment thereof in accordance with the provisions of the Indenture, the Loan Agreements, Grant Agreements, Security Documents and Securities may not be effectively amended, changed, modified, altered or terminated without the prior written consent of the Trustee in accordance with the Indenture, and reference is made to the same for a detailed statement of said covenants and obligations of the Governmental Units thereunder.

Bonds to be Tax-Exempt Obligations. The NMFA covenants and agrees to and for the benefit of the Owners of Bonds that the NMFA (i) will not take any action that would cause interest on the Bonds to become subject to federal income taxation, (ii) will not omit to take or cause to be taken, in timely manner, any action, which omission would cause the interest on the Tax-exempt Bonds to become subject to federal income taxation, and (iii) will, to the extent possible, comply with any other requirements of federal tax law applicable to the Bonds in order to preserve the exemption from federal income taxation of interest on the Bonds. The provisions of this paragraph

do not apply to Bonds designated in the related Supplemental Indenture as bearing or accruing interest intended to be subject to Federal income taxation.

State Pledge of Non-Impairment. The State has pledged to and agreed with the Bondholders (as an obligation issued under the Act) that the State will not limit or alter the rights vested in the NMFA under the Act to fulfill the terms of the Indenture with the Bondholders or in any way impair the rights and remedies of those holders until the Bonds together with the interest thereon, with interest on any unpaid installments of interest, and all costs and expenses in connection with any action or proceedings by or on behalf of those holders, are fully met and discharged.

Deposit and Advance of Funds

The NMFA and the Trustee will deposit the proceeds of the Bonds to the Accounts created under the Indenture and will make the advances of funds thereunder to fund the Program and the NMFA will enter into the Loan Agreements and Grant Agreements with the Governmental Units and purchase and receive the Securities and Security Documents from the Governmental Units on the terms and conditions and upon submission of the documents as provided in the Indenture.

Loan Agreement and Securities - Loan Payments

The Loan Payments will be governed by the following provisions:

(a) Principal, Program Costs and Interest Components. A portion of each Loan Payment is paid as, and represents payment of, interest (the "Interest Component") on the related Loan and payment of a Program Cost component relating to each loan (the "Program Cost Component") and the balance of each Loan Payment is paid as, and represents payment of, principal (the "Principal Component") on the related Loan, all as set forth in the related Loan Agreement or Securities. Amounts due as the Principal, Program Costs, and Interest Components of Loan Payments due under each Loan Agreement or Securities will be paid on each Loan Payment Date. The Interest Component of Loan Payments for each Loan Agreement will be the amount of interest based on a 360-day year comprised of twelve 30-day months, unless otherwise specified in the related Supplemental Indenture. The Program Cost Component may be included in the interest rate borne by a Loan.

(b) Loan Agreement and Securities Term. The "Term" of a Loan Agreement or Securities will be defined in the Loan Agreement or Securities. The Term will not exceed the useful life of the Project financed pursuant to the related Loan Agreement or Securities.

(c) Agreement Payment. Each Loan Agreement and Security will provide that the related Governmental Unit will pay Loan Payments directly to the NMFA on or before Loan Payment Dates for remittance to the Trustee (less a portion of the interest rate, if any, retained by the NMFA in lieu of an upfront payment as an administrative fee for the payment of Program Costs. The administrative fee is calculated as .015% of the loan amount, capped at $75,000, or the NPV equivalent of .015% if the administrative fee is included in the interest rate) prior to each Interest Payment Date. In the case of Securities, the Securities will be registered in the name of the Trustee or properly assigned to the Trustee on the books of any registrar for such Securities or, if in bearer form delivered to and held by the Trustee.

(d) Prepayments. The Loan Agreements and Securities may contain a provision permitting the Governmental Unit to prepay the Principal Component of the Loan Payments, in accordance with the provisions of the Loan Agreement and Securities by payment of Prepayments in whole on any date or in part on any Interest Payment Date, at any time when the related Series of Bonds are or are about to become subject to optional redemption upon not less than forty-five (45) days' prior written notice to the Trustee and subject to any other conditions set forth in the related Supplemental Indenture, Loan Agreement or Securities. Partial prepayments of the Principal Component of Loan Payments will be made in multiples of the minimum Authorized Denomination. Each Prepayment will include interest to the date upon which the Trustee has scheduled a related redemption of Bonds as provided in the related Supplemental Indenture.

(e) Use of Reserve at Final Payment. At the time of payment in full of each Loan Agreement or Securities, the applicable Agreement Reserve Account in the Agreement Reserve Fund will be applied toward the final payment of amounts due under the related Loan Agreement or Securities.

Establishment of Funds and Accounts

There is established in the Indenture with the Trustee the following funds and accounts within funds, each of which will be held, for the term of the Indenture, in Accounts segregated from all other moneys of the Trustee or the NMFA.

(a) a Program Fund and within such fund a separate Account for each Agreement;

(b) a Debt Service Fund and within such fund a separate Account for each Agreement;

(c) a Bond Fund;

(d) an Agreement Reserve Fund and within such fund, a separate Account for each Agreement which contemplates the establishment of an Agreement Reserve Account;

(e) an Expense Fund;

(f) a Rebate Fund and within such fund a separate Account for each Agreement;

(g) a Governmental Gross Receipts Tax, Additional Pledged Loan Revenue and Tax Subsidy Revenue Fund (the "Revenue Fund") established as an account of the Public Project Revolving Fund; and

(h) a Common Debt Service Reserve Fund.

In addition to the foregoing, with respect to Additional Pledged Loans the Trustee will, if directed in a Supplemental Indenture, establish subaccounts within the Program Fund, the Agreement Reserve Fund or the Debt Service Fund for such Additional Pledged Loans.

Flow of Funds

All Funds will be accounted for and maintained by the NMFA in the Funds and Accounts established in the Indenture. Each Fund and Account will be kept separate and apart from all other Funds and Accounts of the NMFA, except that Accounts may be consolidated within one or more special trust accounts within funds. Any amount deposited pursuant to a consolidation shall remain traceable and sufficiently distinguishable in relation to each Agreement and Governmental Unit to permit any applicable arbitrage, yield restriction or similar calculations to be made. The Funds will be expended and used by the Trustee and the NMFA only in the manner of order and priority specified below:

Program Fund. Upon the issuance of a Series of Bonds the Trustee will deposit an amount specified in the related Supplemental Indenture in the Program Fund and will allocate such amount to the respective Accounts within the Program Fund as provided in each Agreement. Disbursements from each Account within the Program Fund may be made in stages or in a single disbursement for the purpose of funding a Governmental Unit's capital projects account to the extent permitted by the Indenture, and upon acknowledgment of the Governmental Units of its obligation to comply with the provisions of the Indenture. Disbursements from each Account within the Program Fund with respect to an Agreement with a Governmental Unit will (except for amounts to be used for capitalized interest on the Loan and as may be directed in a Supplemental Indenture with respect to Grants) only be made upon the delivery to the Trustee of a requisition substantially in the form attached to each Agreement signed by an Authorized Officer of the Governmental Unit.

Application of Loan Payments. The flow of funds is discussed in the forepart of this Official Statement under the heading "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Flow of Funds." The following paragraphs supplement that discussion.

All income earned from the investment of moneys in the respective Accounts of the Debt Service Account and the Agreement Reserve Fund (but only to the extent that the amount on deposit therein exceeds the related Agreement Reserve Requirement), will be deposited in the related Account of the Debt Service Account and applied as a credit to the Loan Payment next coming due under the Agreement, provided, however, that all earnings received on the Governmental Unit's Accounts will be allocated solely to the benefit of such Governmental Unit. The Trustee will notify the Governmental Unit at least fifteen (15) days prior to the due date of its next payment of Loan Payments of the amount of earnings so allocated.

In the event that the Trustee receives Prepayments under a Loan Agreement or Securities, the Trustee will apply such Prepayments to the mandatory redemption of the Bonds or portions thereof in accordance with the related Supplemental Indenture, except with respect to the Series 2004B and each series of Bonds issued thereafter, which are subject to the provisions of the Indenture discussed in the forepart of this Official Statement under the caption "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Application of Loan Prepayments."

At least once a year the Trustee will determine the amount necessary (i) to be transferred to the Bond Fund from each Debt Service Account on Interest Payment Dates for the Bonds from payments relating to a Governmental Unit's Agreement, (ii) to replenish the Governmental Unit's Account in the Agreement Reserve Fund, and (iii) to pay the Governmental Unit's share of Program Costs for the year, and will return any excess which the Trustee does not expect to be required for such payments to the related Governmental Unit or will credit such excess to the Loan Payments next coming due under the Governmental Unit's Agreement; provided, however, that (a) any excess attributable to earnings on funds and accounts for the Governmental Unit will be returned to the Governmental Unit or will be credited to the Loan Payments next coming due under the Governmental Unit's related Loan Agreement, Grant Agreement or Securities; and (b) any excess attributable to the difference in interest rates on the Governmental Unit's Loan and the relevant Outstanding Series of Bonds will be deposited into the Revenue Fund.

Amounts on deposit in the respective Account of the Agreement Reserve Fund in excess of the related Agreement Reserve Account Requirement will be transferred at least annually to the related Accounts of the Debt Service Account and credited against payments next coming due under such Loan Agreement or Securities.

Amounts on deposit in the respective Account of the Agreement Reserve Fund will be applied toward the final payment of amounts falling due under the related Loan Agreement or Securities.

As provided in an Agreement, a Governmental Unit may (i) fund an Account in the Agreement Reserve Fund over time from deposits made by or on behalf of the Governmental Unit or (ii) may use any reserve fund surety or similar investments in lieu of a cash deposit to the Agreement Reserve Fund.

Amounts on deposit in each Agreement Reserve Account, if any, secure only the payments to be made under the related Agreement and may not be applied toward payments under any other Agreement or toward payment of the Bonds, except to the extent that amounts are due and owing under the related Agreement and amounts are not otherwise available for such payments in related Account of the Debt Service Account.

All moneys held by the Trustee in the Bond Fund will be applied in accordance with the Indenture to pay the principal or redemption price of Bonds as they mature or become due, upon surrender thereof, and the interest on Bonds as it becomes payable. There will be deposited into the Bond Fund all accrued interest received, if any, at the time of the execution, sale and delivery of the Bonds.

Amounts remaining on deposit in the Bond Fund at the end of each Bond Fund Year and after payment of all amounts due on the Bonds for such Bond Fund Year will be transferred to the Revenue Fund.

Common Debt Service Reserve Fund

Pursuant to a Supplemental Indenture, the NMFA has established the Common Debt Service Reserve Fund, which is currently funded in the amount of $30,445,718 (as of September 21, 2016). The NMFA will determine, as of the end of each Bond Fund Year, the Required Common Debt Service Reserve Funding Level. The NMFA will deposit the Annual Common Debt Service Reserve Deposit Amount with the Trustee in the Common Debt Service Reserve Fund within three (3) business days of receipt by the NMFA of the disbursement of the NMFA Portion of the Governmental Gross Receipts Tax distributed to the NMFA by the trustee under the Subordinated Indenture on June 16, being the day after the end of the applicable bond fund year under the Subordinated Indenture. The disbursement of the NMFA Portion of the Governmental Gross Receipts Tax becomes available to the NMFA pursuant to the following process: (i) at the end of each Bond Fund Year, amounts remaining in the Revenue Fund are disbursed to the NMFA pursuant to the Indenture, (ii) pursuant to the Subordinated Indenture, the NMFA is obligated to transfer such amounts to the trustee under the Subordinated Indenture on June 1 of each year, (iii) the trustee under the Subordinated Indenture applies such amounts as required under the Subordinated Indenture, and (iv) the trustee under the Subordinated Indenture transfers the remaining balance of the revenue fund under the Subordinated Indenture to the NMFA on June 16 of each year.

If amounts on deposit in the Common Debt Service Reserve Fund are greater than the Required Common Debt Service Reserve Funding Level for a given Bond Fund Year, then no additional deposit will be made to the Common Debt Service Reserve Fund for such Bond Fund Year. Any such excess amount may be used during the subsequent Bond Fund Year, at the discretion of the NMFA, for the redemption of Bonds prior to maturity by depositing the amount into the Bond Fund or the defeasance of any Bonds. If the NMFA has deposited the entirety of the available Annual Common Debt Service Reserve Deposit Amount as of a Bond Fund Year end, but the amount in Common Debt Service Reserve Fund is less than the Required Common Debt Service Reserve Funding Level, then the NMFA will not be required to fund from any other source any such difference in excess of the Annual Common Debt Service Reserve Deposit Amount; provided, however, if a funding difference remains (based on the annual recalculation of the Required Common Debt Service Reserve Funding Level), then the next year's available Annual Common Debt Service Reserve Deposit Amount will be applied to that difference.

If the amounts on deposit in any Governmental Unit's Account of the Debt Service Fund are insufficient for payments coming due under the related Loan Agreement or Securities on the next Loan Payment Date, after applying any applicable Agreement Reserve Account or other source for the payment of Debt Service, on the third day preceding a Loan Payment Date (or, if such third day is not a Business Day, on the Business Day next preceding such third day), the Trustee will transfer from the Common Debt Service Reserve Fund, an amount sufficient, together with amounts in the related Debt Service Account, to pay the Principal Component and the Interest Component due under such Loan Agreement or Securities on such Loan Payment Date. Amounts on deposit in the Common Debt Service Reserve Fund may not be applied toward payment of the Bonds, except to the extent that amounts are due and owing under the Bonds and amounts are not otherwise available for such payments in the Debt Service Fund.

If all of the following are true: (i) amounts in the Common Debt Service Reserve Fund have been disbursed to pay Principal Component or and Interest Component due under a Loan Agreement or in relation to Securities, (ii) at a Bond Fund Year end following such disbursement, a portion of the Annual Common Debt Service Reserve Deposit Amount that was funded into the Common Debt Service Reserve Fund was attributable to disbursements that should have been restored by a Governmental Unit prior to such Bond Fund Year end (a "CDSR Restorative Funding"), (iii) the relevant Governmental Unit later came into compliance as to certain delinquent payments that had been covered by Common Debt Service Reserve Fund disbursements (a "CDSR Compliance Restoration"), and (iv) the amount in the Common Debt Service Reserve Fund exceeds the Required Common Debt Service Reserve Funding Level; then no more frequently than every three months, the Trustee, upon the written request of the NMFA (which written request will also certify that the foregoing conditions have been satisfied) will disburse to the NMFA the amount by which aggregate CDSR Compliance Restoration amounts exceed the aggregate CDSR Restorative Funding amounts.

If no Bonds remain outstanding (or all Bonds have been defeased), then upon the request of the NMFA, any amount remaining in the Common Debt Service Reserve Fund will be disbursed by the Trustee to the NMFA, and the disbursed amounts may be used by the NMFA for any purpose described in the Indenture.

Investment of Moneys

Any moneys held as part of a Governmental Unit's Account in any of the Funds established under the Indenture will be invested and reinvested by the Trustee at the direction of the related Governmental Unit in Permitted Investments in accordance with the following provisions.

Any such investments will be held by or under the control of the Trustee. The Trustee will sell and reduce to cash a sufficient amount of such investments whenever the cash balance in the related Debt Service Account is insufficient to pay the principal of and premium, if any, and interest on the related Loan Agreement or Securities when due. In the absence of an appropriate direction from a Governmental Unit as to investment of funds, the Trustee will invest and reinvest such amounts in a daily money market fund which invests only in United States Government Obligations.

Any moneys held (i) as part of a Governmental Unit's Account in any of the Funds established under the Indenture or (ii) by the NMFA as agent for the Trustee will be invested and reinvested by the NMFA or the Trustee, as the case may be, at the direction of the related Governmental Unit in Permitted Investments as directed by the Loan Agent or the Securities and in accordance with the following provisions.

The Trustee or the NMFA will sell and reduce to cash a sufficient amount of such investments whenever the cash balance in the related Debt Service Account is insufficient to pay the principal of and premium, if any, and interest on the related Loan Agreement or Securities when due.

Any moneys on deposit in the Revenue Fund, the Expense Fund, the Rebate Fund or the Bond Fund will be invested and reinvested by the Trustee at the direction of the NMFA only in Permitted Investments in accordance with the Indenture. Any such investments will be held by or under the control of the Trustee. The Trustee will sell and reduce to cash a sufficient amount of the investments on deposit in the Bond Fund whenever the cash balance in the Bond Fund is insufficient to pay the principal of and premium, if any, and interest on the Bonds when due.

All such investments will at all times be a part of the account or fund from where the money used to acquire such investments was deposited and all gains thereon will be credited to, and losses thereon will be charged against, such accounts or funds except as expressly provided to the contrary in the Indenture.

All investments will mature, or be subject to repurchase, withdrawal without penalty, or redemption at the option of the owner on or before the dates on which the amounts invested are reasonably expected to be needed for the purposes of the Indenture.

The principal of the investments and the interest, income, and profits received in respect thereof will be applied as follows:

(i) all interest, income, and profits received in respect of the investment of the amounts on deposit in a Governmental Unit's Account in any of the Funds established under the Indenture will (after deduction of any losses) be retained in the applicable Governmental Unit's Account from which the investment was derived (except as otherwise required with respect to the Agreement Reserve Fund and deposits to be made to the Rebate Fund); and

(ii) all interest, income, and profits received in respect of the investment of the amounts on deposit in the Revenue Fund, the Rebate Fund, the Bond Fund or the Common Debt Service Reserve Fund will (after deduction of any losses) be retained in such Fund; and

(iii) whenever any other transfer or payment is required to be made from any particular Fund or Account, such transfer or payment will be made from such combination of maturing principal, redemption, or repurchase prices, liquidation proceeds, and withdrawals of principal as the Trustee deems appropriate for such purpose, after taking into account such factors as future transfers or payments from the Fund or Account in question, the reinvestment opportunities for maturing principal, the current yield on any permitted investments to be

redeemed, withdrawn, or sold, and any penalties, gains, or losses to be realized upon any such redemption, withdrawal, or sale.

The Trustee will not be accountable for any depreciation in the value of the Permitted Investments or any losses incurred upon any authorized disposition thereof.

Method and Frequency of Valuation. In computing the amount in any Fund or account, Permitted Investments will be valued at least annually at cost, including commissions and accrued interest but excluding interest accrued following acquisition.

Defeasance

When there has been paid, or provisions for payment have been made to or for the holders and Owners of the Bonds, the principal of and premium, if any, and interest due or to become due on the Bonds at the times and in the manner stipulated therein, and if there has been paid to the Trustee and any paying agents all sums of money due or to become due according to the provisions of the Indenture, then the estate and rights granted by the Indenture will cease, determine and be void, whereupon the Trustee will cancel and discharge the lien of the Indenture and on demand of the NMFA will execute such documents to evidence such release as will be reasonably required by the NMFA and will turn over to the NMFA all balances held by the Trustee under the Indenture (other than amounts required for return to the Governmental Units as provided in the Indenture).

Any Bond will be deemed to be paid within the meaning of and for all purposes of the Indenture when (a) payment of the principal of and the applicable premium, if any, on such Bond, whether at maturity or prior redemption plus interest thereon to the due date thereof, either (i) has been made or caused to be made in accordance with the terms thereof, or (ii) has been provided by irrevocably depositing with the Trustee or other escrow agent, in trust, and the Trustee or other escrow agent has irrevocably set aside exclusively for such payment, (1) moneys sufficient to make such payment, and/or (2) noncallable Governmental Obligations maturing as to principal and interest in such amount and at such times as will insure the availability of sufficient moneys to make such payment, and (3) all necessary and proper fees, compensation and expenses of the Trustee and any paying agents pertaining to the Bonds with respect to which such deposit is made have been paid or the payment thereof provided for to the satisfaction of the Trustee. At such time as a Bond is deemed to be paid under the Indenture, as aforesaid, it will no longer be secured by or entitled to the benefits of the Indenture, except for the purposes of any such payment from such moneys or noncallable Governmental Obligations.

Notwithstanding anything in the Indenture to the contrary, all moneys so deposited with the Trustee (or other escrow agent) as provided in the defeasance provisions of the Indenture may at the direction of the NMFA also be invested and reinvested in noncallable Governmental Obligations, maturing in the amount and at times as set forth in the Indenture, and all income from all noncallable Governmental Obligations in the hands of the Trustee which is not required for the payment of the Bonds and interest and premium, if any, thereon with respect to which such moneys have been so deposited, will be deposited in the Revenue Fund as and when realized and collected for use and application as are other moneys deposited in that fund.

All moneys or noncallable Governmental Obligations set aside and held in trust pursuant to the defeasance provisions of the Indenture for the payment of Bonds (including interest and premium thereon, if any) will be applied to and used solely for the payment of the particular Bonds (including interest and premium thereof, if any) with respect to which such moneys and noncallable Governmental Obligations have been so set aside in trust.

Neither the obligations nor the moneys deposited with the Trustee (or other escrow agent) pursuant to the defeasance provisions of the Indenture will be withdrawn or used for any purpose other than, and will be segregated and held in trust for, the payment of the principal or redemption price of, and interest on, the Bonds or portions thereof.

Whenever moneys or obligations are deposited with the Trustee (or other escrow agent) for the payment or redemption of any Bonds more than sixty (60) days prior to the date that such Bonds are to mature or be redeemed, the Trustee will mail a notice stating that such moneys or obligations have been deposited and identifying the Bonds

for the payment of which such moneys or obligations are being held, to all Owners of Bonds for the payment of which such moneys or obligations are being held.

Notwithstanding anything in the Indenture to the contrary, if moneys or Government Obligations have been deposited or set aside with the Trustee pursuant to the defeasance provisions of the Indenture for the payment of Bonds and such Bonds have not in fact been actually paid in full, no amendment to the defeasance provisions of the Indenture will be made without the consent of the Registered Owner of each Bond affected thereby.

Notwithstanding anything in the Indenture to the contrary, in the event that the principal and/or interest due on any Series of Bonds is paid by a bond insurer with respect to such Series of Bonds pursuant to a financial guaranty insurance policy, the Bonds of such Series will remain Outstanding for all purposes, not be defeased or otherwise satisfied and not be considered paid by the NMFA, and the assignment and pledge of the Trust Estate and all covenants, agreements and other obligations of the NMFA to the Registered Owners and related Security Instrument Issues of such Series of Bonds will continue to exist and will run to the benefit of such bond insurer, and such bond insurer will be subrogated to the rights of such Registered Owners and related Security Instrument Issues of such Series of Bonds.

Default Provisions and Remedies of the Trustee and Owners

Events of Default Defined. Each of the following events is an "Event of Default" under the Indenture:

(a) if payment of any installment of interest on any of the Bonds is not be made by or on behalf of the NMFA when the same becomes due and payable; or

(b) if payment of the principal of or the redemption premium, if any, on any of the Bonds is not be made by or on behalf of the NMFA when the same becomes due and payable, either at maturity or by proceedings for redemption in advance of maturity or through failure to fulfill any payment to any fund hereunder or otherwise; or

(c) if the NMFA is for any reason rendered incapable of fulfilling its obligations under the Indenture; or

(d) if an order or decree is entered, with the consent or acquiescence of the NMFA, appointing a receiver or custodian for any of the Revenues of the NMFA, or approving a petition filed against the NMFA seeking reorganization of the NMFA under the federal bankruptcy laws or any other similar law or statute of the United States of America or any state thereof, or if any such order or decree, having been entered without the consent or acquiescence of the NMFA will not be vacated or discharged or stayed on appeal within 30 days after the entry thereof, or

(e) if any proceeding is instituted, with the consent or acquiescence of the NMFA, for the purpose of effecting a composition between the NMFA and its creditors or for the purpose of adjusting the claims of such creditors pursuant to any federal or state statute now or hereafter enacted, if the claims of such creditors are or may be under any circumstances payable from Revenues; or

(f) if (i) the NMFA is adjudged insolvent by a court of competent jurisdiction, or (ii) an order, judgment or decree be entered by any court of competent jurisdiction appointing, without the consent of the NMFA, a receiver, Trustee or custodian of the NMFA or of the whole or any part of their property and any of the aforesaid adjudications, orders, judgments or decrees is not vacated or set aside or stayed within 60 days from the date of entry thereof; or

(g) if the NMFA files a petition or answer seeking reorganization, relief or any arrangement under the federal bankruptcy laws or any other applicable law or statute of the United States of America or any state thereof; or

(h) if, under the provisions of any other law for the relief or aid of debtors, any court of competent jurisdiction assumes custody or control of the NMFA or of the whole or any substantial part of the property of the NMFA, and such custody or control is not terminated within 30 days from the date of assumption of such custody or control; or

(i) if the NMFA defaults in the due and punctual performance of any other of the covenants, conditions, agreements and provisions contained in the Bonds or the Indenture or any Supplemental Indenture on the part of the NMFA to be performed, other than as set forth above in this section and such Default continues for 30 days after written notice specifying such Event of Default and requiring the same to be remedied has been given to the NMFA by the Trustee, which may give such notice in its discretion and will give such notice at the written request of the Registered Owners of not less than twenty-five percent (25%) in aggregate principal amount of the Bonds then Outstanding.

Remedies of the Trustee. If an Event of Default has occurred and is continuing, the Trustee in its discretion may, and upon the written request of the Owners of a majority in aggregate principal amount of all Bonds then Outstanding and receipt of indemnity to its satisfaction, will, in its own name:

(a) by mandamus or other action or proceeding or suit at law or in equity enforce the rights of the Owners of the Bonds under the Indenture, including enforcing any rights under the Agreements and Security Documents and the provisions of the Indenture for the benefit of the Owners of the Bonds against the NMFA and any related Governmental Unit, and compel the NMFA and any related Governmental Unit, to perform or carry out its duties under the law and the agreements and covenants required to be performed by it contained in the Indenture or in any Agreement (including the appointment of a receiver); or

(b) by suit in equity enjoin any acts or things which are unlawful or violate the rights of the Trustee; or

(c) intervene in judicial proceedings that affect the Bonds, the Agreements, or the security therefor; or

(d) exercise any or all remedies permitted under the Agreements or Security Documents; or

(e) cause the NMFA or any related Governmental Unit to account as if it were the Trustee of an express trust for all of the Revenues or Agreement Pledged Revenues, pledged under the Indenture or pursuant to the Agreements and any Security Documents.

Non-Waiver. A waiver of any default or breach of duty or contract by the Trustee or the Owners will not affect any subsequent default or breach of duty or contract or impair any rights or remedies on any subsequent default or breach of duty or contract. No delay or omission by the Trustee or the Owners to exercise any right or remedy accruing upon any default or breach of duty or contract will impair any such right or be construed to be a waiver of any such default or breach of duty or contract or an acquiescence therein, and every right or remedy conferred upon the Trustee or the Owners by law or by the Indenture may be enforced and exercised from time to time and as often as may be deemed expedient by the Trustee or the Owners.

If any action, proceeding or suit to enforce any right or to exercise any remedy is abandoned or determined adversely to the Trustee or the Owners, the Trustee, the Owners, the NMFA, and the Governmental Units will be restored to the former positions, rights and remedies as if such action, proceeding or suit had not been brought or taken.

Remedies Not Exclusive. No remedy conferred upon or reserved to the Trustee or the Owners under the Indenture is intended to be exclusive of any other remedy, and each such remedy is cumulative and is in addition to every other remedy given under the Indenture or now or hereafter existing in law or in equity or by statute or otherwise and may be extended without exhausting and without regard to any other remedy conferred by any law.

No Liability by the Governmental Units to the Owners. Except for the payment when due of the Loan Payments and the performance of the other agreements and covenants required to be performed by it contained in the Agreements and Security Documents, the Governmental Units will not have any obligation or liability to the Owners with respect to the Indenture or the preparation, execution, delivery or transfer of the Bonds or the disbursement of the Loan Payments, by the Trustee, or with respect to the performance by the NMFA of any right or obligation required to be performed by it contained in the Indenture or for the performance by any other Governmental Unit of such other Governmental Unit's obligations under an Agreement or Security Documents.

Limitation of Owners' Right to Bring Suit. No Owner of any Bond has any right to institute any proceeding, judicial or otherwise, under or with respect to the Indenture, for the appointment of a receiver or Trustee or for any other remedy, at law or in equity, unless:

(a) such Owner has previously given written notice to the Trustee of a continuing Event of Default;

(b) the Owners of not less than a majority of the aggregate principal amount of the Bonds Outstanding have made written request to the Trustee to institute proceedings in respect of such Event of Default in its own name as Trustee under the Indenture;

(c) such Owner or Owners have offered to the Trustee reasonable indemnity, satisfactory to the Trustee, against the costs, expenses and liabilities to be incurred in compliance with such request; and

(d) the Trustee for 60 days after its receipt of such notice, request and offer of indemnity has failed to institute any such proceeding.

No one or more Owners has any right in any manner whatever by virtue of, or by availing of, any provision of the Indenture to affect, disturb or prejudice the lien of the Indenture or the rights of any other Owners or to obtain or to seek to obtain priority or preference over any other Owners or to enforce any right under the Indenture, except in the manner provided in the Indenture and for the equal and ratable benefit of all Bond Owners. Notwithstanding the foregoing, the Owner of any Bond has the right which is absolute and unconditional to receive payment of interest on such Bond when due in accordance with the terms of the Bonds and the Indenture and the principal of such Bond at the stated maturity of the Bonds and to institute suit for the enforcement of any such payment in accordance with the provisions of the Indenture and such rights will not be impaired without the consent of such Owner.

The Owners of a majority in aggregate principal amount of the Bonds Outstanding under the Indenture have the right, after furnishing indemnity satisfactory to the Trustee, to direct the method and place of conducting all remedial proceedings by the Trustee, provided that such direction is not in conflict with any rule of law or with the Indenture or unduly prejudice the rights of minority Owners of Bonds.

Application of Funds Upon Default. All moneys received by the Trustee or by any receiver pursuant to any right given or action taken under the default provisions of the Indenture or under the provisions of the related Agreements, will, after payment of the reasonable costs and fees of, and the reasonable expenses, liabilities and advances incurred or made by the Trustee, be deposited in the Bond Fund and all moneys so deposited during the continuance of an Event of Default (other than moneys deposited to the Bond Fund for the payment of Bonds which have previously matured or otherwise become payable prior to such Event of Default), together with all moneys in the Funds maintained by the Trustee or the NMFA under the Indenture, will be applied as follows:

(a) Unless the principal of all Bonds shall have become due and payable, all such moneys will be applied, as follows:

First: To the payment to the persons or entity entitled thereto of all installments of interest then due on the Bonds, in the order of maturity of the installments of such interest, and, if the amount available will not be sufficient to pay in full any particular installment of interest, then to the

payment ratably according to the amounts due on such installment, to the persons or entity entitled thereto without any discrimination or privilege;

Second: To the payment to the persons or entity entitled thereto of the unpaid principal of and any of the Bonds which have become due (other than Bonds called for prepayment for the payment of which moneys are held pursuant to the provisions of the Indenture), with interest on such Bonds at their rate from the respective dates upon which they became due, in the order of their due dates, and, if the amount available is not sufficient to pay in full Bonds due on any particular date, together with such interest, then to the payment ratably, according to the amount of principal and interest due on such date, to the persons or entities entitled thereto without any discrimination or privilege; and

Third: To be held for the payment to the persons entitled thereto as the same become due of the principal of, the premium, if any, and interest on the Bonds which may thereafter become due at maturity and, if the amount available is not sufficient to pay in full Bonds due on any particular date, together with interest then due and owing thereon, payment will be made ratably according to the amount of principal due on such date to the persons entitled thereto without any discrimination or privilege.

(b) If the principal of all the Bonds becomes due and payable all such moneys will be applied to the payment of the principal and interest then due and unpaid upon the Bonds, with the interest on overdue principal, as aforesaid, without preference or priority of principal over interest or of interest over principal or of any installment of interest over any other installment of interest, or of any Bonds over any other certificates, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or privilege.

Whenever moneys are to be applied pursuant to the provisions of this section, such moneys will be applied at such times, and from time to time, as the Trustee may determine, having due regard for the amount of such moneys available for such application in the future. Whenever the Trustee applies such moneys it will fix the date (which will be an Interest Payment Date unless it deems another date more suitable) upon which date such application is to commence and upon such date interest on the amounts of principal to be paid on such date will cease to accrue. The Trustee will give such notice as it may deem appropriate of the deposit with it of any moneys and of the fixing of any such date and of the Special Record Date in accordance with the Indenture. The Trustee will not be required to make payment to the holder of any unpaid Bond until such Bond is presented to the Trustee for appropriate endorsement or for cancellation if fully paid.

Waivers of Events of Default. The Trustee may in its discretion waive any Event of Default and its consequences and will do so upon the written request of the Registered Owners of (a) a majority in aggregate principal amount of all the Bonds then outstanding in respect of which Default in the payment of principal and interest exist, or (b) a majority in aggregate principal amount of the Bonds then Outstanding in the case of any other Event of Default; provided, however, that there will not be waived (i) any Event of Default in the payment of the principal of any Bonds at the date of maturity specified therein, or (ii) any default in the payment when due of the interest on any such Bonds, unless prior to such waiver or rescission, all arrears of interest, with interest (to the extent permitted by law) at the rate borne by the Bonds in respect of which such Event of Default has occurred on overdue installments of interest and all arrears of payments of principal and premium, if any, when due and all expenses of the Trustee, in connection with such Event of Default has been paid or provided for, and in case of any such waiver or rescission, or in case any proceeding taken by the Trustee on account of any such Event of Default has been discontinued or abandoned or determined adversely, then and in every such case the NMFA, the Trustee and the Registered Owners will be restored to their former positions and rights under the Indenture, respectively, but no such waiver or rescission will extend to any subsequent or other Event of Default, or impair any right consequent thereon.

Supplemental Indentures

Supplemental Indentures Not Requiring Consent of Owners. The NMFA and the Trustee may, without consent of, or notice to, any of the Owners enter into an indenture or indentures supplemental to the Indenture for any one or more of the following purposes:

(a) To provide for the issuance of Additional Bonds in accordance with the provisions of the Indenture;

(b) To cure any ambiguity or formal defect or omission in the Indenture;

(c) To grant to or confer upon the Trustee for the benefit of the Owners any additional rights, remedies, powers or authority that may lawfully be granted to or conferred upon the Registered Owners or the Trustee;

(d) To subject to the Indenture additional revenues, properties or collateral;

(e) To evidence the appointment of a separate Trustee or paying agent or the succession of a new Trustee or paying agent under the Indenture;

(f) To make any other change which in the judgment of the Trustee is not materially adverse to the interests of the Trustee or any of the Owners;

(g) To make any amendments with the prior written confirmation from of the Rating Agency that such amendments will not result in the rating on the Bonds following such amendment being lower than the rating on the Bonds immediately prior to such amendment; and

(h) To add additional covenants of the NMFA or any Governmental Unit or to surrender any right or power conferred upon the NMFA in the Indenture or any Governmental Unit or to grant additional powers or rights to the Trustee.

Supplemental Indentures Requiring Consent of Owners. Exclusive of supplemental indentures covered by the foregoing section and subject to the following terms and provisions and not otherwise, the Owners of not less than a majority in aggregate principal amount of the Bonds then outstanding will have the right, from time to time, anything contained in the Indenture to the contrary notwithstanding, to consent to and approve the execution by the NMFA and the Trustee of such other indenture or indentures supplemental to the Indenture as may be deemed necessary and desirable by the NMFA for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in the Indenture or in any supplemental indenture; provided, however, that nothing in this section or in the foregoing section will permit, or be construed as permitting, (i) an extension of the maturity of the principal of, or the interest on, any Bond, or (ii) a reduction in the principal amount of, or redemption premium on, any Bond or the rate of interest thereon, or (iii) a privilege or priority of any Bond or Bonds over any other Bond or Bonds, or (iv) a reduction in the aggregate principal amount of the Bonds required for consent to such supplemental indentures, or (v) permit the creation of any lien ranking prior to the lien of the Indenture on the Trust Estate or any part thereof, or (vi) deprive the Owner of any Bond then outstanding of the lien created by the Indenture on the Trust Estate without the prior consent of one hundred percent (100%) of the holders of the Bonds affected by such supplemental indenture. The Trustee may, but is not obligated to, enter into any such supplemental indenture which adversely affects the Trustee's rights, duties or immunities under the Indenture or the Agreements.

If at any time the NMFA requests the Trustee to enter into any such supplemental indenture for any of the purposes of this section, the Trustee will, upon being satisfactorily indemnified with respect to expenses, cause notice of the proposed execution of such supplemental indenture to be given by registered or certified mail to the owner of each Bond shown by the list of Owners kept at the office of the Trustee. Such notices will briefly set forth the nature of the proposed supplemental indenture and will state that copies thereof are on file at the principal office of the Trustee for inspection by all Owners. If, within one hundred twenty (120) days or such longer period as the

holders of not less than a majority in aggregate principal amount of the Bonds outstanding at the time of the execution of any such supplemental indenture have consented to and approved the execution thereof as provided in the Indenture, no Owner of any Bond will have any right to object to any of the terms and provisions contained therein, or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Trustee or the Governmental Units from executing the same or from taking any action pursuant to the provisions thereof. Upon the execution of any such supplemental indenture as permitted and provided, the Indenture will be and be deemed to be modified and amended in accordance therewith.

Amendment of Agreements and Security Documents.

(a) The NMFA will have the right to amend an Agreement and any existing Security Documents with the Consent of the Trustee and the related Governmental Unit without Bond Owners' consent, for one or more of the following purposes:

(i) to add additional covenants of the NMFA or the related Governmental Unit, as applicable, or to surrender any right or power conferred upon the NMFA or the related Governmental Unit;

(ii) to make any amendments with the prior written confirmation from the Rating Agencies that such amendment will not result in the rating on the Bonds following such amendment being lower than the rating on the Bonds immediately prior to such amendment;

(iii) for any purpose not inconsistent with the terms of the Indenture or to cure any ambiguity or to correct or supplement any provision contained therein or in any amendment thereto which may be defective or inconsistent with any other provision contained therein or in the Indenture or in any amendment thereto or in any Supplemental Indenture, or to make such other provisions in regard to matters or questions arising under any Agreement, or Security Documents which in the judgment of the Trustee do not adversely affect the interests of the Owners of Bonds; or

(iv) to make any other change or amendment upon the delivery to the Trustee of a Cash Flow Statement and an Approval of Bond Counsel.

(b) If the NMFA or a Governmental Unit propose to amend an Agreement or related Security Documents in a manner not contemplated by (a) above the Trustee will notify the Owners of the Bonds of the proposed amendment and may consent thereto with the consent of the Owners of at least a majority in aggregate principal amount of the Bonds then Outstanding.

Fees, Charges and Expenses of the Trustee

Upon an Event of Default, but only upon an Event of Default, the Trustee will have a right of payment prior to payment on account of interest or principal of, or premium, if any, on any Bond for the Trustee's advances, fees, costs and expenses incurred.

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APPENDIX C

CERTAIN ECONOMIC AND DEMOGRAPHIC INFORMATION RELATING TO THE STATE

The following economic and demographic descriptions are furnished for information only. The Series 2016E Bonds do not constitute a general obligation of the State and are special limited obligations of Finance Authority payable solely from the Trust Estate. THE FINANCE AUTHORITY HAS NO TAXING POWERS. The principal of and interest and premium, if any, on the Series 2016E Bonds do not constitute or give rise to a personal liability on the part of the directors and officers of the Finance Authority. No breach of any pledge, obligation or agreement of the Finance Authority will impose a pecuniary liability or a charge upon the general credit of the State, the Finance Authority or any political subdivision of the State, or upon the taxing power of the State or any political subdivision of the State.

The information presented in this Appendix C relates to certain economic and demographic information relating to the State. Such information is for informational purposes and is presented to provide readers a sense of the economic and demographic composition of the State. Such information is available from the sources listed in the tables and is believed to be reliable. However, the Finance Authority has not verified and does not guarantee the accuracy of any such information.

Generally

The State, admitted as the forty-seventh state on January 6, 1912, is the fifth largest state, containing approximately 121,593 square miles. The estimated 2015 population of the State was 2,085,109. The State has a semiarid subtropical climate with light precipitation. Its climate is characterized by sunshine and bright skies in both winter and summer. Every part of the State receives no less than 70 percent sunshine year-round. Humidity ranges from 60 percent (mornings) to 30 percent (afternoons). Thunderstorms in July and August bring most of the moisture. December to March snowfalls vary from 2 inches (lower Rio Grande Valley) to 300 inches (north central mountains).

Governmental Organization

The Executive Branch of State government consists of a Governor, Lieutenant Governor, Secretary of State, State Auditor, State Treasurer, Attorney General, and Commissioner of Public Lands. These officials are elected to four-year terms beginning January 1 after their election. An elected Executive Branch officer may succeed himself or herself in office once. The primary functions of the Executive Branch are currently carried out by the offices of each elected Executive Branch officeholder, in addition to approximately 22 cabinet departments, each headed by a cabinet secretary appointed by the Governor with the advice and consent of the Senate, and approximately 9 cabinet-level agencies. Elections for all executive branch statewide offices were held on November 4, 2014.

The State Board of Finance ("State Board") has seven voting members consisting of the Governor, the Lieutenant Governor, the State Treasurer, and four members appointed by the Governor with the advice and consent of the Senate. No more than two appointed members may be from the same political party. The Department of Finance and Administration (the "DFA") Secretary serves as the Executive Officer of the State Board and is a non-voting member. The State Board, in addition to other powers and duties provided by law, has general supervisory authority over the fiscal affairs of the State and over the safekeeping and depositing of all money and securities belonging to, or in the custody of, the State. The Governor serves as the President of the State Board.

The DFA is the principal financial organization of State government and performs through its divisions the duties and functions relating to State and local government financing and general administration. The executive and administrative head of the DFA is the Secretary, who is appointed by the Governor with the advice and consent of the Senate. The State Board's staff are a division of the DFA. The Director of the State Board is appointed by the Secretary with the approval of the members of the State Board.

The Legislature consists of 112 members and is divided into a Senate and a House of Representatives. Senators are elected for four-year terms and members of the House are elected for two-year terms. The Legislature convenes in regular session annually on the third Tuesday in January. Regular sessions are constitutionally limited in length to 60 calendar days in odd-numbered years and 30 calendar days in even-numbered years. Special sessions of the Legislature may be convened by the Governor. Extraordinary sessions may be convened by the Legislature under certain limited circumstances. Legislators do not receive any salary, but do receive per diem and mileage allowances while in session or performing official State business.

The judicial branch is composed of a statewide system including Magistrate and District Courts, the Court of Appeals and the Supreme Court. The District Courts are the trial courts of record with general jurisdiction.

Economic and Demographic Characteristics

New Mexico is the 36th largest state by population and the fifth largest in land area. The estimated population of the State as of July 1, 2015 was 2,085,109.

There are four Metropolitan Statistical Areas ("MSAs") in the State. The Albuquerque MSA is comprised of Bernalillo, Sandoval, Torrance and Valencia Counties; the Las Cruces MSA is comprised of Doña Ana County; the Santa Fe MSA is comprised of Santa Fe County; and the Farmington MSA is comprised of San Juan County. The fastest growing counties in the State are Sandoval, Doña Ana, Bernalillo, Santa Fe, Valencia, and San Juan. The following table sets forth information on population growth in New Mexico and nationally.

POPULATION
NEW MEXICO AND THE UNITED STATES
2005-2015

	Population		Annual Percentage Change	
Year	New Mexico	United States	New Mexico(1)	United States
2005	1,914,699	295,618,454	1.3%	0.9%
2006	1,940,631	298,431,771	1.4	1.0
2007	1,966,357	301,393,632	1.3	1.0
2008	1,984,179	304,177,401	0.9	0.9
2009	2,007,315	306,656,290	1.2	0.8
2010 (Census)	2,059,179	308,745,538	2.6	0.7
2011 (est.)	2,078,226	311,718,857	0.9	1.0
2012 (est.)	2,084,792	314,102,623	0.3	0.8
2013 (est.)	2,086,890	316,427,395	0.1	0.7
2014 (est.)	2,085,567	318,907,401	(0.1)	0.8
2015 (est.)	2,085,109	321,418,820	–	0.8

(1) Dash (–) represents zero or rounds to zero.
(Source: U.S. Census Bureau, Population Division. Last revised March 2016.)

Major industries in the State include oil and natural gas production, manufacturing, service, tourism, services, arts and crafts, agribusiness, government and mining. Major federally funded scientific research facilities at Los Alamos, Albuquerque and White Sands are also a notable part of the State's economy. The following table sets forth information on employment by industry over the period of 2005 through 2014.

TOTAL FULL-TIME AND PART-TIME EMPLOYMENT BY INDUSTRY

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	Growth 2013-2014	Growth 2005-2014
Total employment	1,049,639	1,079,061	1,104,526	1,107,298	1,074,644	1,059,607	1,063,793	1,065,980	1,073,485	1,082,882	0.9%	3.2%
Wage and salary employment	845,476	868,518	878,592	881,856	849,122	837,320	837,281	839,789	846,885	853,031	0.7	0.9
Proprietors employment	204,163	210,543	225,934	225,442	225,522	222,287	226,512	226,191	226,600	229,851	1.4	12.6
Farm proprietors employment	15,588	15,255	18,193	18,041	18,270	19,083	20,715	21,436	21,547	21,470	(0.4)	37.7
Nonfarm proprietors employment	188,575	195,288	207,741	207,401	207,252	203,204	205,797	204,755	205,053	208,381	1.6	10.5
Farm employment	23,262	22,829	25,804	24,702	25,228	25,630	27,323	28,370	29,218	28,250	(3.3)	21.4
Nonfarm employment	1,026,377	1,056,232	1,078,722	1,082,596	1,049,416	1,033,977	1,036,470	1,037,610	1,044,267	1,054,632	1.0	2.8
Private employment	807,678	841,900	868,783	869,301	833,198	816,542	822,659	825,711	833,413	845,765	1.5	4.7
Forestry, fishing, related activities and other(1)	5,229	5,135	5,172	5,311	5,307	5,215	5,237	5,149	5,260	5,641	7.2	7.9
Mining(2)	21,116	23,528	24,891	28,295	24,432	27,022	28,356	34,227	36,850	39,435	7.0	86.8
Utilities	4,074	4,122	4,451	4,564	4,801	4,565	4,508	4,542	4,623	4,612	(0.2)	13.2
Construction(3)	73,895	79,675	80,478	77,887	67,177	61,238	59,293	57,937	59,216	59,945	1.2	(18.9)
Manufacturing	41,175	42,745	42,810	40,595	36,422	34,537	35,613	35,664	35,444	34,774	(1.9)	(15.5)
Durable goods manufacturing(4)	28,502	29,863	29,772	28,038	24,371	23,033	23,610	23,105	22,557	21,770	(3.5)	(23.6)
Nondurable goods manufacturing(5)	12,673	12,882	13,038	12,557	12,051	11,504	12,003	12,559	12,887	13,004	0.9	2.6
Wholesale trade	27,878	28,863	28,749	28,606	26,582	26,801	26,373	26,083	26,136	26,159	0.1	(6.2)
Retail trade(6)	115,813	116,478	118,682	117,897	113,809	110,226	111,331	111,668	112,557	113,598	0.9	(1.9)
Transportation and warehousing(7)	25,271	25,875	27,380	26,629	24,279	23,351	24,281	25,294	25,408	26,133	2.9	3.4
Information(8)	17,289	18,424	18,805	18,942	17,457	17,114	16,469	16,468	16,070	15,567	(3.1)	(10.0)
Finance and insurance(9)	31,907	32,185	33,693	34,628	35,848	34,550	35,451	35,046	34,666	35,153	1.4	10.2
Real estate and rental and leasing(10)	38,266	40,436	42,998	42,557	40,380	39,916	39,833	38,412	38,437	38,678	0.6	1.1
Professional and technical services	66,766	74,267	81,912	82,032	80,366	78,331	77,473	76,057	75,807	76,505	0.9	14.6
Management of companies and enterprises	6,349	6,428	6,073	5,906	5,587	5,406	5,504	5,457	5,514	5,504	(0.2)	(13.3)
Administrative and waste services(11)	55,159	58,410	60,352	60,260	55,817	54,266	54,742	53,383	54,572	54,708	0.2	(0.8)
Educational services	15,349	15,869	15,714	15,908	16,263	16,734	16,208	16,094	16,326	16,855	3.2	9.8
Health care and social assistance(12)	104,958	107,797	111,692	114,683	118,041	119,378	121,489	123,078	123,434	125,250	1.5	19.3
Arts, entertainment and recreation(13)	21,404	21,792	22,840	23,229	23,212	22,981	23,007	23,586	23,621	23,803	0.8	11.2
Accommodation and food services(14)	81,317	84,409	85,075	83,953	81,660	81,122	82,309	83,126	85,409	87,918	2.9	8.1
Other services, except public administration(15)	54,463	55,462	57,016	57,419	55,758	53,789	55,182	54,440	54,063	55,527	2.7	2.0
Government and government enterprises(16)	218,699	214,332	209,939	213,295	216,218	217,435	213,811	211,899	210,854	208,867	(0.9)	(4.5)

(1) The “Forestry, fishing, related activities and other” category includes: forestry and logging; fishing, hunting and trapping; agriculture and forestry support activities.

(2) The “Mining” category includes: oil and gas extraction; mining (except oil and gas); and support activities for mining.

(3) The “Construction” category includes: construction of buildings; heavy and civil engineering construction; and specialty trade contractors.

(4) The “Durable goods manufacturing” category includes: wood product manufacturing; nonmetallic mineral product manufacturing; primary metal manufacturing; fabricated metal product manufacturing; machinery manufacturing; computer and electronic product manufacturing; electrical equipment and appliance manufacturing; motor vehicles, bodies and trailers, and parts manufacturing; other transportation equipment manufacturing; furniture and related product manufacturing; and miscellaneous manufacturing.

(5) The “Nondurable goods manufacturing” category includes: food manufacturing; beverage and tobacco product manufacturing; textile mills; textile product mills; apparel manufacturing; leather and allied product manufacturing; paper manufacturing; printing and related support activities; petroleum and coal products manufacturing; chemical manufacturing; and plastics and rubber products manufacturing.

(6) The “Retail trade” category includes: motor vehicle and parts dealers; furniture and home furnishings stores; electronics and appliance stores; building material and garden supply stores; food and beverage stores; health and personal care stores; gasoline stations; clothing and clothing accessories stores; sporting goods, hobby, book and music stores; general merchandise stores; miscellaneous store retailers; and nonstore retailers.

(7) The “Transportation and warehousing” category includes: air transportation; rail transportation; water transportation; truck transportation; transit and ground passenger transportation; pipeline transportation; scenic and sightseeing transportation; support activities for transportation; couriers and messengers; and warehousing and storage.

(8) The “Information” category includes: publishing industries, except Internet; motion picture and sound recording industries; broadcasting, except Internet; Internet publishing and broadcasting; telecommunications; ISPs, search portals and data processing; and other information services.

(9) The “Finance and insurance” category includes: monetary authorities-central bank; credit intermediation and related activities; securities, commodity contracts, investments; insurance carriers and related activities; and funds, trusts and other financial vehicles.

(10) The “Real estate and rental and leasing” category includes: real estate; rental and leasing services; and lessors of nonfinancial intangible assets.

(11) The “Administrative and waste services” category includes: administrative and support services; and waste management and remediation services.

(12) The “Health care and social assistance” category includes: ambulatory health care services; hospitals; nursing and residential care facilities; and social assistance.

(13) The “Arts, entertainment and recreation” category includes: performing arts and spectator sports; museums, historical sites, zoos and parks; and amusement, gambling and recreation.

(14) The “Accommodation and food services” category includes: accommodation; and food services and drinking places.

(15) The “Other services, except public administration” category includes: repair and maintenance; personal and laundry services; membership associations and organizations; and employment in private households.

(16) The “Government and government enterprises” category includes: federal, civilian; military; state and local; and state government and local government.

(Source: Regional Economic Information System, Bureau of Economic Analysis, Last updated September 30, 2015, including new estimates for 2014 and revised estimates for 2007-2013.)

The following tables set forth selected additional economic and demographic data with respect to the State.

EMPLOYMENT AND LABOR FORCE
NEW MEXICO AND THE UNITED STATES
2006-2015

	Civilian Labor Force (Thousands)		Number of Employed (Thousands)		Unemployment Rate		
Year	New Mexico[(1)]	United States[(1)]	New Mexico[(1)]	United States[(1)]	New Mexico	United States	N.M. as % of U.S. Rate
2006	928	151,428	889	144,427	4.2%	4.6%	91%
2007	934	153,124	899	146,047	3.8	4.6	83
2008	945	154,287	902	145,362	4.5	5.8	78
2009	940	154,142	869	139,877	7.5	9.3	81
2010	936	153,889	860	139,064	8.1	9.6	84
2011	930	153,617	860	139,869	7.5	8.9	84
2012	929	154,975	863	142,469	7.1	8.1	88
2013	924	155,389	859	143,929	7.0	7.4	95
2014	921	155,922	859	146,305	6.7	6.2	108
2015	920	157,139	859	148,834	6.6	5.3	125

(1) Figures rounded to nearest thousand.
(Sources: U.S. Bureau of Labor and Statistics (Last Updated: April 20, 2016) and Bureau of Business and Economic Research, University of New Mexico (Last Updated: March 24, 2016).)

PERSONAL INCOME
NEW MEXICO AND THE UNITED STATES
2006-2015

	Personal Income (000)		Annual Percentage Change	
Year	New Mexico	United States	New Mexico	United States
2006	$59,840,045	$11,381,350,000	n/a	n/a
2007	63,348,816	11,995,419,000	5.9%	5.4%
2008	67,102,829	12,492,705,000	5.9	4.1
2009	65,773,493	12,079,444,000	(2.0)	(3.3)
2010	68,182,725	12,459,613,000	3.7	3.1
2011	71,821,138	13,233,436,000	5.3	6.2
2012	74,180,920	13,904,485,000	3.3	5.1
2013	73,571,354	14,064,468,000	(0.8)	1.2
2014	77,356,150	14,683,147,000	5.1	4.4
2015	80,200,588	15,324,108,725	3.7	4.4

(Source: U.S. Department of Commerce, Bureau of Economic Analysis, Regional Data. Last updated: March 2016.)

PER CAPITA PERSONAL INCOME
NEW MEXICO AND THE UNITED STATES
2006-2015

	Per Capita Income			Annual Percentage Change	
Year	New Mexico	United States	N.M. as a % of U.S.	New Mexico	United States
2006	$30,497	$38,144	80%	n/a	n/a
2007	31,832	39,821	80	4.4%	4.4%
2008	33,374	41,082	81	4.8	3.2
2009	32,293	39,376	82	(3.2)	(4.2)
2010	33,019	40,277	82	2.2	2.3
2011	34,556	42,453	81	4.7	5.4
2012	35,585	44,266	80	3.0	4.3
2013	35,254	44,438	79	(0.9)	0.4
2014	37,091	46,049	81	5.2	3.6
2015	38,457	47,669	81	3.7	3.5

(Sources: U.S. Department of Commerce, Bureau of Economic Analysis, Regional Data. Last revised: March 24, 2016; new estimates for 2015.)

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WAGES AND SALARIES BY INDUSTRY SECTOR
2006-2015

NAICS Earnings by Place of Work [1] Applicable to 2006-2015	New Mexico (Thousands of Dollars)[2]		United States (Thousands of Dollars)[2]		Cumulative Annual Percent Change 2006-2015		Distribution of 2015 Wages & Salaries	
	2015	2006	2015	2006	N.M.	U.S.	N.M.	U.S.
Farm Wages and Salary	$293,165	$206,195	$27,090,000	$18,764,000	42.2%	44.4%	0.8%	0.3%
Non-farm Wages and Salary	37,170,981	30,578,029	7,789,373,250	6,032,912,000	21.6%	29.1%	99.2%	99.7%
Private Non-farm Wages and Salary	27,355,566	22,088,036	6,538,723,750	5,012,443,000	23.8%	30.4%	73.0%	83.7%
Forestry, Fishing, and related activities	83,963	58,552	17,821,250	12,145,000	43.4%	46.7%	0.2%	0.2%
Mining, Quarrying, and Oil and Gas Extraction	1,997,183	1,146,805	78,591,500	47,897,000	74.2%	64.1%	5.3%	1.0%
Utilities	364,434	252,375	59,027,000	43,599,000	44.4%	35.4%	1.0%	0.8%
Construction	1,978,883	2,165,630	381,180,500	354,613,000	(8.6%)	7.5%	5.3%	4.9%
Manufacturing	1,601,778	1,687,295	801,779,750	737,769,000	(5.1%)	8.7%	4.3%	10.3%
Durable Goods Manufacturing	1,081,349	1,299,557	531,427,250	493,028,000	(16.8%)	7.8%	2.9%	6.8%
Nondurable Goods Manufacturing	520,429	387,738	270,352,500	244,741,000	34.2%	10.5%	1.4%	3.5%
Wholesale Trade	1,168,676	1,064,016	440,851,000	349,163,000	9.8%	26.3%	3.1%	5.6%
Retail Trade	2,711,313	2,353,528	480,078,500	407,227,000	15.2%	17.9%	7.2%	6.1%
Transportation and Warehousing	1,053,828	846,528	255,702,000	193,964,000	24.5%	31.8%	2.8%	3.3%
Information	694,435	619,281	264,048,750	204,090,000	12.1%	29.4%	1.9%	3.4%
Finance and Insurance	1,440,499	1,090,392	610,901,500	490,398,000	32.1%	24.6%	3.8%	7.8%
Real Estate and Rental and Leasing	400,605	353,116	117,746,750	94,649,000	13.4%	24.4%	1.1%	1.5%
Professional, Scientific, and Technical Services	4,093,092	3,132,842	786,272,000	518,979,000	30.7%	51.5%	10.9%	10.1%
Management of Companies and Enterprises	358,274	307,884	261,004,250	164,687,000	16.4%	58.5%	1.0%	3.3%
Administrative and Waste Services	1,444,539	1,325,938	336,853,250	248,449,000	8.9%	35.6%	3.9%	4.3%
Educational Services	344,023	271,499	142,217,500	94,076,000	26.7%	51.2%	0.9%	1.8%
Health Care and Social Assistance	4,680,383	3,161,892	885,460,750	599,008,000	48.0%	47.8%	12.5%	11.3%
Arts, Entertainment, and Recreation	225,153	163,839	85,467,250	62,858,000	37.4%	36.0%	0.6%	1.1%
Accommodations and Food Services	1,614,215	1,189,469	286,434,000	200,893,000	35.7%	42.6%	4.3%	3.7%
Other Services, Except Public Administration	1,100,292	897,155	247,286,250	187,979,000	22.6%	31.5%	2.9%	3.2%
Government and Government Enterprises	9,815,416	8,489,993	1,250,649,500	1,020,469,000	15.6%	22.6%	26.2%	16.0%
Federal, Civilian	2,177,206	1,819,831	222,112,750	174,448,000	19.6%	27.3%	5.8%	2.8%
Military	866,156	676,559	91,716,500	82,933,000	28.0%	10.6%	2.3%	1.2%
State and Local	6,772,055	5,993,603	936,820,250	763,088,000	13.0%	22.8%	18.1%	12.0%

(1) The estimates of wage and salary disbursements for 2006 are based on the 2002 North American Industry Classification System (NAICS). The estimates for 2007-2010 are based on the 2007 NAICS. The estimates for 2011 forward are based on the 2012 NAICS.

(2) All dollar estimates are in current dollars (not adjusted for inflation).

(Source: U.S. Department of Commerce, Bureau of Economic Analysis, Last updated March 24, 2016; new estimate for 2015.)

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APPENDIX D

FORM OF OPINION OF BOND COUNSEL

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[Form of opinion of Ballard Spahr LLP]

__________, 2016

New Mexico Finance Authority
Santa Fe, New Mexico

Re: $40,870,000 New Mexico Finance Authority Senior Lien Public Project Revolving Fund Revenue and Refunding Bonds, Series 2016E

We have acted bond counsel in connection with the issuance by the New Mexico Finance Authority (the "Finance Authority") of its Senior Lien Public Project Revolving Fund Revenue and Refunding Bonds, Series 2016E in the aggregate principal amount of $40,870,000 (the "Series 2016E Bonds"). The Series 2016E Bonds are being issued for the purpose of providing funds to (i) originate loans to or purchase securities from, or reimburse the Finance Authority for monies used to originate loans to or purchase securities from certain governmental units within the State of New Mexico (each a "Governmental Unit"), which loans or securities are used to finance or refinance a public project for the use and benefit of the respective Governmental Unit; (ii) refund a portion of the Finance Authority's outstanding Senior Lien Public Project Revolving Fund Revenue Bonds, Series 2006B; and (iii) pay costs of issuance associated with the Series 2016E Bonds.

The Finance Authority is a public body politic and corporate created by and existing under the New Mexico Finance Authority Act, Sections 6-21-1 *et. seq.*, NMSA 1978, as amended and supplemented (the "Act"). The Series 2016E Bonds are authorized under and secured by a General Indenture of Trust and Pledge dated as of June 1, 1995 as heretofore amended and supplemented (the "General Indenture"), and as further amended and supplemented by a Ninety-Second Supplemental Indenture of Trust dated as of October 1, 2016 (the "Ninety-Second Supplemental Indenture," and collectively with the General Indenture, the "Indenture") between the Finance Authority and BOKF, NA, as successor trustee (the "Trustee"). Capitalized terms not otherwise defined herein shall have the meanings set forth in the Indenture.

We have reviewed the Indenture, an opinion of the general counsel to the Finance Authority, certificates of the Finance Authority, the Trustee, and others, and such other documents, opinions and matters to the extent we deemed necessary to render the opinions set forth herein. As to the questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications furnished to us without undertaking to verify the same by independent investigation. Our examination has been limited to the foregoing as they exist or are in effect as of the date hereof. Our opinion is limited to the matters expressly set forth herein, and we express no opinion concerning any other matters.

Based on our examination and the foregoing, we are of the opinion, as of the date hereof and under existing law as follows:

1. The Finance Authority is a public body politic and corporate duly organized and validly existing under the laws of the State of New Mexico, and has lawful authority to issue the Series 2016E Bonds.

2. The Indenture has been duly executed and delivered by, and is a valid and binding obligation of, the Finance Authority. The Indenture creates a valid pledge of the Trust Estate pledged under the Indenture to secure the payment of the principal of and interest on the Series 2016E Bonds, subject to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth in the Indenture.

3. The Series 2016E Bonds constitute special limited obligations of the Finance Authority, payable solely from the Trust Estate and do not constitute a general obligation or other indebtedness of the State of New Mexico or any Governmental Unit within the meaning of any constitutional or statutory debt limitation.

4. Interest on the Series 2016E Bonds is excludable from gross income for purposes of federal income tax under existing laws as enacted and construed on the date of initial delivery of the Series 2016E Bonds, assuming the accuracy of the certifications of the Finance Authority and continuing compliance by the Finance Authority with the requirements of the Internal Revenue Code of 1986. Interest on the Series 2016E Bonds is not an item of tax preference for purposes of either individual or corporate federal alternative minimum tax ("AMT"); however, interest on Series 2016E Bonds held by a corporation (other than an S corporation, regulated investment company, or real estate investment trust) may be indirectly subject to federal AMT because of its inclusion in the adjusted current earnings of a corporate holder.

5. Under the laws of the State of New Mexico as enacted and construed on the date hereof, interest on the Series 2016E Bonds is excluded from net income of the owners thereof for State of New Mexico income tax purposes.

In rendering our opinion, we wish to advise you that:

(a) the rights of the holders of the Series 2016E Bonds and the enforceability thereof and of the documents identified in this opinion may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium, and other laws relating to or affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable, and their enforcement may also be subject to the application of equitable principles and the exercise of judicial discretion in appropriate cases;

(b) we express no opinion herein as to the accuracy, adequacy, or completeness of the Official Statement or any other offering material relating to the Series 2016E Bonds; and

(c) except as set forth above, we express no opinion regarding any other tax consequences relating to the ownership or disposition of, or the accrual or receipt of interest on, the Series 2016E Bonds.

Respectfully submitted,

APPENDIX E

BOOK-ENTRY ONLY SYSTEM

The information in this section concerning DTC and DTC's book-entry only system has been obtained from sources that the Finance Authority and the Municipal Advisor believe to be reliable, but the Finance Authority and the Municipal Advisor take no responsibility for the completeness or accuracy thereof. The following description of the procedures and record keeping with respect to beneficial ownership interests in the Series 2016E Bonds, payment of principal, premium, if any, interest on the Series 2016E Bonds to DTC Participants or Beneficial Owners, confirmation and transfers of beneficial ownership interests in the Series 2016E Bonds and other related transactions by and between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC.

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Series 2016E Bonds. The Series 2016E Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Series 2016E Bond certificate will be issued for each maturity of the Series 2016E Bonds, each in the aggregate principal amount of such issue, and will be deposited with DTC.

DTC and its Participants. DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Series 2016E Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2016E Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2016E Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2016E Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Series 2016E Bonds, except in the event that use of the book-entry system for the Series 2016E Bonds is discontinued.

To facilitate subsequent transfers, all Series 2016E Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2016E Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2016E Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2016E Bonds are credited, which may or may not be the

Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices will be sent to DTC. If less than all of the Series 2016E Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Series 2016E Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Finance Authority as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2016E Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions and dividend payments on the Series 2016E Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Finance Authority or the Trustee, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC or its nominee, the Trustee or the Finance Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Finance Authority or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Series 2016E Bonds at any time by giving reasonable notice to the Finance Authority or the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, Bond certificates are required to be printed and delivered.

The Finance Authority may decide to discontinue use of the system of book-entry only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

When reference is made to any action which is required or permitted to be taken by the Beneficial Owners, such reference only relates to those permitted to act by statute, regulation or otherwise on behalf of such Beneficial Owners for such purposes. When notices are given, they are to be sent to DTC, and the Finance Authority does not have responsibility for distributing such notices to the Beneficial Owners.

The Finance Authority does not have any responsibility or obligation to the DTC Participants or the Beneficial Owners with respect to (a) the accuracy of any records maintained by DTC or any DTC Participant; (b) the payment by DTC or any DTC Participant of any amount due to any Beneficial Owner in respect of the principal of and premium, if any, and interest on the Series 2016E Bonds; (c) the selection of the Beneficial Owners to receive payment in the event of any partial redemption of the Series 2016E Bonds; (d) any consent given or other action taken by DTC, or its nominee, Cede & Co., as Bond Owner; or (e) the distribution by DTC to DTC Participants or Beneficial Owners of any notices received by DTC as registered owner of the Series 2016E Bonds.

APPENDIX F

2016E GOVERNMENTAL UNITS; LARGEST REPAYMENT OBLIGATIONS

2016E Governmental Units

As previously stated, a portion of the proceeds of the Series 2016E Bonds is being used to finance or refinance Loans to be made to the 2016E Governmental Units or to reimburse the Finance Authority, in whole or in part, for Loans made to 2016E Governmental Units. The 2016E Governmental Units, the revenues pledged, the amount of their respective Loans, the agreement reserve amounts and the maturity dates of the Loans are listed in the following table:

Governmental Unit	Original Loan Amount	Agreement Reserve Amount[(1)]	Loan Maturity Date
Farmington Schools (Ad Valorem Taxes)	$ 3,425,000	$ -	09/01/20
Tucumcari Schools (Ad Valorem Taxes)	1,500,000	-	05/01/31
Portales Schools (Ad Valorem Taxes)	2,750,000	-	08/01/30
Mosquero Schools (Ad Valorem Taxes)	275,000	-	08/01/21
Chama Valley Schools (Ad Valorem Taxes)	1,210,000	-	08/15/35
Town of Peralta (State Fire Protection Funds)	234,901	-	05/01/27
City of Sunland Park (State Fire Protection Funds)	760,680	-	05/01/35
City of Alamogordo (State Share Gross Receipts Tax)	5,150,000	-	06/01/28
City of Alamogordo (Municipal Receipts Gross Tax)	2,770,000	-	06/01/28
City of Alamogordo (Enterprise System Revenues[(2)])	2,715,000	-	06/01/25
Roosevelt County (Hold Harmless Gross Receipts Tax)	2,114,395	-	06/01/26
San Miguel County (Hold Harmless Gross Receipts Tax)	3,882,353	-[(3)]	05/01/30
City of Socorro (Enterprise System Revenues[(4)])	810,929	56,568	05/01/31
Total	$27,598,258	$56,568	

(1) The Finance Authority has adopted a policy which does not require an Agreement Reserve Account for certain types of Loans including those that have an "A/A2" credit rating, Loans secured by a pledge of the fire protection or state law enforcement funds that produce a debt service coverage ratio of two times, and Loans secured by a general obligation pledge of the respective Governmental Unit. Each of the Loans listed that does not have an Agreement Reserve Account either falls into one of the aforementioned categories or a waiver to the applicable policy has been obtained.

(2) Enterprise System Revenues of Joint Water & Sewer Fund.

(3) The Agreement Reserve Amount will be satisfied with the purchase of a surety policy in the amount of $294,000 by San Miguel County.

(4) Enterprise System Revenues of Joint Enterprise Fund.

(Source: The Finance Authority.)

Agreements Generating Largest Amount of Agreement Revenues

Information concerning the Agreements representing the five largest repayment obligations and their obligors is provided below.

State of New Mexico General Services Department

The Finance Authority issued a series of Bonds and used a portion of the proceeds thereof to purchase bonds for the benefit of the State of New Mexico General Services Department (the "GSD Bonds"). The General Services Department applied proceeds from the sale of the GSD Bonds to fund building projects in Santa Fe for use by the state government. The GSD Bonds are payable from and secured by a portion of gross receipts tax revenues received by the State of New Mexico and appropriated by the State Legislature or transferred to the State Building

Bond Fund. As of October 1, 2016 the GSD Bonds were outstanding in the aggregate principal amount of $75,185,354 and are scheduled to mature on June 1, 2039.

City of Santa Fe

The Finance Authority has previously entered into various obligations with the City of Santa Fe (the "Santa Fe Gross Receipts Tax Obligations"). The Santa Fe Gross Receipts Tax Obligations have been used to finance or refinance certain infrastructure projects in the City of Santa Fe. A portion of the Santa Fe Gross Receipts Tax Obligations were refunded with a portion of the proceeds of the Series 2016D Bonds. As of October 1, 2016, the Santa Fe Gross Receipts Tax Obligations were outstanding in the principal amount of $70,051,687 and are payable from and secured by certain gross receipts taxes. The last of the Santa Fe Gross Receipts Tax Obligations is scheduled to mature on June 1, 2037.

New Mexico Spaceport Authority

The Finance Authority has previously issued a series of bonds and has applied certain Prepayments of Loans for the purpose of purchasing securities from the New Mexico Spaceport Authority (the "Spaceport Authority Securities"), the proceeds from which have been used to finance the costs of planning, designing, engineering and constructing a regional spaceport. The Spaceport Authority Securities are payable from and secured by a portion of the county regional spaceport gross receipts tax revenues received by the New Mexico Regional Spaceport District from gross receipts taxes imposed by Dona Aña and Sierra Counties which are pledged by the Regional Spaceport District and the Spaceport Authority to pay the Spaceport Authority Securities. As of October 1, 2016, the Spaceport Authority Securities were outstanding in the aggregate principal amount of $58,855,000 and are scheduled to mature on June 1, 2029.

City of Rio Rancho

The Finance Authority has previously entered into various obligations with the City of Rio Rancho ("Rio Rancho") but the $53,805,000 in new loans with a final maturity in 2041 that were included in the Series 2016D Bonds were the first to be secured by a Enterprise System Revenue pledge of the water and wastewater utility. Previous Rio Rancho loans, of which there are 18 outstanding in the amount of $38,500,000 as of October 1, 2016 the last of which matures in 2035, have been secured by revenue pledges of Fire Protection Funds, Water Rights Acquisition Fees, Gross Receipt Tax and Special Assessment levies.

Albuquerque-Bernalillo County Water Utility Authority

In the 2003 Regular Session, the New Mexico Legislature adopted legislation (Laws 2003, Chapter 437, codified as NMSA 1978, Section 72-1-10) creating the Albuquerque-Bernalillo County Water Utility Authority (the "ABCWUA") as a joint agency of the City of Albuquerque, New Mexico (the "City") and Bernalillo County. The ABCWUA has jurisdiction over certain water facilities and properties and certain sanitary sewer facilities and properties.

Pursuant to various loan agreements (the "ABCWUA Loan Agreements") between the ABCWUA and the Finance Authority totaling $171,815,000 in initial principal amount, the ABCWUA pledged to the Finance Authority, on a parity basis with other obligations of ABCWUA, water and sewer systems revenues for the purpose of: acquiring, constructing, extending, enlarging, bettering, repairing, replacing, equipping or otherwise improving the water and wastewater system, including expenses related to: regular system improvements, expansion, maintenance and upgrades to operate a water and wastewater utility pursuant to the basic capital program and diversion of surface water from the Rio Grande River under the San Juan Chama Project, delivering it for use by current and future users of the system.

The Finance Authority has issued various series of Bonds and used proceeds from those Bonds to provide the funding for the ABCWUA Loan Agreements. The latest scheduled maturity date of the ABCWUA Loan Agreements is June 1, 2036. As of October 1, 2016, the outstanding principal amount of the ABCWUA Loan Agreements was $39,410,000.

New Mexico FINANCE AUTHORITY

NEW MEXICO FINANCE AUTHORITY • SENIOR LIEN PUBLIC PROJECT REVOLVING FUND REVENUE AND REFUNDING BONDS, SERIES 2016E

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Ratings: S & P "AAA"
Moody's "Aa1"
(See "RATINGS" herein.)

In the opinion of Ballard Spahr LLP, Bond Counsel to the Finance Authority, interest on the Series 2016F Bonds is excludable from gross income for purposes of federal income tax, assuming continuing compliance with the requirements of the federal tax laws. Interest on the Series 2016F Bonds is not a preference item for purposes of either individual or corporate federal alternative minimum tax ("AMT"); however, interest paid to corporate holders of the Series 2016F Bonds may be indirectly subject to AMT under circumstances described under "TAX MATTERS" herein. Bond Counsel is also of the opinion that under currently existing laws, interest on the Series 2016F Bonds is excluded from net income of the owners thereof for State of New Mexico income tax purposes. See "TAX MATTERS" herein.

New Mexico FINANCE AUTHORITY

$38,575,000
SENIOR LIEN PUBLIC PROJECT REVOLVING FUND REVENUE BONDS, SERIES 2016F

Dated: Date of Initial Delivery **Due: June 1, as shown on inside front cover**

The New Mexico Finance Authority Senior Lien Public Project Revolving Fund Revenue Bonds, Series 2016F (the "Series 2016F Bonds") are being issued as fully-registered bonds in denominations of $5,000 or any integral multiple of $5,000. The Depository Trust Company will act as securities depository of the Series 2016F Bonds through its nominee, Cede & Co. One fully registered bond in a denomination equal to the principal amount of each maturity of the Series 2016F Bonds will be registered in the name of Cede & Co. Individual purchases of Series 2016F Bonds will be made in book-entry form only, and beneficial owners of the Series 2016F Bonds will not receive physical delivery of bond certificates, except as described in this Official Statement. Upon receipt of payments of principal and interest, DTC will remit such payments to DTC participants for subsequent disbursement to the beneficial owners of the Series 2016F Bonds.

The Series 2016F Bonds will be issued under and secured by the Indenture (as defined herein). Interest on the Series 2016F Bonds accrues from the date of initial delivery of the Series 2016F Bonds and is payable on June 1 and December 1 of each year, commencing June 1, 2017. Principal of the Series 2016F Bonds is payable on the dates, and interest is payable at the rates, shown on the Maturity Schedule on the inside front cover.

SEE MATURITY SCHEDULE ON INSIDE FRONT COVER

The Series 2016F Bonds are subject to optional and mandatory sinking fund redemption prior to maturity.

Proceeds of the Series 2016F Bonds will be used by the New Mexico Finance Authority (the "Finance Authority" or "NMFA") for the purposes of (i) originating Loans to or purchasing Securities from, or reimbursing the Finance Authority for moneys used to originate Loans to or purchase Securities from certain governmental entities, the proceeds of which will be or were used to finance or refinance certain Projects for such governmental entities, and (ii) paying costs incurred in connection with the issuance of the Series 2016F Bonds. The principal of and premium, if any, and interest on the Series 2016F Bonds and additional bonds issued or to be issued are payable solely from and secured solely by the Trust Estate. The Finance Authority has issued or incurred and expects to issue or incur parity bonds and other obligations pursuant to the Indenture.

The Series 2016F Bonds are special limited obligations of the Finance Authority, payable, together with additional bonds issued or to be issued, solely from and secured solely by the Trust Estate. The Series 2016F Bonds will not constitute or create a general obligation or other indebtedness of the State of New Mexico, the Finance Authority or any Governmental Unit within the meaning of any constitutional or statutory debt limitation. No provision of the Series 2016F Bonds will be construed or interpreted as a donation by or lending of the credit of the Finance Authority, the State or any Governmental Unit within the meaning of the Constitution of the State. THE FINANCE AUTHORITY HAS NO TAXING POWERS. The Series 2016F Bonds do not constitute or give rise to personal liability on the part of the members, directors or officers of the Finance Authority. No breach of any pledge, obligation or agreement of the Finance Authority will impose a pecuniary liability or a charge upon the general credit of the State, the Finance Authority or any political subdivision of the State, or upon the taxing power of the State or any political subdivision of the State.

This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.

Certain legal matters concerning the legality of the Series 2016F Bonds will be passed on by Ballard Spahr LLP, Salt Lake City, Utah, Bond Counsel to the Finance Authority. Certain legal matters will be passed upon by the General Counsel of the Finance Authority. Certain matters relating to disclosure will be passed upon by Andrews Kurth Kenyon LLP, Austin, Texas, Disclosure Counsel to the Finance Authority. Certain legal matters will be passed upon for the Underwriters by Hogan Lovells US LLP, Denver, Colorado, counsel to the Underwriters. Western Financial Group, LLC, a wholly-owned subsidiary of PFM Financial Advisors LLC, has acted as municipal advisor to the Finance Authority in connection with the issuance of Series 2016F Bonds. It is expected that a single certificate for each maturity of the Series 2016F Bonds will be delivered to DTC or its agent on or about December 14, 2016.

This Official Statement is dated November 30, 2016, and the information contained herein speaks only as of that date.

Morgan Stanley

Piper Jaffray & Co. **Wells Fargo Securities**

NEW MEXICO FINANCE AUTHORITY

$38,575,000
SENIOR LIEN PUBLIC PROJECT REVOLVING FUND
REVENUE BONDS, SERIES 2016F

MATURITY SCHEDULE

$33,990,000 Serial Bonds

Year (June 1)	Principal Amount	Interest Rate	Initial Yield	CUSIP No.†
2017	$ 245,000	3.000%	0.980%	64711N L94
2018	3,705,000	4.000%	1.270%	64711N M28
2019	3,320,000	4.000%	1.550%	64711N M36
2020	3,570,000	5.000%	1.800%	64711N M44
2021	4,000,000	5.000%	2.000%	64711N M51
2022	2,330,000	5.000%	2.140%	64711N M69
2023	1,380,000	5.000%	2.270%	64711N M77
2024	1,515,000	5.000%	2.450%	64711N M85
2025	1,690,000	5.000%	2.600%	64711N M93
2026	1,545,000	5.000%	2.730%	64711N N27
2027	1,520,000	5.000%	2.830% (C)	64711N N35
2028	755,000	5.000%	2.900% (C)	64711N N43
2029	790,000	5.000%	3.000% (C)	64711N N50
2030	590,000	3.375%	3.480%	64711N P74
2030	240,000	5.000%	3.080% (C)	64711N N68
2031	860,000	3.500%	3.550%	64711N N76
2032	895,000	5.000%	3.220% (C)	64711N N84
2033	940,000	5.000%	3.270% (C)	64711N N92
2034	950,000	5.000%	3.310% (C)	64711N P25
2035	1,000,000	5.000%	3.340% (C)	64711N P33
2036	1,050,000	5.000%	3.370% (C)	64711N P41
2037	1,100,000	5.000%	3.400% (C)	64711N P66

$4,585,000 5.000% Term Bonds Due June 1, 2041; Yield 3.460% (C); CUSIP No.† 64711N P58

(C) Yield to Optional Call on June 1, 2026.

† The above referenced CUSIP numbers have been assigned by an independent company not affiliated with the parties to this bond transaction and are included solely for the convenience of the holders of the Series 2016F Bonds. None of the Finance Authority, the Trustee, or the Municipal Advisor, is responsible for the selection or uses of such CUSIP numbers, and no representation is made as to their correctness on the Series 2016F Bonds or as indicated above. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Series 2016F Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities.

The information set forth herein has been obtained from the Finance Authority, DTC and other sources that are believed to be reliable. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made thereafter shall under any circumstances create any implication that there has been no change in the affairs of the Finance Authority, or in any other information contained herein since the date hereof.

No dealer, broker, salesman or any other person has been authorized by the Finance Authority to give any information or to make any representations, other than those contained in this Official Statement, in connection with the offering contained herein, and, if given or made, such information or representations must not be relied upon. This Official Statement does not constitute an offer to sell or solicitation of an offer to buy nor shall there be any sale of the Series 2016F Bonds by any person in any jurisdiction in which it is unlawful for such offer, solicitation or sale.

Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended. Such statements are generally identifiable by the terminology used such as "plan," "expect," "estimate," "project," "budget" or other similar words. Forward-looking statements are included in the Official Statement under the captions "THE PLAN OF FINANCING—Estimated Sources and Uses of Funds" and "ANNUAL DEBT SERVICE REQUIREMENTS." The forward-looking statements in this Official Statement are subject to risks and uncertainties that could cause actual results to differ materially from those expressed in or implied by such statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof.

The yields or prices at which the Series 2016F Bonds are offered to the public may vary from the initial reoffering yields or prices shown on the inside front cover page of this Official Statement. In connection with this offering, the Underwriters of the Series 2016F Bonds may engage in transactions that stabilize, maintain or otherwise affect market yields or prices of the Series 2016F Bonds. Such transactions, if commenced, may be discontinued at any time.

The Finance Authority maintains a website; however, the information presented there is not a part of this Official Statement and should not be relied upon in making an investment decision with respect to the Series 2016F Bonds.

References to website addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such web sites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement.

THE SERIES 2016F BONDS WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR ANY STATE SECURITIES LAW AND WILL NOT BE LISTED ON ANY STOCK OR OTHER SECURITIES EXCHANGE. THE SERIES 2016F BONDS HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION, NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

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NEW MEXICO FINANCE AUTHORITY

207 Shelby Street
Santa Fe, New Mexico 87501
Telephone: (505) 984-1454

Members [1]

John E. McDermott, Chair
William F. Fulginiti, Vice Chair
Tony Delfin, Secretary
Katherine Ulibarri, Treasurer
Blake Curtis
Matthew Geisel
Steve Kopelman
Duffy Rodriguez
Butch Tongate

Chief Executive Officer

Robert P. Coalter

Finance Authority General Counsel

Daniel C. Opperman

Municipal Advisor

Western Financial Group, LLC,
a wholly-owned subsidiary of PFM Financial Advisors LLC
Portland, Oregon

Bond Counsel

Ballard Spahr LLP
Salt Lake City, Utah

Disclosure Counsel

Andrews Kurth Kenyon LLP
Austin, Texas

Trustee, Registrar and Paying Agent

BOKF, NA
Albuquerque, New Mexico

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(1) Two positions on the governing body of the Finance Authority are currently vacant. See "NEW MEXICO FINANCE AUTHORITY-Governing Body and Key Staff Members".

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OFFICIAL STATEMENT

RELATING TO

NEW MEXICO FINANCE AUTHORITY

$38,575,000
SENIOR LIEN PUBLIC PROJECT REVOLVING FUND
REVENUE BONDS, SERIES 2016F

INTRODUCTION

This Official Statement, which includes the cover page, the inside front cover page, and appendices, provides information in connection with the offer and sale of the $38,575,000 Senior Lien Public Project Revolving Fund Revenue Bonds, Series 2016F (the "Series 2016F Bonds") being issued by the New Mexico Finance Authority (the "Finance Authority" or the "NMFA"). The Series 2016F Bonds, together with additional bonds the Finance Authority has issued or may issue in parity with them under the Indenture (defined below), are collectively referred to in this Official Statement as the "Bonds" or the "Parity Bonds." Capitalized terms used and not defined in the main body of this Official Statement have the meanings specified in the General Indenture of Trust and Pledge, dated as of June 1, 1995, as previously amended and supplemented (the "General Indenture"), and as further amended and supplemented by the Ninety-Third Supplemental Indenture of Trust, dated as of December 1, 2016 (the "Ninety-Third Supplemental Indenture" and together with the General Indenture, the "Indenture"), all between the Finance Authority and BOKF, NA, Albuquerque, New Mexico, as trustee (the "Trustee"), and are presented under the caption "Certain Definitions" in "APPENDIX B—EXTRACTS OF CERTAIN PROVISIONS OF THE INDENTURE."

New Mexico Finance Authority

The Finance Authority, established by the legislature of the State of New Mexico (the "State") in 1992, is a governmental instrumentality separate and apart from the State created to coordinate the planning and financing of State and local public projects. For additional information concerning the Finance Authority, see "NEW MEXICO FINANCE AUTHORITY" and the Finance Authority's financial statements for the fiscal year ended June 30, 2015 included as APPENDIX A hereto. See "FINANCIAL STATEMENTS."

Authority and Purpose

The Series 2016F Bonds are being issued under the authority of and pursuant to the laws of the State, including particularly the New Mexico Finance Authority Act, Section 6-21-1 et seq., NMSA 1978, as amended (the "Act"), and the Indenture. The Public Project Revolving Fund has been established pursuant to the Act. For a description of the Public Project Revolving Fund Program, see "NEW MEXICO FINANCE AUTHORITY—The Public Project Revolving Fund Program."

Proceeds from the sale of the Series 2016F Bonds will be used by the Finance Authority for the purposes of (i) originating Loans to or purchasing Securities from or reimbursing the Finance Authority for moneys used to originate Loans to or purchase Securities from certain governmental units, the proceeds of which will be or were used to finance or refinance certain Projects for such governmental units, and (ii) paying costs incurred in connection with the issuance of the Series 2016F Bonds. See "THE PLAN OF FINANCING" for more information with respect to the sources and uses of proceeds of the Series 2016F Bonds and APPENDIX F for a list of the Governmental Units and the amount of the Loans to be financed or refinanced with the proceeds of the Series 2016F Bonds. Such Governmental Units whose Loans are being financed or refinanced with proceeds of the Series 2016F Bonds are sometimes referred to herein as the "2016F Governmental Units."

Parity Obligations

Obligations, including Bonds, with a lien on the Trust Estate on a parity with the lien of the Series 2016F Bonds have been issued and may be issued to provide loans to Governmental Units, to reimburse the Public Project Revolving Fund for loans made to Governmental Units, and to purchase Securities from Governmental Units. For a description of the parity Bonds currently outstanding (the "Outstanding Parity Bonds"), see "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Outstanding Parity Bonds."

Subordinate Obligations

Obligations with a subordinate lien on the revenues from the NMFA Portion of the Governmental Gross Receipts Tax (as defined below) and Revenues from Additional Pledged Loans released from the lien of the Indenture have been issued and may be issued to provide loans to Governmental Units, to reimburse the Public Project Revolving Fund for loans made to Governmental Units, to purchase securities from Governmental Units and to retire borrowings incurred in anticipation of the issuance of such subordinate obligations. For a description of the subordinate obligations currently outstanding, see "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Outstanding Subordinate Lien Bonds."

The Series 2016F Bonds

The Series 2016F Bonds will be dated the date of their initial delivery. Interest on the Series 2016F Bonds is payable on June 1 and December 1 of each year, commencing June 1, 2017. The Series 2016F Bonds will mature on the dates and in the amounts and will bear interest at the rates shown on the inside front cover of this Official Statement. The Series 2016F Bonds are issuable in denominations of $5,000 or integral multiples of $5,000.

Individual purchases will be made in book-entry only form, and purchasers of the Series 2016F Bonds will not receive physical delivery of bond certificates except as more fully described in "APPENDIX E—BOOK-ENTRY ONLY SYSTEM." Payments of principal of and interest on the Series 2016F Bonds will be made directly to The Depository Trust Company ("DTC") or its nominee, Cede & Co., by the Paying Agent, so long as DTC or Cede & Co. is the sole registered owner. Upon receipt of such payments, DTC is to remit such payments to the DTC Participants (as defined below) for subsequent disbursement to the beneficial owners of the Series 2016F Bonds, all as more fully described in APPENDIX E. In reading this Official Statement, it should be understood that while the Series 2016F Bonds are in book-entry only form, references in other sections of this Official Statement to Owners should be read to include the person for whom the Participants and Indirect Participants acquire an interest in the Series 2016F Bonds, but (1) all rights of ownership must be exercised through DTC and the book-entry only system as described in APPENDIX E, and (2) except as otherwise provided in the Indenture, notices that are to be given to Owners by the Finance Authority, the Trustee, the Registrar or the Paying Agent will be given only to DTC.

Redemption

The Series 2016F Bonds are subject to optional and mandatory sinking fund redemption prior to maturity. See "THE SERIES 2016F BONDS—Redemption."

Security and Sources of Payment for the Bonds

Trust Estate. The Bonds, including the Series 2016F Bonds, are special limited obligations of the Finance Authority secured by and payable solely from the Trust Estate, which includes the Revenues described below and certain funds and accounts created and maintained pursuant to the Indenture. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Trust Estate."

The Bonds do not constitute or create a general obligation or other indebtedness of the State, the Finance Authority or any Governmental Unit within the meaning of any constitutional or statutory debt limitation. THE FINANCE AUTHORITY HAS NO TAXING POWERS. No provision of the Series 2016F Bonds will be construed or interpreted as a donation or lending of the credit of the Finance Authority, the State, or any Governmental Unit within the meaning of the Constitution of the State. The principal of and

interest and premium, if any, on the Series 2016F Bonds do not constitute or give rise to a personal liability on the part of the members, directors and officers of the Finance Authority. No breach of any pledge, obligation or agreement of the Finance Authority will impose a pecuniary liability or a charge upon the general credit of the State, the Finance Authority or any political subdivision of the State, or upon the taxing power of the State or any political subdivision of the State.

Common Debt Service Reserve Fund. The Finance Authority has established a Common Debt Service Reserve Fund under the Indenture to secure payment of debt service on any Bonds issued under the Indenture. The Common Debt Service Reserve Fund was initially funded on January 14, 2011, and as of October 31, 2016, the Common Debt Service Reserve Fund was funded in the amount of approximately $30,466,865. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Flow of Funds—Common Debt Service Reserve Fund."

Additional Bonds. The Finance Authority maintains an ongoing program to provide Loans and to purchase Securities from Governmental Units and expects to finance certain of those activities with the issuance of Additional Bonds on a parity with the Series 2016F Bonds. The Finance Authority must satisfy certain requirements set forth in the Indenture to issue such Additional Bonds. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Additional Bonds." The timing, amount and such other details of such Additional Bonds are not known as of the date of this Official Statement.

Continuing Disclosure Undertaking

The Finance Authority has undertaken for the benefit of the Series 2016F Bond Owners that, so long as the Series 2016F Bonds remain outstanding, the Finance Authority will provide certain annual financial information, operating data and audited financial statements with respect to the Finance Authority and each Governmental Unit expected by the Finance Authority to have loan repayment obligations in the then-current fiscal year constituting more than twenty percent (20%) of the estimated Revenues in the then-current fiscal year to the Municipal Securities Rulemaking Board (the "MSRB") in an electronic format prescribed by the MSRB and notice of certain material events to the MSRB in an electronic format prescribed by the MSRB in accordance with Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended (the "Rule"). The provisions of the Continuing Disclosure Undertaking may be amended under certain circumstances. See "CONTINUING DISCLOSURE UNDERTAKING."

Tax Considerations

In the opinion of Ballard Spahr LLP, Bond Counsel to the Finance Authority, interest on the Series 2016F Bonds is excludable from gross income for purposes of federal income tax, assuming continuing compliance with the requirements of the federal tax laws. Interest on the Series 2016F Bonds is not a preference item for purposes of either individual or corporate federal alternative minimum tax ("AMT"); however, interest paid to corporate holders of the Series 2016F Bonds may be indirectly subject to AMT under circumstances described under "TAX MATTERS" herein. Bond Counsel is also of the opinion that under the currently existing laws of the State of New Mexico, interest on the Series 2016F Bonds is excluded from net income of the owners thereof for State of New Mexico income tax purposes. See "TAX MATTERS" herein. Bond Counsel expresses no opinion regarding any other tax consequences relating to ownership or disposition of or the accrual or receipt of interest on the Series 2016F Bonds.

Professionals Involved in the Offering

At the time of the issuance and sale of the Series 2016F Bonds, Ballard Spahr LLP, Salt Lake City, Utah, as Bond Counsel to the Finance Authority, will deliver its opinion in the form included in APPENDIX D. Certain legal matters will be passed upon for the Finance Authority by its General Counsel. Certain matters relating to disclosure will be passed upon by Andrews Kurth Kenyon LLP, Austin, Texas, Disclosure Counsel to the Finance Authority. Certain legal matters will be passed upon for the Underwriters by Hogan Lovells US LLP, Denver, Colorado, counsel to the Underwriters. Western Financial Group, LLC, a wholly-owned subsidiary of PFM Financial Advisors LLC, Portland, Oregon has acted as municipal advisor to the Finance Authority (the "Municipal Advisor") in connection with its issuance of the Series 2016F Bonds. See "MUNICIPAL ADVISOR."

The Finance Authority's audited financial statements for the fiscal year ended June 30, 2015, included in APPENDIX A, have been audited by REDW, LLC, Certified Public Accountants, Albuquerque, New Mexico. See "FINANCIAL STATEMENTS." REDW, LLC has not been asked to consent to the use of its name and audited financial reports of the Finance Authority in this Official Statement nor has REDW, LLC participated in the preparation of this Official Statement.

Offering and Delivery of the Series 2016F Bonds

The Series 2016F Bonds are offered when, as and if issued, subject to approval as to their legality by Bond Counsel and the satisfaction of certain other conditions. It is anticipated that a single certificate for each maturity of the Series 2016F Bonds will be delivered to DTC or its agent on or about December 14, 2016. The Series 2016F Bonds will be distributed in the initial offering by Morgan Stanley & Co. LLC, Wells Fargo Bank, National Association, and Piper Jaffray & Co. (collectively, the "Underwriters") for which Morgan Stanley & Co. LLC is acting as senior managing underwriter and representative of the Underwriters. See "UNDERWRITING."

Other Information

This Official Statement speaks only as of its date, and the information in it is subject to change. The quotations from, and summaries and explanations of, the statutes, regulations and documents in this Official Statement do not purport to be complete, and reference is made to those laws, regulations and documents for full and complete statements of their provisions. Copies, in reasonable quantity, of such laws, regulations and documents, and of the financial statements of the Finance Authority, may be obtained during the offering period, upon request to the Finance Authority and upon payment to the Finance Authority of a charge for copying, mailing and handling, at 207 Shelby Street, Santa Fe, New Mexico 87501, Tel: (505) 984-1454, Attention: Chief Financial Strategist.

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the Finance Authority and any purchaser or holder of Series 2016F Bonds.

THE SERIES 2016F BONDS

General

The Series 2016F Bonds will be dated the date of their initial delivery and interest will accrue on the Series 2016F Bonds from such date at the rates presented on the inside front cover page of this Official Statement (calculated on the basis of a 360-day year consisting of twelve 30-day months), and is payable on June 1 and December 1 of each year, commencing June 1, 2017. The Series 2016F Bonds will be issued in the aggregate principal amounts and will mature on the dates and in the amounts shown on the inside front cover. The Series 2016F Bonds are issuable in denominations of $5,000 or integral multiples of $5,000 (the "Authorized Denominations").

Book-Entry Only System

DTC will act as securities depository for all of the Series 2016F Bonds through its nominee, Cede & Co. One fully-registered bond in a denomination equal to the principal amount and maturity of the Series 2016F Bonds will be registered in the name of Cede & Co. Individual purchases of Series 2016F Bonds will be made in book-entry only form, and beneficial owners of the Series 2016F Bonds will not receive physical delivery of bond certificates, except as described in APPENDIX E. Upon receipt of payments of principal and interest, DTC will remit such payment to DTC participants for subsequent disbursement to the beneficial owners of the Series 2016F Bonds. For a more complete description of the book-entry only system, see "APPENDIX E—BOOK-ENTRY ONLY SYSTEM."

Redemption

Optional Redemption. The Series 2016F Bonds maturing on and after June 1, 2027, are subject to optional redemption at any time on and after June 1, 2026, in whole or in part, in such order of maturity as may be selected by the Finance Authority and by lot within each maturity (if in part, in integral multiples of $5,000), at the option of the Finance Authority, upon notice as provided in the General Indenture and at the redemption price of 100% of the principal amount of the Series 2016F Bonds to be redeemed, but without premium, plus interest accrued to the redemption date.

Mandatory Sinking Fund Redemption. The Series 2016F Bonds maturing on June 1, 2041 are subject to mandatory sinking fund redemption on each of the dates set forth below, at a price equal to one hundred percent (100%) of the principal amount of each Series 2016F Bond so redeemed and accrued interest to the redemption date, in the following respective principal amounts:

Redemption Dates (June 1)	Principal to be Redeemed
2038	$1,155,000
2039	1,215,000
2040	1,275,000
2041†	940,000

† Final Maturity

If less than all of the Series 2016F Bonds maturing on June 1, 2041 are redeemed in a manner other than pursuant to a mandatory sinking fund redemption, the principal amount so redeemed will be credited toward a part or all of any one or more of any mandatory sinking fund payments for such Series 2016F Bonds, in such order as may be directed by the Finance Authority.

Notice of Redemption. In the event any of the Series 2016F Bonds are to be redeemed, notice of such redemption is to be mailed by first class mail, postage prepaid, to all Registered Owners of Series 2016F Bonds to be redeemed at their addresses as they appear on the registration books of the Registrar at least 30 days, but not more than 60 days, prior to the redemption date.

In addition, further notice of any redemption of Series 2016F Bonds is to be given by the Trustee at least two Business Days in advance of the mailed notice to Registered Owners, by registered or certified mail or overnight delivery service, to all registered securities depositories then in the business of holding substantial amounts (as reasonably determined by the Trustee) of obligations of types comprising the Series 2016F Bonds and to at least two national information services that disseminate notices of redemption of obligations such as the Series 2016F Bonds. Failure to give all or any portion of such further notice will not in any manner defeat the effectiveness of a call for redemption.

If at the time of mailing of any notice of redemption there are not on deposit with the Trustee moneys sufficient to redeem all the Series 2016F Bonds called for redemption, such notice is to state that such redemption is subject to the deposit of the redemption moneys with the Trustee not later than the redemption date and that such notice will be of no effect unless such moneys are so deposited.

A second notice of redemption is to be given, not later than 90 days subsequent to the redemption date, to Registered Owners of Series 2016F Bonds or portions thereof redeemed but who failed to deliver Series 2016F Bonds for redemption prior to the 60th day following such redemption date. Any notice mailed will be conclusively presumed to have been duly given, whether or not the owner of such Series 2016F Bonds receives the notice. Receipt of such notice is not a condition precedent to such redemption and failure so to receive any such notice by any of such Registered Owners will not affect the validity of the proceedings for the redemption of the Series 2016F Bonds.

Partially Redeemed Bonds. In case any Series 2016F Bond is redeemed in part, upon the presentation of such Series 2016F Bond for such partial redemption, the Finance Authority will execute and the Trustee will authenticate and deliver or cause to be delivered to or upon the written order of the Registered Owner thereof, at the expense of the Finance Authority, a Series 2016F Bond or Series 2016F Bonds of the same interest rate and maturity and in an aggregate principal amount equal to the unredeemed portion of such Series 2016F Bond. A portion of any Series 2016F Bond of a denomination of more than $5,000 to be redeemed will be in the principal amount of $5,000 or an integral multiple of $5,000 and, in selecting portions of such Series 2016F Bonds for redemption, the Trustee will treat each such Series 2016F Bond as representing that number of Series 2016F Bonds of $5,000 denomination which is obtained by dividing the principal amount of such Series 2016F Bonds by $5,000.

Defeasance

When a Bond has been deemed to be paid under the Indenture, it will no longer be secured by or entitled to the benefits of the Indenture, except for the purposes of any such payment. Any Bond will be deemed to be paid for all purposes of the Indenture when (1) the principal of and the applicable premium, if any, on such Bond (whether at maturity or prior redemption) plus interest on the Bond to the Bond's due date either have been paid or have been provided by irrevocably depositing with the Trustee or other escrow agent, in trust, and the Trustee or other escrow agent shall have irrevocably set aside exclusively for such payment moneys sufficient to make such payment, and/or noncallable Governmental Obligations maturing as to principal and interest in such amount and at such times as will insure the availability of sufficient moneys to make such payment, and (2) all necessary and proper fees, compensation and expenses of the Trustee and any paying agents pertaining to the Bonds with respect to which such deposit is made shall have been paid or the payment thereof provided for to the satisfaction of the Trustee.

SECURITY AND SOURCES OF PAYMENT FOR THE BONDS

Special Limited Obligations

The Bonds, including the Series 2016F Bonds, are special limited obligations of the Finance Authority payable solely from the Trust Estate. The Series 2016F Bonds do not constitute nor create a general obligation or other indebtedness of the State, the Finance Authority or any Governmental Unit within the meaning of any constitutional or statutory debt limitation. THE FINANCE AUTHORITY HAS NO TAXING POWERS. No provision of the Series 2016F Bonds will be construed or interpreted as a donation by or lending of the credit of the Finance Authority, the State or any Governmental Unit within the meaning of the Constitution of the State. The principal of and interest and premium, if any, on the Series 2016F Bonds do not constitute or give rise to a personal liability on the part of the members, directors and officers of the Finance Authority. No breach of any pledge, obligation or agreement of the Finance Authority will impose a pecuniary liability or a charge upon the general credit of the State, the Finance Authority or any political subdivision of the State, or upon the taxing power of the State or any political subdivision of the State.

Trust Estate

In the Indenture, the Finance Authority pledges and assigns the Trust Estate for the equal and ratable payment of the Bonds. The Trust Estate includes (i) Agreement Revenues (as defined below) and amounts in the Agreement Reserve Accounts subject to the uses provided for in the Indenture and described herein, (ii) Additional Pledged Loans, (iii) revenues received by the Finance Authority from the allocation of the NMFA Portion of the Governmental Gross Receipts Tax, (iv) all federally provided interest subsidies actually delivered to or for the account of the Finance Authority in relation to the Bonds, and (v) other amounts in certain funds and accounts created and maintained pursuant to the Indenture, all as more fully described below.

Agreement Revenues. The Agreements consist of Loan Agreements and Securities executed and delivered by Governmental Units in consideration for the financing of all or a portion of their respective projects by the Finance Authority. Under each Loan Agreement or issue of Securities, the respective Governmental Unit pledges to the Finance Authority for payment of all amounts due under their respective Agreements (i) revenues of specific enterprise systems or revenues attributable to certain taxes (the "Agreement Revenues" or, as defined in the Indenture, the "Agreement Pledged Revenues") and (ii) moneys in certain funds and accounts held by the Trustee. Each Governmental Unit executing a Loan Agreement or issuing Securities agrees to pay principal of and interest on its Loan promptly from its Agreement Revenues and to continue such payments until its Loan is paid in full. Each Governmental Unit that has entered into a Loan Agreement or has issued Securities has pledged specific Agreement Revenues to the repayment of its Loan. It should be noted that each Governmental Unit that has entered into an Agreement with the Finance Authority has the ability to incur additional obligations that may be secured on a parity basis with the Agreement Revenues as long as certain conditions are satisfied. See APPENDIX F for a list of the 2016F Governmental Units and the allocable portions of the Loans financed or refinanced with the proceeds of Series 2016F Bonds. Also, please see APPENDIX F for information relating to the largest repayment obligations. A Governmental Unit is not required to make up any Loan Payment not paid in full by another Governmental Unit or to make up any insufficiency in any other source of revenues. The Finance Authority reports that no Governmental Unit has failed to timely pay its obligations owing under its respective Agreement.

The following table lists the various types of revenues from which Agreement Revenues are derived based upon scheduled payments in fiscal year 2016-2017. The table also lists the amounts of those revenues and the percentage of the total Agreement Revenues of those revenues.

Type of Revenue	FY 2016-2017 Amounts	% of Total Agreement Revenues
Gross Receipts Tax	$ 36,179,955	33.4%
Enterprise System Revenues	27,410,810	25.3%
General Obligation (ad valorem taxes)	18,292,642	16.9%
Local Special Tax	10,796,920	10.0%
State Gross Receipts Tax	6,779,443	6.3%
State Fire Protection Funds	4,208,288	3.9%
Special Assessment	2,424,749	2.2%
Governmental Gross Receipts Tax - State	1,843,789	1.7%
Law Enforcement Protection Funds	263,298	0.2%
Mill Levy	258,124	0.2%
Total	$ 108,458,018(1)	100.00%(1)

(1) Total may not add due to rounding. Assumes that the Loans financed or refinanced with proceeds of the Series 2016F Bonds are executed and delivered.

(Source: The Finance Authority.)

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The following table lists the ten Governmental Units (by revenue pledged) that, based on scheduled payments in fiscal year 2016-2017 and assuming no further prepayments of any Agreements, are expected to provide the largest amount of Agreement Revenues in fiscal year 2016-2017. The Agreement Revenues generated from such Agreements account for 38.815% of projected Agreement Revenues for fiscal year 2016-2017.

AGREEMENTS EXPECTED TO GENERATE THE LARGEST AGREEMENT REVENUES(1)(2)

Governmental Unit	FY 2016-2017 Debt Service	% of Total Pledged Agreement Revenues(1)(2)
City of Santa Fe (Gross Receipts Tax)	$ 7,211,457	6.649%
General Services Department (State Gross Receipts Tax)	5,774,886	5.325%
New Mexico Spaceport Authority (Gross Receipts Tax)	5,649,233	5.209%
Albuquerque Bernalillo County Water Utility Authority (Enterprise System Revenues)	5,472,731	5.046%
Farmington Schools (Ad Valorem Taxes)	3,881,098	3.578%
City of Albuquerque (Enterprise System Revenues)	3,211,900	2.961%
City of Albuquerque (Gross Receipts Tax)	3,157,610	2.911%
UNM Health Sciences Center (Local Special Tax)	3,100,670	2.859%
Taos County (Gross Receipts Tax)	2,337,971	2.156%
New Mexico Highlands University (Enterprise System Revenues)(3)	2,300,792	2.121%
Total	$ 42,098,349	38.815%

(1) Reflects a percentage of total Agreement Revenues, and does not include the NMFA Portion of Governmental Gross Receipts Taxes.

(2) Assumes that the Loans financed or refinanced with proceeds of the Series 2016F Bonds are executed and delivered.

(3) Any interest subsidy payments under the Federal interest subsidy programs which may be received by New Mexico Highlands University or any other Governmental Unit are not taken into account in evaluating revenues available to pay Loan payments pursuant to the respective Loans.

(Source: The Finance Authority.)

Although Agreement Revenues are received at various times throughout the year, they are held under the Indenture until June 1 of each year to be applied to pay debt service on the Bonds. For more information with respect to the Governmental Units with the largest repayment obligations, see "APPENDIX F—2016F GOVERNMENTAL UNITS, LARGEST REPAYMENT OBLIGATIONS."

The Finance Authority may require and has previously required the establishment and funding of an Agreement Reserve Fund in connection with certain Agreements. Amounts in a Governmental Unit's account of the Agreement Reserve Fund will be withdrawn by the Trustee and deposited into that Governmental Unit's account of the Debt Service Fund to the extent of any shortfall in payments by such Governmental Unit under its Agreement.

Additional Pledged Loans. The Finance Authority may make loans from or purchase securities with available funds in the Public Project Revolving Fund. At its option, the Finance Authority may designate such loans or securities as Additional Pledged Loans, and upon such designation, the principal and interest payments on such loans or securities become pledged by the Finance Authority to the payment of the Bonds. See "Flow of Funds" below under this caption.

The Governmental Gross Receipts Tax. Pursuant to Section 7-1-6.38, NMSA 1978, the Public Project Revolving Fund administered by the Finance Authority is allocated seventy-five percent (75%) (the "NMFA Portion of the Governmental Gross Receipts Tax") of all net receipts of a governmental gross receipts tax which is levied and collected pursuant to Section 7-9-4.3, NMSA 1978. The governmental gross receipts tax was enacted into law and first imposed in 1991 at a rate of five percent (5%) on governmental gross receipts. Governmental gross receipts are defined in Section 7-9-3.2, NMSA 1978, as all receipts of the State or any agency, institution, instrumentality or political subdivision thereof except any school district and any entity licensed by the State

Department of Health that is principally engaged in providing health care services, from (i) the sale of tangible personal property other than water from facilities open to the general public; (ii) the performance of or admissions to recreational, athletic or entertainment services or events in facilities open to the general public; (iii) refuse collection, refuse disposal or both; (iv) sewage services; (v) the sale of water by a utility owned or operated by a county, municipality or other political subdivision of the State; and (vi) the renting of parking, docking or tie-down spaces or the granting of permission to park vehicles, tie-down aircraft or dock boats.

The definition of governmental gross receipts includes receipts from the sale of tangible personal property handled on consignment when sold from facilities open to the general public, but excludes cash discounts taken and allowed, governmental gross receipts tax payable on transactions reportable for the period and any type of time-price differential.

Certain receipts are excluded from the governmental gross receipts tax, including (i) receipts from the sale of gas or electricity by a utility owned or operated by a county, municipality or other political subdivision, (ii) receipts from operation of a cable television system owned or operated by a municipality, (iii) receipts from the sale of livestock, receipts of growers, producers, trappers or nonprofit marketing associations from selling livestock, or live poultry, and (iv) receipts from certain activities at a minor league baseball stadium.

In addition, there are certain deductions from the governmental gross receipts tax, including (i) certain receipts from selling tangible personal property to the United States or the State, (ii) receipts from selling tangible personal property to an Indian tribe, nation or pueblo, (iii) receipts from transactions in interstate commerce, (iv) certain receipts from selling tangible personal property to entities exempt from federal income tax pursuant to Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, and (v) receipts from the sale of prescription drugs.

Collection and Distribution Information. Governmental agencies are treated as taxpayers under the provisions of the State's Tax Administration Act, Section 7-1-1 et seq., NMSA 1978, and are responsible for paying the governmental gross receipts tax to the New Mexico Taxation and Revenue Department in accordance with the State's Tax Administration Act. Collections are first deposited into a tax administration suspense fund for the purpose of making disbursements for refunds, among other things. On the last day of each month, the balance in the suspense fund is identified by tax source and distributed to the appropriate municipalities or state agencies, including the Finance Authority. Collection of governmental gross receipts tax is administered by the New Mexico Taxation and Revenue Department. Governmental gross receipts taxes are to be paid on or before the 25th day of the month following the month in which the taxable event occurs.

Presented below is information from the New Mexico Taxation and Revenue Department concerning collections of the governmental gross receipts tax for the fiscal years 2011-2012 through 2015-2016.

GOVERNMENTAL GROSS RECEIPTS TAX COLLECTIONS
FISCAL YEARS 2011-2012 THROUGH 2015-2016[(1)]

	Fiscal Year 2011-2012	Fiscal Year 2012-2013	Fiscal Year 2013-2014	Fiscal Year 2014-2015	Fiscal Year 2015-2016
Total Net Receipts	$34,939,052	$36,766,258	$36,766,258	$36,396,929	$37,528,289
NMFA Portion of the Governmental Gross Receipts Tax	$26,204,287	$27,451,329	$27,297,696	$26,465,641	$28,146,217

(1) Collections for fiscal years shown above represent distributions for the period commencing May 1 of the preceding fiscal year through April 30 of the current fiscal year. The most recent 12 months of governmental gross receipts tax distribution to the Public Project Revolving Fund through September 30, 2016 totals $28,604,298.

(Source: State of New Mexico Taxation and Revenue Department.)

Based upon data provided by the State of New Mexico Taxation and Revenue Department, the payers of the governmental gross receipts tax whose payments accounted for at least 5% of the total net receipts from the governmental gross receipts tax were the Albuquerque Bernalillo County Water Utility Authority, the City of Albuquerque, the City of Santa Fe and the City of Las Cruces. Although the Finance Authority has not verified and does not guarantee the accuracy of such information, the Finance Authority does not have any reason to believe that the list of entities providing at least 5% of the governmental gross receipts tax is incorrect.

Collections from the NMFA Portion of the Governmental Gross Receipts Tax that are not needed for payments under the Indenture may be released from the Trust Estate and are subject to appropriation by the State legislature for purposes and programs other than the PPRF, including drinking and clean water programs, planning grant programs, and for purposes otherwise permitted by law. The release and appropriation of such amounts has no effect on the Authority's debt service coverage or cash flow, as disbursements of such amounts are made after debt service requirements.

Funds and Accounts

The Indenture creates a Revenue Fund, a Program Fund (with separate accounts for each Agreement or Project), a Bond Fund, a Debt Service Fund (with separate accounts for each Agreement), an Agreement Reserve Fund (with a separate account for each Agreement that has a reserve requirement), a Common Debt Service Reserve Fund, and an Expense Fund, all of which are part of the Trust Estate. Amounts on deposit in accounts in the Debt Service Fund and in each Agreement Reserve Account shall only secure repayment of the Loan made under the related Agreement. Amounts in the accounts of the Program Fund are held by the Finance Authority and, upon request and submission of proper documentation by the respective Governmental Unit, the Finance Authority will disburse funds directly to the provider of goods or services relating to the Project for which an account has been established in the Program Fund.

Flow of Funds

Loan Payments. All Loan Payments and other amounts paid by Governmental Units pursuant to the Loan Agreements and Securities are to be paid directly to the Finance Authority on or before Loan Payment Dates for remittance to the Trustee prior to each Interest Payment Date, and the Trustee is directed to deposit all such payments immediately upon receiving them, in the following accounts and in the following priority:

First: to the related Account in the Debt Service Fund in an amount required to cause the aggregate amount on deposit in that Fund to equal the amount then required to make the principal and interest payments due or to next become due with respect to the Loan;

Second: to the related Account, if any, in the Agreement Reserve Fund to the extent necessary to cause the balance in said Account to equal the Agreement Reserve Requirement, if any, of such Account;

Third: in the event the Common Debt Service Reserve Fund has been used to satisfy amounts due under a Loan Agreement or in relation to certain Securities, then to the extent Loan Payments are received as to that specific Loan Agreement or Securities, to the Common Debt Service Reserve Fund to the extent necessary to cause the payments to the Common Debt Service Reserve Fund to equal the amounts withdrawn from the Common Debt Service Reserve Fund to satisfy amounts due under the Loan Agreement or as to such Securities; and

Fourth: to the payment of Program Costs (to the extent allocable to such Agreement).

On each Interest Payment Date for the Bonds, the Trustee is directed to transfer moneys in the respective Accounts of the Debt Service Fund to the Bond Fund to pay the interest on the related Bonds becoming due on such Interest Payment Date and to pay the principal of each related Bond due at maturity or by prior redemption, to the extent amounts are on deposit for such purpose. At least once each year, and more frequently if required pursuant to the provisions of a Supplemental Indenture, the Trustee must determine the amount necessary (i) to be transferred to the Bond Fund from each Debt Service Account on Interest Payment Dates for the Bonds from payments relating to a Governmental Unit's Agreement, (ii) to replenish the Governmental Unit's Account in the Agreement Reserve Fund and (iii) in certain cases, to pay the Governmental Unit's share of Program Costs for the year. The Trustee is directed to return any excess that the Trustee does not expect to be required for such payments to the related Governmental Unit or to credit such excess to the Loan Payments next coming due under the Governmental Unit's Agreement. In certain cases, any excess attributable to the difference in interest rates on the Governmental Unit's Loans and the related Bonds (including the Series 2016F Bonds) will be deposited into the Revenue Fund.

On the fifth day preceding a Loan Payment Date (or, if such fifth day is not a Business Day, on the Business Day next preceding such fifth day), if the amount on deposit in any Governmental Unit's Account of the Debt Service Fund is insufficient for payments coming due under the related Loan Agreement or Securities on the next Loan Payment Date, the Trustee is directed to transfer from the related Agreement Reserve Account, if any, to that Governmental Unit's Account of the Debt Service Account, an amount sufficient, together with amounts in such Debt Service Account, to pay the Principal Component and the Interest Component due under such Loan Agreement or Securities on such Loan Payment Date.

On the third day preceding a Loan Payment Date (or, if such third day is not a Business Day, on the next Business Day preceding such third day), if the amount on deposit in any Governmental Unit's account of the Debt Service Fund is insufficient, after applying any applicable Agreement Reserve Account or other source for the payment of Debt Service, the Trustee shall transfer the amount of such deficiency from the Common Debt Service Reserve Fund. See "Common Debt Service Reserve Fund" below under this caption.

Revenue Fund. During each Bond Fund Year, all Revenues constituting (i) receipts from the NMFA Portion of the Governmental Gross Receipts Tax, (ii) principal and interest payments from Additional Pledged Loans, and (iii) any Federally provided interest subsidies actually delivered to or for the account of the Finance Authority in relation to Bonds, including, but not limited to direct payments of the refundable interest credit (i.e., an interest subsidy) paid pursuant to Section 6431(b) of the Code in relation to "Build America Bonds" (as such term is defined in such section of the Code) are all required to be paid by the Finance Authority to the Trustee prior to each Interest Payment Date and shall be accounted for and maintained by the Trustee in the Revenue Fund (established as an account of the Public Project Revolving Fund). On each Interest Payment Date, the Trustee (except as otherwise provided in a Supplemental Indenture) is directed to transfer from the Revenue Fund (including any amounts in the separate account described in the next paragraph) to the Bond Fund (i) an amount equal to the principal and interest due on such Interest Payment Date on the portion of any Bonds, the proceeds of which were used to make Grants and (ii) if the amounts on deposit in the Bond Fund are insufficient for payments coming due with respect to the Bonds on such Interest Payment Date, an amount sufficient, together with amounts transferred from the Debt Service Account, to pay the principal and interest due on the Bonds on such Interest Payment Date.

At the conclusion of each Bond Fund Year, the Trustee is directed to retain in the Revenue Fund, in a separate account to be created therein (to the extent of amounts remaining in the Revenue Fund), the following:

- an amount equal to any deficiency in any account in the Agreement Reserve Fund;

- with respect to Agreements for which no Agreement Reserve Account was created in the Agreement Reserve Fund and a default in the payment of principal or interest under such Agreement has occurred and is continuing, an amount equal to the least of (i) ten percent (10%) of the proceeds of such Agreement, (ii) maximum annual debt service on such Agreement and (iii) 1.25 times average annual debt service on such Agreement; and

- with respect to Bonds issued to finance Grants and for which no other debt service reserve fund has been created, an amount equal to the least of (i) five percent (5%) of the proceeds of the Bonds issued to finance such Grant, (ii) one-half of maximum annual debt service on the Bonds issued to finance such Grants and (iii) 0.625 times average annual debt service on the Bonds issued to finance such Grant.

Pursuant to the Indenture, the Finance Authority is not required to contribute any amounts to fund the retention described in the preceding paragraph other than from amounts on deposit in the Revenue Fund at the end of each Bond Fund Year, and no default under the Indenture occurs solely by reason of any insufficiency of funds remaining in the Revenue Fund to fund such retention.

After making the foregoing deposits, at the conclusion of each Bond Fund Year, and after making the payments required by the Indenture during such Bond Fund Year, the Trustee is directed to transfer the balance on deposit in the Revenue Fund to the Finance Authority for deposit into the Subordinate Lien Revenue Fund. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Outstanding Subordinate Lien Bonds." After the moneys have been used for the purposes specified in the Subordinated Indenture (as defined below) and to make any deposits to the Common Debt Service Reserve Fund (as described below), the Finance Authority may use any remaining moneys for Public Project Revolving Fund purposes; redemption of Bonds prior to maturity by depositing the same into the Bond Fund; refinancing, refunding, purchasing or advance refunding of any Bonds; or any other lawful purpose.

The balance so transferred to the Subordinate Lien Revenue Fund is no longer pledged to the payment of debt service on the Bonds.

Common Debt Service Reserve Fund. The Finance Authority has established the Common Debt Service Reserve Fund under the Indenture to secure payment of debt service on any Bonds issued under the Indenture. The Common Debt Service Reserve Fund was initially funded on January 14, 2011, and, as of October 31, 2016, the Common Debt Service Reserve Fund was funded in the amount of approximately $30,466,865.

The Finance Authority shall determine, as of the end of each Bond Fund Year, the Required Common Debt Service Reserve Funding Level. The Finance Authority shall deposit the Annual Common Debt Service Reserve Deposit Amount with the Trustee in the Common Debt Service Reserve Fund within three (3) business days of receipt by the Finance Authority of the disbursement of the NMFA Portion of the Governmental Gross Receipts Tax distributed to the Finance Authority by the trustee under the Subordinated Indenture on June 16.

If amounts on deposit in the Common Debt Service Reserve Fund are greater than the Required Common Debt Service Reserve Funding Level for a given Bond Fund Year, then no additional deposit shall be made to the Common Debt Service Reserve Fund for such Bond Fund Year. Any such excess amount may be used during the subsequent Bond Fund Year, at the discretion of the Finance Authority, for the redemption of Bonds prior to maturity by depositing the amount into the Bond Fund or the defeasance of any Bonds. If the Finance Authority has deposited the entirety of the available Annual Common Debt Service Reserve Deposit Amount as of a Bond Fund Year end, but the amount in Common Debt Service Reserve Fund is less than the Required Common Debt Service Reserve Funding Level, then the Finance Authority shall not be required to fund from any other source any such difference in excess of the Annual Common Debt Service Reserve Deposit Amount; provided, however, if a funding difference remains (based on the annual recalculation of the Required Common Debt Service Reserve Funding Level), then the next year's available Annual Common Debt Service Reserve Deposit Amount shall be applied to that difference.

If the amounts on deposit in any Governmental Unit's Account of the Debt Service Fund are insufficient for payments coming due under the related Loan Agreement or Securities on the next Loan Payment Date, after applying any applicable Agreement Reserve Account or other source for the payment of Debt Service, on the third day preceding a Loan Payment Date (or, if such third day is not a Business Day, on the Business Day next preceding such third day), the Trustee shall transfer from the Common Debt Service Reserve Fund, an amount sufficient, together with amounts in the related Debt Service Account, to pay the Principal Component and the Interest Component due under such Loan Agreement or Securities on such Loan Payment Date. Amounts on deposit in the Common Debt Service Reserve Fund may not be applied toward payment of the Bonds, except to the extent that amounts are due and owing under the Bonds and amounts are not otherwise available for such payments in the Debt Service Fund.

Investment Earnings. All income earned from the investment of moneys in the respective Accounts held by the Finance Authority and the respective Accounts of the Debt Service Fund and the Agreement Reserve Fund (but only to the extent that the amount on deposit exceeds the related Agreement Reserve Requirement), shall be returned to the Governmental Units or shall be deposited in the related Account of the Debt Service Fund and applied as a credit to the Loan Payment next coming due under the Agreement, with all earnings received on the Governmental Unit's Accounts being allocated solely to the benefit of such Governmental Unit.

Application of Loan Prepayments

Covenants Applicable to the Series 2016F Bonds. The Finance Authority covenants pursuant to the Ninety-Third Supplemental Indenture, for the purpose of matching, to the extent practicable, (i) the revenues received from Loan Payments received pursuant to the Loans reimbursed or originated with proceeds of the Series 2016F Bonds with debt service payable on the Series 2016F Bonds, and (ii) the overall debt service requirements on the Outstanding Bonds and the Series 2016F Bonds with revenues received from Loan Payments on all outstanding Loans, to take any one or more of the following actions separately or in combination, within 365 days following the receipt of a Prepayment of a Loan financed with proceeds of the Series 2016F Bonds:

For Prepayments funded with proceeds of bonds or another financing transaction, the interest on which is intended by the Governmental Unit to be exempt from inclusion in gross income under the Internal Revenue Code (a "Tax-Exempt Financing"), the Finance Authority must either, to the extent practicable, (i) originate or reimburse one or more new Loans in an aggregate principal amount equal to or greater than the amount of the portion of the Prepayment to be applied, and with a final maturity date and debt service requirements approximating, to the extent practicable, the final maturity date and debt service requirements for the portion of the Loan pursuant to which the Prepayment was made (or a pro rata portion thereof if a portion of the Prepayment is to be used to originate a new Loan or Loans), or (ii) call for optional redemption the Series 2016F Bonds from which the Loan relating to the Prepayment was initially funded and which Series 2016F Bonds are subject to redemption in an aggregate principal amount equal to or greater than the amount of the Prepayment (or a pro rata portion thereof if a portion of the Prepayment is to be applied), and with a final maturity date and debt service requirements approximating the final maturity date and debt service requirements of the Loan pursuant to which the Prepayment was made (or a pro rata portion thereof if a portion of the Prepayment is to be applied). See "THE SERIES 2016F BONDS—Redemption."

The Finance Authority will recalculate the respective Loan Payments due under any Loan Agreement in the case of a partial Prepayment of Loan Payments under such Loan Agreement in a manner consistent with the actions taken.

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Historical Prepayments. During the fiscal years indicated below, the Finance Authority has received prepayments (including Prepayments under the Indenture as well as prepayments of obligations under the Subordinated Indenture) in the numbers and aggregate principal amounts presented in the following table. Because prepayment of some Loans by Governmental Units is optional for certain Governmental Units and because the Loan Payments that Governmental Units may prepay vary greatly in amount, the occurrence and aggregate principal amount of Prepayments in past fiscal years are not an indication of Prepayments to be received by the Finance Authority in future fiscal years.

Fiscal Year	Number of Prepayments[1]	Aggregate Principal Amount[1] [2]
2006-2007	9	$ 9,145,000
2007-2008	21	2,973,716
2008-2009	32	10,223,706
2009-2010	23	6,945,375
2010-2011	58	124,271,480
2011-2012	55	118,727,583
2012-2013	33	54,407,892
2013-2014	23	71,812,973
2014-2015	18	87,924,017
2015-2016	19	57,202,797
2016-2017[3]	7	662,090

(1) Historically, refinancing opportunities associated with favorable interest rates, which make it economically beneficial for Governmental Units to refinance their respective loans, have impacted the amount of prepayments in any given fiscal year.

(2) As discussed above under "Covenants Applicable to the Series 2016F Bonds," the Finance Authority has applied a portion of such prepayments to originate additional loans which, pursuant to a Pledge Notification, have been pledged to the Indenture. The Finance Authority has also applied a portion of such prepayments to redeem obligations under the Indenture or the Subordinated Indenture (as defined herein). Prepayments yet to be applied are not material in amount.

(3) Reflects prepayments received for the period of July 1, 2016 through September 1, 2016.

(Source: The Finance Authority.)

Additional Bonds

Additional Bonds or other indebtedness, bonds or notes of the Finance Authority payable on a parity with the Bonds out of the Trust Estate may be issued or incurred, only if certain requirements have been met, including the following:

(a) The Finance Authority must deliver to the Trustee a Cash Flow Statement (as defined in the Indenture), taking into account the issuance of the Additional Bonds or other indebtedness, bonds or notes. A "Cash Flow Statement" incorporates a variety of items including revenues, debt service, loan prepayments and discount factors for certain types of Loans and is more particularly described in "APPENDIX B—EXTRACTS OF CERTAIN PROVISIONS OF THE INDENTURE."

(b) All payments required by the Indenture to be made into the Bond Fund must have been made in full.

(c) The proceeds of the Additional Bonds or other indebtedness, bonds or notes must be used (i) to refund Bonds issued under the Indenture or other obligations of the Finance Authority (including the funding of necessary reserves and the payment of costs of issuance) or (ii) to make additional Loans or to purchase Securities (including the funding of necessary reserves and the payment of costs of issuance).

(d) No Event of Default has occurred and is continuing under the Indenture, except that the foregoing will not preclude the issuance of Additional Bonds or other indebtedness, bonds or notes if (i) the issuance of such Additional Bonds or other indebtedness, bonds or notes otherwise complies with the requirements of the Indenture and (ii) such Event of Default will cease to continue upon the issuance of the Additional Bonds or other indebtedness, bonds or notes and the application of the proceeds thereof.

Any of the foregoing requirements may be revised or deleted with written evidence from the Rating Agencies to the effect that such revision or deletion will not result in the rating on the Outstanding Bonds being lowered.

The Finance Authority maintains an ongoing program to provide loans and to purchase securities from Governmental Units and expects to finance certain of those activities with the issuance of Additional Bonds on a parity with the Series 2016F Bonds. The Finance Authority expects to issue Additional Bonds within the next twelve months. The issuance of such Additional Bonds depends on a variety of factors, including market conditions. No assurance can be given when, or if, such Additional Bonds will be issued. The timing, amount and other details of such other Additional Bonds are not known as of the date of this Official Statement.

No Obligations Senior to the Bonds

No additional indebtedness, bonds or notes of the Finance Authority payable on a priority senior to the pledge of the Revenues for payment of the Bonds will be created or incurred without the prior written consent of the Owners of one hundred percent (100%) of the Outstanding Bonds.

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Outstanding Parity Bonds

The following table presents the Series of Outstanding Parity Bonds that are expected to be outstanding under the Indenture as of December 31, 2016:

Series(1)(2)	Original Principal Amount Issued	Aggregate Principal Amount Outstanding as of 12/31/2016(3)
2007E	$ 61,945,000	$ 34,085,000
2008A	158,965,000	119,080,000
2008B	36,545,000	22,520,000
2008C	29,130,000	11,490,000
2009A	18,435,000	12,310,000
2009C	55,810,000	41,355,000
2009D-1	13,570,000	7,430,000
2009D-2	38,845,000	34,890,000
2009E	35,155,000	12,585,000
2010A-1	15,170,000	5,670,000
2010A-2	13,795,000	12,990,000
2010B-1	38,610,000	23,795,000
2010B-2	17,600,000	16,950,000
2011B-1	42,735,000	25,905,000
2011B-2	14,545,000	10,630,000
2011C	53,400,000	39,410,000
2012A	24,340,000	20,015,000
2013A	44,285,000	34,570,000
2013B	16,360,000	12,925,000
2014B	58,235,000	50,080,000
2015B	45,325,000	42,595,000
2015C	45,475,000	45,300,000
2016A	52,070,000	49,170,000
2016C	67,540,000	66,725,000
2016D	116,485,000	116,485,000
2016E	40,870,000	40,870,000
Total	$1,155,240,000	$909,830,000

(1) The official statements for the various Series of Outstanding Parity Bonds are available at the Internet site of the Finance Authority, http://www.nmfa.net, under "Investors, Public Project Revolving Fund." The information provided on the Finance Authority's website is not a part of this Official Statement and should not be relied upon in making an investment decision with respect to the Series 2016F Bonds.

(2) Does not include the Series 2016F Bonds.

(3) All series of bonds have maturities on June 1.

(Source: The Finance Authority.)

See "ANNUAL DEBT SERVICE REQUIREMENTS" for Debt Service Requirements on the Outstanding Parity Bonds and aggregate payments under Agreements relating to the Bonds. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Trust Estate" for a listing of the Governmental Units that have Agreements with the same revenue pledge, based on scheduled payments in fiscal year 2016-2017 and assuming no further prepayment, expected to generate the highest percentages of estimated annual Revenues in fiscal year 2016-2017.

Outstanding Subordinate Lien Bonds

Pursuant to a Subordinated General Indenture of Trust and Pledge dated as of December 1, 2005 (the "Subordinated Indenture"), the Finance Authority may incur obligations (the "Subordinate Lien Bonds") that have a lien on the revenues from the NMFA Portion of the Governmental Gross Receipts Tax and the revenues from Additional Pledged Loans (collectively, the "Subordinate Lien Revenues") that is subordinate to the lien of the Indenture on those revenues. The Subordinate Lien Bonds are additionally secured by their own pool of loans and securities executed and delivered to the Finance Authority by governmental units of the State in consideration for the financing of all or a portion of projects for such governmental units. The revenues derived from such loans and securities are pledged as security solely for the Subordinate Lien Bonds and are not pledged as security for the Bonds.

Pursuant to the Subordinated Indenture, the Finance Authority has issued various series of Subordinate Lien Bonds. The following table sets forth the various series of Subordinate Lien Bonds, the original aggregate principal amount and the aggregate principal amount of Subordinate Lien Bonds that are expected to be outstanding as of December 31, 2016:

Series[1]	Original Principal Amount Issued	Aggregate Principal Amount Outstanding as of 12/31/2016[2]
2006C	$ 39,860,000	$ 24,330,000
2007A	34,010,000	13,115,000
2007B	38,475,000	20,495,000
2007C	131,860,000	82,485,000
2013C-1	3,745,000	2,890,000
2013C-2	10,550,000	8,020,000
2014A-1	15,135,000	14,055,000
2014A-2	16,805,000	13,775,000
2015A	63,390,000	59,940,000
2015D	29,355,000	27,170,000
2016B	8,950,000	7,415,000
Total	$392,135,000	$273,690,000

(1) The official statements for the various series of outstanding Subordinate Lien Bonds are available at the Internet site of the Finance Authority, http://www.nmfa.net, under "Investors, Public Project Revolving Fund." The information provided on the Finance Authority's website is not a part of this Official Statement and should not be relied upon in making an investment decision with respect to the Series 2016F Bonds.

(2) All series of bonds have maturities on June 15.

(Source: The Finance Authority.)

The Finance Authority may issue additional bonds pursuant to the Subordinated Indenture from time to time to satisfy the financing needs of governmental entities in the State.

The Series 2016F Bonds have a lien on the Subordinate Lien Revenues senior to the lien securing the outstanding Subordinate Lien Bonds.

Supplemental Indentures and Amendments to Agreements; Rating Agency Discretion

Pursuant to the Indenture, the Finance Authority and the Trustee may, without the consent of or notice to any of the Owners of the Bonds, enter into an indenture or indentures supplemental to the Indenture in order to make certain amendments or changes to the Indenture, including any amendment with the prior written confirmation from the Rating Agencies that such amendment will not result in the rating on the Bonds, following such amendment, to be lower than the rating on the Bonds immediately prior to such amendment. See "APPENDIX B—EXTRACTS OF CERTAIN PROVISIONS OF THE INDENTURE—Supplemental Indentures."

In addition, the Finance Authority with the consent of the Trustee and the related Governmental Unit may, without the consent of any Owners of the Bonds, amend any Agreement, Additional Pledged Loan documents and any existing Security Documents with the prior written confirmation from the Rating Agencies that such amendment will not result in the rating on the Bonds following such amendment to be lower than the rating on the Bonds immediately prior to such amendment; or make any other change or amendment upon the delivery to the Trustee of a Cash Flow Statement and an Approval of Bond Counsel.

THE PLAN OF FINANCING

General

The proceeds of the Series 2016F Bonds will be used by the Finance Authority for the purpose of (i) originating Loans to or purchasing Securities from or reimbursing the Finance Authority for moneys used to originate Loans to or purchase Securities from the 2016F Governmental Units, the proceeds of which will be or were used to finance or refinance certain Projects for such 2016F Governmental Units, and (ii) paying costs incurred in connection with the issuance of the Series 2016F Bonds. See "INTRODUCTION—Authority and Purpose." See APPENDIX F for a list of the 2016F Governmental Units and the amount of the Loans expected to be financed with proceeds of the Series 2016F Bonds.

Estimated Sources and Uses of Funds

The following tables set forth the estimated sources and uses of funds in connection with the issuance of the Series 2016F Bonds.

Sources of Funds

Principal Amount	$38,575,000.00
Net Original Issue Premium	4,588,914.35
Finance Authority Contribution	34,715.15
Total Sources	$43,198,629.50

Uses of Funds

Deposit to Program Fund Account[(1)]	$11,292,318.43
Deposit to Public Project Revolving Fund[(2)]	31,441,270.47
Costs of Issuance[(3)]	465,040.60
Total Uses	$43,198,629.50

(1) Amounts in the Program Found Account will be used to fund a Loan to a 2016F Governmental Unit, which will be used to finance Projects for such 2016F Governmental Unit. See "APPENDIX F—2016F GOVERNMENTAL UNITS; LARGEST REPAYMENT OBLIGATIONS."

(2) Amounts deposited in the Public Project Revolving Fund will be used to reimburse the Finance Authority for Loans previously made to the 2016F Governmental Units, which have been used to finance Projects for such 2016F Governmental Units and, as applicable, fund an agreement reserve fund. See "APPENDIX F—2016F GOVERNMENTAL UNITS; LARGEST REPAYMENT OBLIGATIONS."

(3) Costs of issuance include Underwriters' discount, legal fees, rating agency fees, Trustee fees, financial advisory fees, NMFA administrative fees and other miscellaneous costs.

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ANNUAL DEBT SERVICE REQUIREMENTS

The following schedule shows the total debt service payable for the Series 2016F Bonds and all currently Outstanding Parity Bonds for each fiscal year through their respective final maturity dates.

ANNUAL DEBT SERVICE FOR THE BONDS[(1)]

Fiscal Year Ending 6/30	Series 2016F Bonds Principal	Series 2016F Bonds Interest	Outstanding Parity Bonds[(2)]	Total Annual Debt Service
2017	$ 245,000	$ 849,433	$ 98,905,772	$ 100,000,205
2018	3,705,000	1,823,763	98,010,763	103,539,526
2019	3,320,000	1,675,563	99,232,988	104,228,551
2020	3,570,000	1,542,763	95,798,213	100,910,976
2021	4,000,000	1,364,263	95,121,927	100,486,190
2022	2,330,000	1,164,263	87,619,203	91,113,466
2023	1,380,000	1,047,763	80,627,597	83,055,359
2024	1,515,000	978,763	72,539,807	75,033,570
2025	1,690,000	903,013	69,058,159	71,651,171
2026	1,545,000	818,513	62,124,237	64,487,750
2027	1,520,000	741,263	55,589,482	57,850,745
2028	755,000	665,263	55,419,698	56,839,961
2029	790,000	627,513	47,258,920	48,676,432
2030	830,000	588,013	38,477,621	39,895,634
2031	860,000	556,100	35,175,933	36,592,033
2032	895,000	526,000	34,356,822	35,777,822
2033	940,000	481,250	33,110,724	34,531,974
2034	950,000	434,250	30,381,096	31,765,346
2035	1,000,000	386,750	30,222,766	31,609,516
2036	1,050,000	336,750	18,776,760	20,163,510
2037	1,100,000	284,250	8,985,321	10,369,571
2038	1,155,000	229,250	8,940,042	10,324,292
2039	1,215,000	171,500	6,017,236	7,403,736
2040	1,275,000	110,750	5,680,950	7,066,700
2041	940,000	47,000	5,685,000	6,672,000
2042	-	-	2,788,950	2,788,950
2043	-	-	2,784,650	2,784,650
2044	-	-	2,782,850	2,782,850
2045	-	-	2,633,350	2,633,350
2046	-	-	1,957,000	1,957,000
Total	$38,575,000	$18,353,995	$1,286,063,840	$1,342,992,835

(1) Assumes the Series 2016F Bonds are issued and Outstanding. Totals may not add due to rounding.
(2) Includes principal and interest.
(3) Denotes payment of a mandatory sinking fund.
(Source: Western Financial Group, LLC.)

The following table shows estimated available Revenues pledged to the payment of the Bonds, total debt service requirements for the Series 2016F Bonds and all other Outstanding Parity Bonds and the resulting estimated annual coverage ratios. Revenues estimated for current and future fiscal years are based upon the governmental gross receipts tax distribution to the Public Project Revolving Fund for the 12 month period ending August 31, 2016, the Finance Authority's projections for fiscal year 2016-2017 and scheduled payments under the Agreements and Additional Pledged Loans, and do not reflect any future Prepayments or delinquencies. The estimated annual coverage ratios are based in part on assumptions that may not be realized. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Trust Estate—The Governmental Gross Receipts Tax," "—Agreement Revenues" and "—Additional Pledged Loans" for descriptions of the Revenues presented in the table under the headings "NMFA Portion of the Governmental Gross Receipts Tax" and "Aggregate Agreement Revenues." See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Trust Estate" and "INVESTMENT CONSIDERATIONS" for a list of some factors which may affect Revenues.

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ESTIMATED REVENUES, ANNUAL DEBT SERVICE REQUIREMENTS
AND PROJECTED COVERAGE RATIOS[(1)]

Fiscal Year Ending 6/30	NMFA Portion of Governmental Gross Receipts Tax[(2)]	Aggregate Agreement Revenues[(3)]	Estimated Total Revenues	Total Annual Debt Service Requirement[(4)]	Estimated Annual Coverage Ratios
2017	$ 28,500,000	$ 108,458,018	$ 136,958,018	$ 100,000,205	1.37
2018	28,500,000	110,961,907	139,461,907	103,539,526	1.35
2019	28,500,000	109,317,918	137,817,918	104,228,551	1.32
2020	28,500,000	108,922,290	137,422,290	100,910,976	1.36
2021	28,500,000	103,529,413	132,029,413	100,486,190	1.31
2022	28,500,000	94,116,569	122,616,569	91,113,466	1.35
2023	28,500,000	88,404,002	116,904,002	83,055,359	1.41
2024	28,500,000	79,782,915	108,282,915	75,033,570	1.44
2025	28,500,000	77,105,479	105,605,479	71,651,171	1.47
2026	28,500,000	68,115,385	96,615,385	64,487,750	1.50
2027	28,500,000	62,543,718	91,043,718	57,850,745	1.57
2028	28,500,000	61,927,607	90,427,607	56,839,961	1.59
2029	28,500,000	63,241,330	91,741,330	48,676,432	1.88
2030	28,500,000	44,594,023	73,094,023	39,895,634	1.83
2031	28,500,000	39,740,584	68,240,584	36,592,033	1.86
2032	28,500,000	37,347,776	65,847,776	35,777,822	1.84
2033	28,500,000	37,367,866	65,867,866	34,531,974	1.91
2034	28,500,000	35,037,370	63,537,370	31,765,346	2.00
2035	28,500,000	34,098,149	62,598,149	31,609,516	1.98
2036	28,500,000	22,439,623	50,939,623	20,163,510	2.53
2037	28,500,000	12,842,903	41,342,903	10,369,571	3.99
2038	28,500,000	12,001,980	40,501,980	10,324,292	3.92
2039	28,500,000	7,991,386	36,491,386	7,403,736	4.93
2040	28,500,000	7,608,118	36,108,118	7,066,700	5.11
2041	28,500,000	6,867,330	35,367,330	6,672,000	5.30
2042	28,500,000	3,301,666	31,801,666	2,788,950	11.40
2043	28,500,000	3,078,324	31,578,324	2,784,650	11.34
2044	28,500,000	3,079,644	31,579,644	2,782,850	11.35
2045	28,500,000	2,932,418	31,432,418	2,633,350	11.94
2046	28,500,000	2,253,358	30,753,358	1,957,000	15.71

(1) Assumes the Series 2016F Bonds are issued and Outstanding. See “INTRODUCTION—Authority and Purpose” and “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Outstanding Parity Bonds.” Totals may not add due to rounding.

(2) Based upon the governmental gross receipts tax distributions to the Public Project Revolving Fund for the 12-month period ending September 30, 2016, the Finance Authority projects that governmental gross receipts tax distributions for fiscal year 2016-2017 will be $28,500,000. Fiscal year collections represent distributions of governmental gross receipts tax for the period commencing May 1 of the preceding fiscal year through April 30 of the current fiscal year. Assumes annual distribution of the NMFA Portion of the Governmental Gross Receipts Tax will remain the same over the life of the Bonds.

(3) Assumes total Agreement Revenues to be received for Loans outstanding as of December 31, 2016, including the Loans financed or refinanced with proceeds of the Series 2016F Bonds. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Trust Estate—Agreement Revenues.”

(4) Includes debt service for all Outstanding Parity Bonds. Assumes that no Additional Bonds will be issued under the Indenture. See “ANNUAL DEBT SERVICE REQUIREMENTS.”

(Sources: The Finance Authority and Western Financial Group LLC.)

NEW MEXICO FINANCE AUTHORITY

General Information

The Finance Authority is a public body politic and corporate, separate and apart from the State, constituting a governmental instrumentality of the State. The Finance Authority was created in 1992 pursuant to the Act to coordinate the planning and financing of State and local public projects, to provide for long-term planning and assessment of State and local capital needs and to improve cooperation among the executive and legislative branches of State government and local governments in financing public projects. Pursuant to the Act, the Finance Authority and its corporate existence will continue until terminated by law, provided that no such law will take effect so long as the Finance Authority has bonds or other obligations outstanding, unless provision has been made for the payment of all such obligations. The Finance Authority is comprised of 11 members who also constitute the Finance Authority's board of directors and currently employs 39 persons, including a Chief Executive Officer. The Chief Executive Officer directs the business and affairs of the Finance Authority, subject to the policies, control and direction of the Finance Authority.

The Finance Authority staff provides a full range of services to its borrowers and other parties benefiting from or otherwise interested in the Finance Authority's financing programs. Those services include loan servicing and program fund administration, financial analysis relating to all aspects of the Finance Authority's programs, accounting, program marketing and development services, application assistance to borrowers, coordination and assistance with other funding sources, coordination with taxing and regulatory authorities, and coordination with various legislative authorities.

Powers

In addition to the power to issue bonds and other obligations to finance specific programs and projects, pursuant to the Act, the Finance Authority is granted all powers necessary and appropriate to carry out and effectuate its public and corporate purposes, including but not limited to the following powers:

(a) to procure insurance to secure payment on any loan, lease or purchase payments owed to the Finance Authority by a qualified entity in such amounts and from such insurers, including the federal government, as it may deem necessary or desirable, and to pay any premiums for such insurance;

(b) to fix, revise from time to time, charge and collect fees and other charges in connection with the making of loans and any other services rendered by the Finance Authority;

(c) to accept, administer, hold and use all funds made available to the Finance Authority from any sources;

(d) to borrow money and to issue bonds and provide for the rights of holders of the bonds;

(e) to establish and maintain reserve and sinking fund accounts to insure against and have funds available for maintenance of other debt service accounts;

(f) to invest and reinvest its funds and to take and hold property as security for the investment of such funds;

(g) subject to any agreement with bondholders to: (1) renegotiate any loan, lease or agreement; (2) consent to any modification of the terms of any loan, lease or agreement and, (3) purchase bonds, which may upon purchase be canceled; and

(h) to do any and all things necessary or convenient to carry out its purposes and exercise the powers given and granted in the Act.

The Finance Authority has no authority to impose or collect taxes.

Organization and Governance

The Finance Authority is composed of 11 members who serve as the governing body of the Finance Authority. Six of the members are ex officio members designated in the Act and five members are appointed by the Governor with the advice and consent of the State Senate. One of the appointed members must be the chief financial officer of a State higher educational institution. The remaining four appointed members must be residents of the State. The six ex officio members with voting privileges include four cabinet-level secretaries, each of whom are appointed by the Governor and serve at the pleasure of the Governor (the Secretary of Finance and Administration, the Secretary of Economic Development, the Secretary of Energy, Minerals and Natural Resources, and the Secretary of Environment), and two are chief executive directors of State-wide associations (the Executive Director of the New Mexico Municipal League and the Executive Director of the New Mexico Association of Counties). The appointed members serve at the pleasure of the Governor and the appointed members serve four-year terms. Vacancies for the appointed members are filled by appointment of the Governor for the remainder of any unexpired term. Any appointed member is eligible for reappointment.

The governing body of the Finance Authority exercises and oversees the exercise of the powers of the Finance Authority. The governing body of the Finance Authority satisfies those responsibilities through monthly meetings and through the standing committees that the governing body has established. A quorum of the governing body exists when a majority of the members then serving are present. A majority vote of a quorum of the members present may transact any business of the Finance Authority. A vacancy in the membership of the governing body does not impact the ability of a quorum to exercise all rights and duties of the Finance Authority. The committees are advisory and have no authority to act on behalf of the governing body, except that the Contracts Committee has authority to award certain contracts and the Investment Committee has authority to authorize certain investments. Each committee reviews and makes recommendations to the governing body concerning matters assigned to it by the governing body.

The Executive Committee provides oversight and direction relating to the operations of the Finance Authority. Other committees include the Finance and Loan Committee, the Audit Committee, the Economic Development Committee, the Investment Committee, the Disclosure Committee, and the Contracts Committee. The committees typically meet monthly.

The governing body has also established written policies concerning the exercise of the powers of the Finance Authority, including the administration of the Public Project Revolving Fund. The written policies serve as ongoing directions to staff and consultants with respect to standards to be applied in the conduct of the business of the Finance Authority.

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Governing Body and Key Staff Members

Current members of the Finance Authority, and their respective occupations and term expiration dates, are presented below. Two positions on the governing body are currently vacant.

Name	Occupation	Term Expires
John E. McDermott (Chair)(1)	President, McDermott Advisory Services, LLC	01/01/2017
William F. Fulginiti (Vice Chair)(2)	Executive Director, New Mexico Municipal League	not applicable
Tony Delfin (Secretary)(1)(2)	Acting Cabinet Secretary, Energy, Minerals and Natural Resources Department, State of New Mexico	not applicable
Katherine Ulibarri (Treasurer)(1)	Vice President for Finance and Operations, Central New Mexico Community College	12/31/2018
Blake Curtis(1)(3)	Chief Executive Officer, Senior Vice President, Curtis & Curtis, Inc., Clovis, New Mexico	01/01/2016
Matthew Geisel (1)(2)	Cabinet Secretary Designate, Economic Development Department, State of New Mexico	not applicable
Steve Kopelman(2)	Executive Director, New Mexico Association of Counties	not applicable
Duffy Rodriguez(1)(2)	Cabinet Secretary Designate, Department of Finance and Administration	not applicable
Butch Tongate(1)(2)	Cabinet Secretary Designate, Environment Department, State of New Mexico	not applicable

(1) Appointed by the Governor of the State and serves at the pleasure of the Governor.

(2) Ex officio member with voting privileges. An ex officio member may designate an alternate member. Alternate members may attend meetings and vote on all matters considered by the Finance Authority. Ex officio members that are cabinet secretaries are appointed to their cabinet positions by the Governor of the State and serve in those capacities at the pleasure of the Governor.

(3) Term has expired but continues to serve until replaced or reappointed.

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Presented below is certain information concerning key staff members of the Finance Authority involved in the issuance of the Series 2016F Bonds and the administration of the Finance Authority's financing programs.

Robert P. Coalter, Chief Executive Officer. Mr. Coalter began serving as the Chief Executive Officer of the Finance Authority in January 2014. Previously, Mr. Coalter served as Executive Director of the Texas Public Finance Authority ("TPFA"), one of the largest bond issuers in the State of Texas with over $5 billion in outstanding debt. Prior to his work at TPFA, Mr. Coalter served as Assistant Director of Treasury Operations for the Texas Comptroller of Public Accounts for 16 years. He has been employed in various positions within state government for over 20 years, working with senior officials and staff in the both the legislative and executive branches. Mr. Coalter holds a Masters of Business Administration in Finance and has been accountable for the issuance, payment, and compliance of over $90 billion dollars in various municipal instruments during his career.

Oscar Rodriguez, Chief Financial Officer. Mr. Rodriguez joined the Finance Authority in October 2016. Before that, he served as the Finance Director for the City of Santa Fe. Mr. Rodriguez has more than 25 years of experience managing local government finances in New Mexico, District of Columbia, Texas, Maryland, and abroad. He received a Masters of City Planning degree from the Massachusetts Institute of Technology in 1982 and a Bachelor of Arts degree from Harvard University in 1980.

Heather Travis Boone, Chief Regulatory Compliance Officer. Ms. Boone joined the Finance Authority in July 2016. Prior to joining the Finance Authority, Ms. Boone served as Chief Legal Officer and General Counsel for Los Alamos National Bank. Ms. Boone has over 15 years of experience with financial institutions and practicing law. Ms. Boone received her Juris Doctor from Washington & Lee University School of Law and her Bachelor of Arts degree from Trinity University.

Michael J. Zavelle, Chief Financial Strategist. Mr. Zavelle joined the Finance Authority in June 2009. Mr. Zavelle has an extensive and varied background in finance with public and private universities, a major cultural organization, and as a capital markets banker in Asia responsible for client relations and for loan and bond underwriting, syndication and private placement. He served as a VP/CFO for Fisk University, Brooklyn College/CUNY, and Baruch College/CUNY, as Vice Chancellor for Administration & Planning for City University of New York, as SVP and Chief Administrative Officer for The New York Public Library, and as a Managing Director with Chase Manhattan Asia Limited in Hong Kong and Tokyo. Mr. Zavelle has a Bachelor of Arts degree in Economics from Dartmouth College and a Master of Business Administration degree from Harvard University.

Zach Dillenback, Chief Lending Officer. Mr. Dillenback joined the Finance Authority in February 2006, and was promoted to Chief Lending Officer in 2012. Mr. Dillenback has over 10 years of experience in the finance industry, the majority of such time being devoted to public finance. He holds a Bachelor of Arts degree in Finance from Florida State University and an Executive Master of Business Administration degree from the University of New Mexico.

Marquita Russel, Chief of Programs. Ms. Russel joined the Finance Authority in September, 2000. Ms. Russel has approximately 20 years of experience in the financial services industry, in both marketing and financial analysis. Prior to joining the Finance Authority, Ms. Russel spent 10 years at the Illinois Development Finance Authority, where she held the positions of Marketing Director and Senior Program Administrator. During that time, Ms. Russel closed more than $1 billion of transactions, ranging from $5,000 microloans to $175 million tax-exempt hospital bonds. Ms. Russel earned her Bachelor of Science degree from Marquette University, Milwaukee, Wisconsin.

Daniel C. Opperman, General Counsel. Mr. Opperman joined the Finance Authority in November 2010 as Assistant General Counsel and was hired as the General Counsel in October 2012. Prior to joining the Finance Authority, Mr. Opperman served as General Counsel for the New Mexico Department of Transportation ("NMDOT") for two years. Mr. Opperman obtained his law degree from the University New Mexico School of Law and his Bachelor of Arts degree in Economics from the University of New Mexico, and is a retired professional baseball player with the Los Angeles Dodgers organization.

Legislative Oversight

The Act also provides for the creation of a legislative oversight committee, whose membership is determined by the State Legislative Council. The oversight committee is required to monitor and oversee the operation of the Finance Authority, and in that capacity it, among other things: (i) meets on a regular basis to receive and review reports from the Finance Authority and to review and approve regulations proposed for adoption pursuant to the Act; (ii) monitors and provides assistance and advice on the public project financing program of the Finance Authority; (iii) oversees and monitors State and local government capital planning and financing; (iv) provides advice and assistance to the Finance Authority on planning, setting priorities for and financing of State and local capital projects; (v) undertakes an ongoing examination of the statutes, constitutional provisions, regulations and court decisions governing State and local government capital financing in the State; and (vi) reports its findings and recommendations, including recommended legislation or necessary changes, to the Governor and to each session of the State legislature (the "Legislature"), and makes available the report and proposed legislation.

The Public Project Revolving Fund Program

General. The Act created the Public Project Revolving Fund (the "PPRF") program of the Finance Authority in 1992 to pay the reasonably necessary costs of originating and servicing loans, grants or securities funded by the PPRF and to make loans or grants and to purchase or sell securities to assist qualified entities in financing the acquisition, construction, improvement, alteration or reconstruction of assets of a long-term capital nature, including land; buildings; water rights; water, sewerage and waste disposal systems; streets; airports; municipal utilities; public recreation facilities; public transportation systems; parking facilities; and machinery, furniture and equipment. Public projects financed through the PPRF in amounts in excess of $1 million per project require specific authorization by the Legislature. As of August 31, 2016, the Finance Authority had made 1,332 PPRF loans totaling approximately $2.8 billion. To implement the PPRF Program, the Finance Authority has been granted the following specific powers:

(a) to make loans to qualified entities that establish one or more dedicated sources of revenue to repay the loan from the Finance Authority;

(b) to make, enter into and enforce all contracts necessary, convenient or desirable for the purposes of the Finance Authority or pertaining to (1) a loan to a qualified entity, (2) a purchase or sale of securities individually or on a pooled basis, or (3) the performance of its duties and execution of any of its powers under the Act;

(c) to purchase or hold securities at prices and in a manner the Finance Authority considers advisable, giving due consideration to the financial capability of the qualified entity, and sell securities acquired or held by it at prices without relation to cost and in a manner the Finance Authority considers advisable;

(d) to prescribe the form of application or procedure required of a qualified entity for a loan or purchase of its securities, fix the terms and conditions of the loan or purchase and enter into agreements with qualified entities with respect to loans or purchases;

(e) to charge for its costs and services in review or consideration of a proposed loan to a qualified entity or purchase by the Finance Authority of securities, whether or not the loan is made or the securities purchased;

(f) to fix and establish terms and provisions with respect to: (1) a purchase of securities by the Finance Authority, including date and maturities of the securities; (2) redemption or payment before maturity; and (3) any other matters that in connection with the purchase are necessary, desirable or advisable in the judgment of the Finance Authority;

(g) to the extent permitted under its contracts with the holders of bonds of the Finance Authority, consent to modification of the rate of interest, time and payment of installment of principal or interest, security or any other term of a bond, contract or agreement of any kind to which the Finance Authority is a party;

(h) in connection with the purchase of any securities, to consider the ability of the qualified entity to secure financing from other sources and the costs of that financing and the particular public project or purpose to be financed or refinanced with the proceeds of the securities to be purchased by the Finance Authority;

(i) to acquire fee simple, leasehold, mortgagor's or mortgagee's interests in real and personal property and to sell, mortgage, convey or lease that property for Finance Authority purposes; and

(j) in the event of a default by a qualifying entity, enforce its rights by suit or mandamus or use all of the available remedies under State law.

Contingent Liquidity Account. In an effort to pursue its policy of maintaining a sufficient cash balance to meet the borrowing needs of eligible entities and improving the fund and cash balances of the PPRF program, the Finance Authority established a contingency account (the "Contingent Liquidity Account"). Although it will not be pledged to the Series 2016F Bonds, or any other Finance Authority bonds, the Contingent Liquidity Account is intended to enhance the Finance Authority's ability to meet the cash-flow needs of the PPRF program. Funds from the Contingent Liquidity Account may be used to pay debt service on Finance Authority bonds; however, such use is within the sole discretion of the Finance Authority and such funds may also be used for other purposes, including but not limited to payments of unforeseen expenses of the Finance Authority, urgent economic development projects, loan originations, or addressing other purposes as determined by the Finance Authority. As of October 31, 2016 the Contingent Liquidity Account was funded to an amount of approximately $30,466,865. The debt management policy relating to the PPRF was revised on November 19, 2015 to provide that the Contingent Liquidity Account will be funded to an amount no greater than the funding level for the Common Debt Service Reserve Fund. See SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Flow of Funds—Common Debt Service Reserve Fund."

Temporary Borrowing. The Finance Authority has entered into an arrangement (the "Wells Fargo Short-Term Borrowing") with Wells Fargo Bank, National Association ("Wells Fargo") for Wells Fargo to provide to the Finance Authority an amount up to $100,000,000 to reimburse the Finance Authority for loans made to eligible entities that are incurred prior to the issuance of a series of bonds or to make loans to eligible entities by using funds drawn from the Wells Fargo Short-Term Borrowing. Once the amounts are advanced, the Finance Authority has up to 180 days to repay the advancement. The Wells Fargo Short-Term Borrowing is currently scheduled to expire on December 10, 2020. The Wells Fargo Short-Term Borrowing is secured by proceeds of bonds that are anticipated to be issued subsequent to the advances. The Finance Authority has entered into the Wells Fargo Short-Term Borrowing to assist it with its cash flows. The Wells Fargo Short-Term Borrowing is not secured by the Trust Estate. The Finance Authority does not have any current plans to draw upon the Wells Fargo Short-Term Borrowing by the end of the year. However, the Finance Authority reserves the right to draw upon the Wells Fargo Short-Term Borrowing if it is expedient to do so.

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Other Bond Programs and Projects

The Finance Authority also participates in or administers other bond programs designed to provide financing to local governmental entities and state agencies for public projects. Such programs are not secured by the Trust Estate but are secured by other sources of revenues. The following table sets forth the different types of bond programs and the amount of bonds expected to be outstanding under such programs as of December 31, 2016.

Program	Project	Original Principal Amount	Outstanding as of 12/31/2016	Scheduled Final Maturity
Transportation	Highways 2006A	$ 150,000,000	$ 4,220,000	12/15/2018
Transportation	Highways 2008A Subordinate	115,200,000	35,200,000	6/15/2024
Transportation	Highways 2008B Subordinate	220,000,000	100,000,000	12/15/2026
Transportation	Highways 2009A	112,345,000	5,065,000	6/15/2017
Transportation	Highways 2010A-1	95,525,000	28,685,000	12/15/2024
Transportation	Highways 2010A-2 Subordinate	79,100,000	40,675,000	12/15/2021
Transportation	Highways 2010B	461,075,000	444,405,000	6/15/2024
Transportation	Highways 2011A-1 Subordinate	80,000,000	80,000,000	12/15/2026
Transportation	Highways 2011A-2 Subordinate	120,000,000	120,000,000	12/15/2026
Transportation	Highways 2011A-3 Subordinate	84,800,000	84,800,000	12/15/2026
Transportation	Highways 2012	220,400,000	171,070,000	6/15/2026
Transportation	Highways 2014A Subordinate	70,110,000	70,110,000	6/15/2032
Transportation	Highways 2014B-1	61,380,000	61,380,000	6/15/2027
Transportation	Highways 2014B-2 Subordinate	18,025,000	18,025,000	6/15/2027

(Source: The Finance Authority.)

LITIGATION

To the knowledge of the Finance Authority, there is no controversy or litigation known to be pending or threatened to restrain or enjoin the issuance, sale, execution or delivery of the Series 2016F Bonds, the execution, adoption or effectiveness of the Indenture or the levying or collecting of any Revenues the loss of which would materially adversely affect the ability of the Finance Authority to pay debt service on the Series 2016F Bonds, or in any way contesting or affecting the validity or enforceability of the Series 2016F Bonds, the Indenture, or any proceeding and authority of the Finance Authority taken with respect to the foregoing. The Finance Authority will deliver a non-litigation certification as to the foregoing prior to the issuance of the Series 2016F Bonds.

UNDERWRITING

Pursuant to a Bond Purchase Agreement dated November 30, 2016 (the “Bond Purchase Agreement”) between Morgan Stanley & Co. LLC, as representative of the Underwriters, and the Finance Authority, the Underwriters have agreed to purchase the Series 2016F Bonds from the Finance Authority at a purchase price equal to $43,032,174.37 (being the par amount of the Series 2016F Bonds plus a net original issue premium of $4,588,914.35, and less an underwriting discount of $131,739.98). The Bond Purchase Agreement provides that the Underwriters will purchase all of the Series 2016F Bonds if any are purchased, the obligation to make such purchase being subject to certain terms and conditions set forth in the Bond Purchase Agreement, including the approval of certain legal matters by counsel and certain other conditions.

The prices at which the Series 2016F Bonds are offered to the public (and the yields resulting therefrom) may vary from the initial public offering prices appearing on the inside front cover of this Official Statement. In addition, the Underwriters may allow commissions or discounts from such initial offering prices to dealers and others.

Morgan Stanley, parent company of Morgan Stanley & Co. LLC, an underwriter of the Series 2016F Bonds, has entered into a retail distribution arrangement with its affiliate Morgan Stanley Smith Barney LLC. As part of the distribution arrangement, Morgan Stanley & Co. LLC may distribute municipal securities to retail investors through the financial advisor network of Morgan Stanley Smith Barney LLC. As part of this arrangement, Morgan Stanley & Co. LLC may compensate Morgan Stanley Smith Barney LLC for its selling efforts with respect to the Series 2016F Bonds.

Wells Fargo Securities is the trade name for certain securities–related capital markets and investment banking services of Wells Fargo & Company and its subsidiaries, including Wells Fargo Bank, National Association, which conducts its municipal securities sales, trading and underwriting operations through the Wells Fargo Bank, NA Municipal Products Group, a separately identifiable department of Wells Fargo Bank, National Association, registered with the Securities and Exchange Commission as a municipal securities dealer pursuant to Section 15B(a) of the Securities Exchange Act of 1934.

Wells Fargo Bank, National Association, acting through its Municipal Products Group ("WFBNA"), one of the underwriters of the Series 2016F Bonds, has entered into an agreement (the "WFA Distribution Agreement") with its affiliate, Wells Fargo Advisors, LLC ("WFA"), for the distribution of certain municipal securities offerings, including the Series 2016F Bonds. Pursuant to the WFA Distribution Agreement, WFBNA will share a portion of its underwriting or remarketing agent compensation, as applicable, with respect to the Series 2016F Bonds with WFA. WFBNA has also entered into an agreement (the "WFSLLC Distribution Agreement") with its affiliate Wells Fargo Securities, LLC ("WFSLLC"), for the distribution of municipal securities offerings, including the Series 2016F Bonds. Pursuant to the WFSLLC Distribution Agreement, WFBNA pays a portion of WFSLLC's expenses based on its municipal securities transactions. WFBNA, WFSLLC, and WFA are each wholly-owned subsidiaries of Wells Fargo & Company.

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage services. Certain of the Underwriters and their respective affiliates have, from time to time, performed, and may in the future perform, various financial advisory and investment banking services for the Finance Authority, for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the Underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities, which may include credit default swaps) and financial instruments (including bank loans) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the Finance Authority.

The Underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

TAX MATTERS

Federal Income Tax

In the opinion of Ballard Spahr LLP, Bond Counsel to the Finance Authority, interest on the Series 2016F Bonds is excludable from gross income for purposes of federal income tax under existing laws as enacted and construed on the date of initial delivery of the Series 2016F Bonds, assuming the accuracy of the certifications of the Finance Authority and continuing compliance by the Finance Authority with the requirements of the Internal Revenue Code of 1986. Interest on the Series 2016F Bonds is not an item of tax preference for purposes of either individual or corporate federal alternative minimum tax ("AMT"); however, interest on Series 2016F Bonds held by a corporation (other than an S corporation, regulated investment company, or real estate investment trust) may be indirectly subject to federal AMT because of its inclusion in the adjusted current earnings of a corporate holder.

Original Issue Premium. Certain of the Series 2016F Bonds are offered at a premium ("original issue premium") over their principal amount. For federal income tax purposes, original issue premium is amortizable periodically over the term of such Series 2016F Bond through reductions in the holder's tax basis for such Series 2016F Bond for determining taxable gain or loss from sale or from redemption prior to maturity. Amortization of premium does not create a deductible expense or loss. Holders should consult their tax advisors for an explanation of the amortization rules.

Original Issue Discount. Certain of the Series 2016F Bonds are offered at a discount ("original issue discount") equal generally to the difference between public offering price and principal amount. Original issue discount on a Series 2016F Bond accrues as tax-exempt interest periodically over the term of the Series 2016F Bond. The accrual of original issue discount increases the holder's tax basis in the Series 2016F Bond for determining taxable gain or loss from sale or from redemption prior to maturity. Series 2016F Bondholders should consult their tax advisors for an explanation of the accrual rules.

State of New Mexico Income Tax

Bond Counsel is also of the opinion that under the currently existing laws of the State of New Mexico, interest on the Series 2016F Bonds is excluded from net income of the owners thereof for State of New Mexico income tax purposes.

No Further Opinion

Bond Counsel expresses no opinion regarding any other tax consequences relating to ownership or disposition of, or the accrual or receipt of interest on, the Series 2016F Bonds.

Changes in Federal and State Tax Laws

From time to time, there are Presidential proposals, proposals of various federal committees, and legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to herein or adversely affect the marketability or market value of the Series 2016F Bonds or otherwise prevent holders of the Series 2016F Bonds from realizing the full benefit of the tax exemption of interest on the Series 2016F Bonds. Further, such proposals may impact the marketability or market value of the Series 2016F Bonds simply by being proposed. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to Series 2016F Bonds issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value, marketability or tax status of the Series 2016F Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Series 2016F Bonds would be impacted thereby.

Purchasers of the Series 2016F Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Series 2016F Bonds, and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any proposed or pending legislation, regulatory initiatives or litigation.

LEGAL MATTERS

In connection with the issuance and sale of the Series 2016F Bonds, Ballard Spahr LLP, Salt Lake City, Utah, as Bond Counsel to the Finance Authority, will deliver its opinion in substantially the form included in APPENDIX D. Certain legal matters will be passed upon for the Finance Authority by its General Counsel. Certain matters relating to disclosure will be passed upon for the Finance Authority by Andrews Kurth Kenyon LLP, Austin, Texas, Disclosure Counsel to the Finance Authority. Certain legal matters will be passed upon for the Underwriters by Hogan Lovells US LLP, Denver, Colorado, counsel to the Underwriters. The counsels involved in this transaction have not participated in any independent verification of the information concerning the financial condition or capabilities of the Finance Authority contained in this Official Statement.

MUNICIPAL ADVISOR

The Finance Authority has retained Western Financial Group, LLC, a wholly-owned subsidiary of PFM Financial Advisors LLC ("WFG"), as municipal advisor in connection with the preparation of this Official Statement and with respect to the issuance of the Series 2016F Bonds. WFG was recently acquired by, and is a wholly-owned subsidiary of, PFM Financial Advisors LLC. WFG is an independent advisory firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities.

FINANCIAL STATEMENTS

The financial statements of the Finance Authority for the year ended June 30, 2015, included in APPENDIX A of this Official Statement, have been audited by REDW, LLC, certified public accountants, Albuquerque, New Mexico, as set forth in its report thereon dated October 30, 2015. REDW, LLC has not been asked to consent to the use of its name and audited financial reports of the Finance Authority in this Official Statement nor has REDW, LLC participated in the preparation of this Official Statement.

In July 2012, the Finance Authority disclosed that what it believed was the audit of its financial statements for the fiscal year ended June 30, 2011 was not completed properly (the "Incomplete Audit"). Upon such discovery, the Finance Authority withdrew the Incomplete Audit. The Finance Authority then initiated an investigation and determined that its former controller had misrepresented the status of the Incomplete Audit and provided financial statements for use with third parties that he falsely represented as "audited." For additional information relating to the Incomplete Audit, see "2011 Audit Situation" at www.nmfa.net/investors/disclosures/.

CONTINUING DISCLOSURE UNDERTAKING

The Finance Authority will execute and deliver a Continuing Disclosure Undertaking in connection with the issuance of the Series 2016F Bonds pursuant to which it will agree to provide the following information:

- to the Municipal Securities Rulemaking Board ("MSRB") in an electronic format prescribed by the MSRB by March 31 of each fiscal year, or the next succeeding business day if March 31 is not a business day (and to the Trustee and to each holder of the Series 2016F Bonds who requests such information):

    1. with respect to the Finance Authority, annual financial information and operating data concerning the Revenues, such information to be of the type set forth in the tables under the caption "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Trust Estate–Agreement Revenues" and in the table captioned "Governmental Gross Receipts Tax Collections Fiscal Years 2011-2012 Through 2015-2016" under the caption "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Trust Estate—The Governmental Gross Receipts Tax–Collection and Distribution Information," in the Official Statement;

    2. with respect to any Governmental Unit expected by the Finance Authority, on the last business day that is at least 45 days prior to the date specified for providing such information to the MSRB, to have Loan repayment obligations in the then-current fiscal year constituting more than 20% of the estimated Revenues for the then-current fiscal year (the "20% Test"), and each additional Governmental Unit designated by the Finance Authority by such business day, information concerning the four-year history of the specific revenues constituting such Governmental Unit's Agreement Pledged Revenues, or such shorter period for which such information is available;

3. audited financial statements for the Finance Authority, any Governmental Unit meeting the 20% Test and each additional Governmental Unit designated by the Finance Authority, or, if audited financial statements are not available by March 31 of each fiscal year, or the next succeeding business day if March 31 is not a business day, unaudited financial statements and audited financial statements as soon as such audited financial statements become available;

- in a timely manner to the MSRB in an electronic format prescribed by the MSRB, notice of any failure of the Finance Authority to provide the required annual financial information and audited or unaudited financial statements, on or before the date specified in its Continuing Disclosure Undertaking;

- in a timely manner, but not more than ten business days after the occurrence of the event, to the MSRB in an electronic format prescribed by the MSRB, notice of the occurrence of any of the following events (if applicable) with respect to the Series 2016F Bonds:

  1. principal and interest payment delinquencies;

  2. unscheduled draws on debt service reserves reflecting financial difficulties;

  3. unscheduled draws on credit enhancements reflecting financial difficulties;

  4. substitution of credit or liquidity providers, or their failure to perform;

  5. adverse tax opinions or the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the bonds;

  6. defeasances;

  7. tender offers;

  8. bankruptcy, insolvency, receivership or similar proceedings; and

  9. rating changes.

- in a timely manner, but not more than ten business days after the occurrence of the event, to the MSRB in an electronic format prescribed by the MSRB, notice of the occurrence of any of the following events (if applicable) with respect to the Series 2016F Bonds, if material:

  1. mergers, consolidations, acquisitions, the sale of all or substantially all of the assets of the obligated persons or their termination;

  2. appointment of a successor or additional trustee or the change of the name of a trustee;

  3. non-payment related defaults;

  4. modification of rights of owners of the bonds;

  5. bond calls; and

  6. release, substitution, or sale of property securing repayment of the bonds.

The Finance Authority may from time to time choose to provide notice of the occurrence of certain other events, in addition to those listed above, if, in the judgment of the Finance Authority, such other event is material with respect to the Series 2016F Bonds. However, the Finance Authority does not undertake to commit to provide any such notice of the occurrence of any material event except those events listed above.

The Finance Authority reserves the right to modify from time to time the Continuing Disclosure Undertaking, including the specific types of information provided or the format of the presentation of such information, to the extent necessary or appropriate in the judgment of the Finance Authority; provided that, the Finance Authority has agreed that any such modification is consistent with the Rule as determined by an opinion of counsel experienced in federal securities law selected by the Finance Authority. The Finance Authority acknowledges that its undertaking pursuant to the Rule described under this heading is intended to be for the benefit of the Owners of the Series 2016F Bonds and will be enforceable by the Owners; provided that the right to enforce the provisions of this undertaking are limited to a right to obtain specific performance of the Finance Authority's obligations, and any failure by the Finance Authority to comply with the provisions of the undertaking will not be an event of default with respect to the Series 2016F Bonds.

None of the Governmental Units have represented annual Loan repayment obligations exceeding 20% of estimated Revenues in the first full year immediately preceding issuance of the Series 2016F Bonds. See APPENDIX F for a discussion of Loans to Governmental Units with the largest outstanding principal loan balances.

In July 2012, the Finance Authority disclosed that what it believed was the audit of its financial statements for the fiscal year ended June 30, 2011 was not properly completed (the "Incomplete Audit"). See "FINANCIAL STATEMENTS." Due to the Incomplete Audit, the Finance Authority was unable to file its audit for the fiscal year ended June 30, 2011 in a manner that was in material compliance with its previous undertakings. Eventually, the audit for fiscal year ended June 30, 2011 was completed and made available, and the Finance Authority filed such audit with the MSRB in February 2013 as specified in its disclosure undertakings. In addition, the Finance Authority reports that it did not provide notice to the MSRB of an upgrade on its Subordinate Lien Bonds by Moody's in April 2011 from Aa3 to Aa2. The Finance Authority filed notice of such upgrade with the MSRB in September 2014.

RATINGS

S&P and Moody's have assigned ratings of "AAA" and "Aa1," respectively, to the Series 2016F Bonds. An explanation of the significance of such ratings may be obtained from S&P and Moody's, respectively.

Such ratings reflect only the views of such organizations. The ratings are not a recommendation to buy, sell or hold the Series 2016F Bonds and there is no assurance that such ratings will continue for any given period of time or that such ratings will not be revised downward or withdrawn entirely by the rating agencies if, in their judgment, circumstances so warrant. Any downward revision or withdrawal of the ratings given to the Series 2016F Bonds may have an adverse effect on the market price of the Series 2016F Bonds. The Municipal Advisor has not undertaken any responsibility to bring to the attention of the owners of the Series 2016F Bonds any proposed revision or withdrawal of the ratings on the Series 2016F Bonds, or to oppose any such proposed revision or withdrawal. The Finance Authority undertakes no responsibility to oppose any such revision or withdrawal. Any such downward revision or withdrawal of the ratings or other actions by a rating agency may have an adverse effect on the market price of the Series 2016F Bonds.

INVESTMENT CONSIDERATIONS

Availability of Revenues

The amount of Revenues actually received by the Finance Authority may be affected by several factors. Among other things, the amount of governmental gross receipts taxes that will be collected and distributed to the Finance Authority is subject to fluctuation based on the activities that generate those taxes, including general economic conditions. There can be no guarantee that the NMFA's Portion of the Governmental Gross Receipts Taxes collected in the future will be consistent with historical collection trends. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Trust Estate—The Governmental Gross Receipts Tax."

Pursuant to Section 7-9-4.3, NMSA 1978, revisions to laws of the State affecting, among other things, tax rates, taxed activities and distributions of governmental gross receipts taxes could be adopted in the future by the State legislature. There is no assurance that any future revisions to State laws will not adversely affect, among other things, tax rates, activities now subject to the governmental gross receipts tax or distribution of governmental gross receipts tax revenues to the Finance Authority. However, the State has pledged to and agreed with holders of any bonds or notes issued under the Act that the State will not limit or alter the rights vested by the Act in the Finance Authority to fulfill the terms of any agreements made with the holders thereof or in any way impair the rights and remedies of those holders until the bonds or notes together with the interest thereon, with interest on any unpaid installments of interest, and all costs and expenses in connection with any action or proceedings by or on behalf of those holders, are fully met and discharged.

As previously stated, the Series 2016F Bonds are also payable from Agreement Revenues. Agreement Revenues are derived from a variety of different sources including enterprise system revenues, property taxes and specific taxes. Those sources of Agreement Revenues may be adversely affected by a variety of factors including, but not limited to, general economic conditions, the demand and cost of certain services and governmental actions. There can be no guarantee that future Agreement Revenues will be consistent with historical receipts.

The mandate from the Budget Control Act of 2011 that became effective in March 2013 requires a reduction of federal spending ("Sequestration"). The Finance Authority receives an insignificant amount of federal revenues including federally provided interest subsidies for the Finance Authority's Series 2010A-2 Bonds. In addition, various entities throughout the State of New Mexico have been receiving federal revenues. While some of those entities may experience a reduction in the receipt of federal revenues due to Sequestration, the Finance Authority does not believe that any such reductions will impact the ability of the Finance Authority to pay debt service on its Bonds.

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ADDITIONAL INFORMATION

This Official Statement speaks only as of its date, and the information in this Official Statement is subject to change. The quotations from, and summaries and explanations of, the statutes, regulations and documents contained in this Official Statement do not purport to be complete, and reference is made to said laws, regulations and documents for full and complete statements of their provisions. Copies, in reasonable quantity, of such laws, regulations and documents, and of the financial statements of the Finance Authority, may be obtained during the offering period, upon request to the Finance Authority and upon payment to the Finance Authority of a charge for copying, mailing and handling, at 207 Shelby Street, Santa Fe, New Mexico 87501, Attention: Chief Executive Officer.

Any statements in this Official Statement involving matters of opinion, whether or not expressly stated as such, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the Finance Authority and the purchasers or holders of any of the Series 2016F Bonds.

NEW MEXICO FINANCE AUTHORITY

By /s/ John E. McDermott
John E. McDermott,
Chair

By /s/ Robert P. Coalter
Robert P. Coalter,
Chief Executive Officer

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APPENDIX A

AUDITED FINANCIAL STATEMENTS OF THE FINANCE AUTHORITY FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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New Mexico Finance Authority
(A Component Unit of the State of New Mexico)

Financial Statements, Supplemental Information
and
Independent Auditor's Report

June 30, 2015 and 2014

REDW LLC
CPAs | Business & Financial Advisors

New Mexico Finance Authority
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New Mexico Finance Authority

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New Mexico Finance Authority

Official Roster

Year Ended June 30, 2015

Governing Board
John E. McDermott, Chair
William Fulginiti, Vice Chair
David Martin, Secretary
Katherine Ulibarri, Treasurer
Steve Kopelman, Member
Ryan Flynn, Member
Tom Clifford, Member
Jon Barela, Member
Jerry L. Jones, Member
Blake Curtis, Member
Terry White, Member

Chief Executive Officer
Robert P. Coalter

Chief Financial Officer
Robert Brannon

Independent Auditor's Report

Governing Board
New Mexico Finance Authority
and
Mr. Timothy Keller
New Mexico Office of the State Auditor
Santa Fe, NM

Report on the Financial Statements

We have audited the accompanying financial statements of the New Mexico Finance Authority (the "Authority"), a component unit of the State of New Mexico, as of and for the years ended June 30, 2015 and 2014, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on the accompanying financial statements based on our audits. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

Albuquerque
7425 Jefferson St NE
Albuquerque, NM 87109
P 505.998.3200
F 505.998.3333

Phoenix
5353 N 16th St, Suite 200
Phoenix, AZ 85016
P 602.730.3600
F 602.730.3699

Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of June 30, 2015 and 2014, and the changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The accompanying supplementary schedules, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The supplementary schedules and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 30, 2015, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

REDW LLC

Albuquerque, New Mexico
October 30, 2015

New Mexico Finance Authority
Management's Discussion and Analysis
June 30, 2015 and 2014

Introduction

This section of the New Mexico Finance Authority's (the "Authority") annual financial statements presents management's discussion and analysis of the Authority's financial position at June 30, 2015 and its financial performance during the fiscal year then ended. This section should be read together with the Authority's financial statements and accompanying notes.

The New Mexico Finance Authority

The Authority was created by the New Mexico State Legislature in 1992 to finance infrastructure projects for the state's counties, cities, school districts and certain departments of the state government. The objective was to provide low-cost financing for borrowers who might not otherwise be able to access the tax-exempt bond market on a cost-effective basis. The 1992 statute created the Public Project Revolving Fund (PPRF) as the vehicle to accomplish this financing objective. As authorized by the statute, the Authority issues tax-exempt PPRF bonds to obtain the funds in which it loans to New Mexico governmental entities. The statute created the Governmental Gross Receipts Tax as a source of funding for Authority operations and to serve as a credit enhancement for the Authority's bonds. Although the legislature has created additional program responsibilities for the Authority, the PPRF remains the core of its activities.

Overview of the Financial Statements

The financial statements have been prepared using the economic resources measurement focus and accrual basis of accounting in accordance with generally accepted accounting principles. The Authority's basic financial statements are comprised of the following:

- The *Statement of Net Position* presents information on the assets and liabilities of the Authority, with the difference between the assets and the liabilities reported as net position. Over time, increases or decreases in net position serve as a useful indicator of whether financial position is improving or deteriorating.
- The *Statement of Revenues, Expenses and Changes in Net Position* present information reflecting how the net position of the Authority changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the cash flows. Thus, revenues and expenses are reported in the statement for some items that will only result in cash flows in future fiscal periods.
- The *Statement of Cash Flows* reports the cash flows from operating activities, noncapital financing activities, capital and related financing activities and investing activities, and the resulting change in cash and cash equivalents during the fiscal year.

The accompanying notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes can be found immediately following the financial statements.

Financial Highlights

- The Authority's overall financial improved slightly in the past year. The key indicator is total net position which increased by $40.7 million or 8.9%.
- During the fiscal year, unrestricted cash increased 9.4% or $1.9 million. Restricted cash increased by .4% or $.4 million. Restricted investments increased by 52.5% or $96.5 million.
- Loans receivable remained consistent from previous year.
- Intergovernmental receivables decreased by $12.1 million or 10.2%, primarily as a result of payments received in fiscal year 2015 and restructuring of the Administrative Office of the Courts intergovernmental receivable.
- Bonds payable increased by $8.7 million or 0.8% in 2015, the result of issuing of $166.9 million of new bonds, principal payments on outstanding bonds of $162.3 million, and amortization of bond premium of $4.1 million.
- Undisbursed loan proceeds increased by $43.2 million or 150.3% during 2015 due to the timing of a bond issuance at the end of the fiscal year.
- Appropriation revenue decreased by $5.9 million in fiscal year 2015, representing a 13.8% decrease from fiscal year 2014. The reduction reflects the closing out of all tranches from the appropriation for the State Small Business Credit Initiative program.
- The Authority experienced a $1.4 million or 31.0% decrease in administrative fees revenue from $4.6 million in 2014 to $3.2 million in 2015. This drop in revenue was in direct relation to the decreased number of loans in 2015 compared to 2014.
- Expenses decreased 5.4% from $114.9 million in 2014 to $108.7 million in 2015, representing an expected decrease of $6.2 million.
- Grant revenue and corresponding activity increased 15.9% or $8.8 million as the Authority experienced increased grant activity within the Colonias and Drinking Water programs during the year.
- There was one reversion to the State General Fund for fiscal year 2015 of $500 thousand related to the close out of a loan in the Behavioral Health program.

New Mexico Finance Authority
Management's Discussion and Analysis
June 30, 2015 and 2014

Statement of Net Position

The following presents condensed, combined statements of net position as of June 30, 2015, 2014, and 2013, with the dollar and percentage change:

	2015	Restated 2014	Restated 2013	Net Increase/ (Decrease)	Percentage Increase/ (Decrease)
Assets					
Cash and equivalents					
Unrestricted	$ 21,656,317	$ 19,792,613	$ 116,073,324	$ 1,863,704	9.4%
Restricted	113,366,876	112,880,142	109,965,262	486,734	0.4%
Investments – restricted	280,161,230	183,692,467	131,565,455	96,468,763	52.5%
Loans receivable, net of allowance	1,178,795,528	1,179,166,365	1,231,232,043	(370,837)	0.0%
Intergovernmental receivables	106,092,483	118,148,921	125,274,549	(12,056,438)	-10.2%
Other receivables	7,798,937	10,258,000	10,960,455	(2,459,063)	-24.0%
Capital assets	4,867	104,378	220,772	(99,511)	-95.3%
Other assets	19,500	19,500	118,630	-	0.0%
Total assets	**$ 1,707,895,738**	**$ 1,624,062,386**	**$ 1,725,410,490**	**$ 83,833,352**	5.2%
Deferred Outflows of Resources					
Deferred charge on refunding	$ 184,242	$ 1,191,181	$ -	$ (1,006,939)	-84.5%
Total deferred outflows of resources	**$ 184,242**	**$ 1,191,181**	**$ -**	**$ (1,006,939)**	-84.5%
Liabilities					
Bonds payable, net	$ 1,056,903,674	$ 1,048,141,351	$ 1,180,405,517	$ 8,762,323	0.8%
Undisbursed loan proceeds	71,940,001	28,744,630	45,485,533	43,195,371	150.3%
Advanced loan payments	74,332,049	72,189,707	68,380,111	2,142,342	3.0%
Accounts payable, accrued payroll and compensated absences	643,540	657,934	831,236	(14,394)	-2.2%
Line of credit	-	12,006,298	-	(12,006,298)	-100.0%
Other liabilities	4,254,194	4,200,346	4,998,215	53,848	1.3%
Total liabilities	**1,208,073,458**	**1,165,940,266**	**1,300,100,612**	**42,133,192**	3.6%
Net Position					
Invested in capital assets	4,867	104,378	220,772	(99,511)	-95.3%
Restricted for program commitments	483,282,743	445,061,112	211,361,534	38,221,631	8.6%
Unrestricted	16,718,912	14,147,811	213,727,572	2,571,101	18.2%
Total net position	**500,006,522**	**459,313,301**	**425,309,878**	**40,693,221**	8.9%
Total liabilities and net position	**$ 1,708,079,980**	**$ 1,625,253,567**	**$ 1,725,410,490**	**$ 82,826,413**	**5.1%**

The Authority's overall financial position increased slightly in the past year. The key indicator is total net position which increased by $40.7 million or 8.9%.

The 2013 net position was not reclassified as its inclusion in the financials is limited to the MD&A. Please see Note 2 Summary of Significant Accounting Policies – Net Position.

Assets

Loans receivable decreased by $0.4 million or 0.1% in 2015. New loans made during the year totaled $149.6 million while loan payments received were $152.3 million.

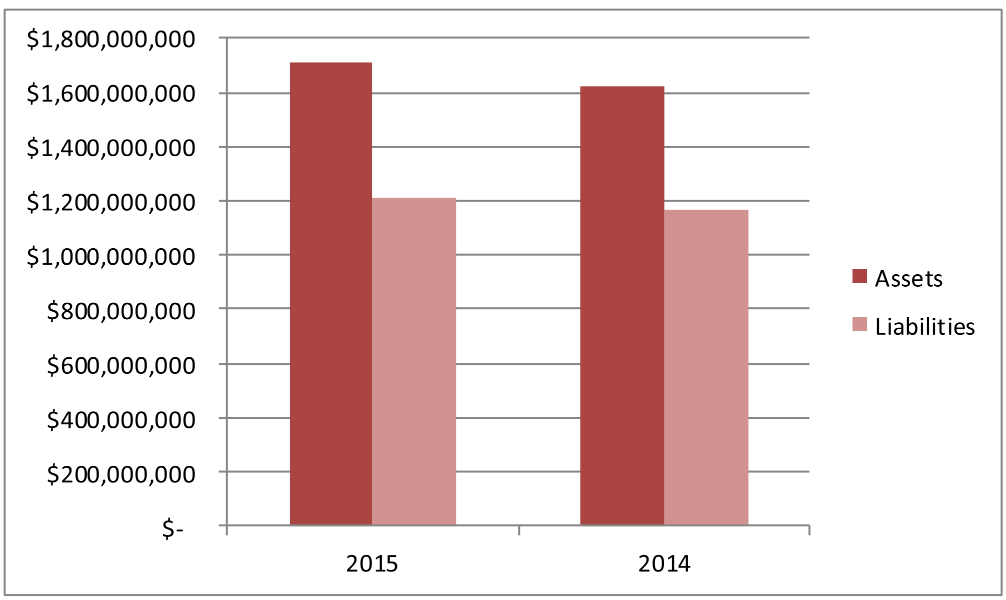
The allowance for uncollectible loans decreased $2.4 million due to changes in estimated losses based on the risk evaluations performed by a third party. The number and amount of early loan payoffs increased significantly from 2014 as interest rates began to fall.

Total cash and investments increased 31.2% from $316.4 million in 2014 to $415.2 million in 2015 due primarily to the closing of the 2015B bonds at the end of the fiscal year.

Liabilities

Bonds payable increased by $8.7 million in 2015 resulting from the issuance of $166.9 million of new bonds, principal payments and defeasances on outstanding bonds of $162.3 million, and amortization of bond premium of $4.1 million. Undisbursed loan proceeds increased by $43.2 million during 2015 due to a bond issuance occurring close to fiscal year-end. Advanced loan payments experienced a $2.1 million or 3.0% increase from 2014.

The following chart indicates the ratio of assets to liabilities:



Statement of Revenue, Expenses and Changes in Net Position

The following table presents the condensed combined statement of revenue, expenses and changes in net position for 2015, 2014, and 2013 fiscal years:

	2015	Restated 2014	Restated 2013	Net Increase/ (Decrease)	Percentage Increase/ (Decrease)
Operating Revenues					
Administrative and processing fees	$ 3,197,684	$ 4,631,509	$ 3,395,491	$ (1,433,825)	-31.0%
Interest on loans	48,645,757	48,723,703	52,942,880	(77,946)	-0.2%
Interest on investments	925,910	488,741	139,403	437,169	89.4%
Total operating revenues	52,769,351	53,843,953	56,477,774	(1,074,602)	-2.0%
Expenses					
Grants to local governments	54,240,349	50,824,441	48,828,884	3,415,908	6.7%
Bond issuance costs	1,243,632	674,398	10,918,272	569,234	84.4%
Professional services	2,146,157	2,189,377	2,651,079	(43,220)	-2.0%
Salaries and benefits	4,361,363	4,284,392	3,926,740	76,971	1.8%
Debt service – interest expense	46,707,522	54,319,247	53,026,726	(7,611,725)	-14.0%
Other expense	(11,884)	2,580,937	4,636,406	(2,592,821)	-100.5%
Total operating expenses	108,687,139	114,872,792	123,988,107	(6,185,653)	-5.4%
Net operating loss	(55,917,788)	(61,028,839)	(67,510,333)	5,111,051	-8.4%
Nonoperating Revenues (Expenses)					
Appropriation revenue	37,157,026	43,086,860	34,033,130	(5,929,834)	-13.8%
Grant revenue	64,031,220	55,224,996	48,692,048	8,806,224	15.9%
Reversions and transfers	(4,577,237)	(3,931,693)	(2,953,157)	(645,544)	16.4%
	96,611,009	94,380,163	79,772,021	2,230,846	2.4%
Increase in net position	40,693,221	33,351,324	12,261,688	7,341,897	22.0%
Net position, beginning of year, as restated	459,313,301	425,961,977	413,048,190	33,351,324	
Net position, end of year	**$ 500,006,522**	**$ 459,313,301**	**$ 425,309,878**	**$ 40,693,221**	**8.9%**

Operating revenue decreased 2.0% to $52.8 million in 2015. Interest on investments increased, experiencing 89.4% incline compared to 2014 due to a larger portion of cash being invested in long-term investments. Appropriation revenue decreased 13.8% while grant revenue increased 15.9%. The loan interest decline directly relates to lower outstanding loans receivable.

Overall operating costs decreased 5.4% due to increased grant expenses of $3.4 million and a decrease of interest expense of $7.6 million. The decrease in interest expense was due to recognition of amortized bond premium expense for 2004 and 2005 called bonds. Grant expense increased in 2015 after grant activity recovery efforts in fiscal years 2013 and 2014.

Long-Term Debt

The Authority's long-term debt consists of outstanding bond issues related to the various programs administered by the Authority. At the end of fiscal year 2015, the total amount outstanding was $1.1 billion (excluding the $1.4 billion in GRIP bonds which are administered

by, but are not a direct liability of the Authority). More detailed information about the Authority's long-term debt is presented in Note 7 to the financial statements.

During the fiscal year, the Authority issued $166.9 million in PPRF bonds, primarily to directly fund loans and to reimburse the PPRF loan fund for loans already made.

Programs

The Authority accounts for each of its programs separately, each with its own assets, liabilities, net position, income and expense. The Public Project Revolving Fund is highlighted in the following discussion due to the significance of the program.

Public Project Revolving Fund

The Authority began its existence in 1992 to administer the PPRF. The mission of the PPRF is to coordinate the planning and financing of state and local public projects with borrowers who could not, on their own, access the bond market on a cost-effective basis. Qualified entity's, including without limitation counties, municipalities and school districts, are eligible to borrow from the PPRF. Since 1993, the PPRF has made 1,228 loans totaling $2.6 billion.

The PPRF makes loans of less than $5 million from its own funds on hand. It then replenishes its cash balance at a later date by "packaging" the loans as collateral and selling tax-exempt bonds. Loans for amounts larger than $5 million are funded by closing the loans at the same time a reimbursement bond issue closes, thus ensuring a precise matching of loan and bond interest rates.

The PPRF operates, in many respects, in the same manner as a bank or other lending institution. Infrastructure finance agencies similar to the PPRF are often called "bond banks." Financial statements for the PPRF are presented in the following pages in a format similar to that employed by commercial banking organizations.

Public Project Revolving Fund
Statements of Net Position
June 30

	2015	2014	Restated 2013	Net Increase/ (Decrease)	Percentage Increase/ (Decrease)
Assets					
Cash and equivalents					
Unrestricted	$ 21,129,169	$ 18,662,427	$ 79,007,637	$ 2,466,742	13.2%
Restricted	74,239,292	86,535,872	79,173,378	(12,296,580)	-14.2%
Restricted investments	231,414,125	122,591,262	130,787,736	108,822,863	88.8%
Accounts receivable and other	6,462,198	8,794,009	10,367,285	(2,331,811)	-26.5%
Loans receivable, net of allowance	1,058,275,504	1,081,631,189	1,138,450,511	(23,355,685)	-2.2%
Due from the State of New Mexico	96,135,000	104,525,000	108,025,000	(8,390,000)	-8.0%
Capital assets	(29,209)	70,302	186,696	(99,511)	-141.5%
Other assets	7,824,918	9,353,716	13,073,586	(1,528,798)	-16.3%
Total assets	**$ 1,495,450,997**	**$ 1,432,163,777**	**$ 1,559,071,829**	**$ 63,287,220**	4.4%
Deferred Outflows of Resources					
Deferred charge on refunding	$ 184,242	$ 1,191,181	$ -	$ (1,006,939)	-84.5%
Total deferred outflows of resources	**$ 184,242**	**$ 1,191,181**	**$ -**	$ (1,006,939)	-84.5%
Liabilities					
Accounts payable and accrued payroll liabilities	$ 1,445,741	$ 2,751,301	$ 6,202,814	$ (1,305,560)	-47.5%
Undisbursed loan proceeds	71,877,909	28,682,538	45,423,441	43,195,371	150.6%
Borrowers' debt service and reserve deposits	77,563,762	86,969,969	72,016,499	(9,406,207)	-10.8%
Bonds payable, net	1,048,093,351	1,036,144,409	1,165,236,955	11,948,942	1.2%
Total liabilities	**1,198,980,763**	**1,154,548,217**	**1,288,879,709**	**44,432,546**	3.8%
Net Position					
Invested in capital assets	(29,209)	70,302	186,696	(99,511)	-141.5%
Restricted for program commitments	276,556,622	262,175,614	103,752,754	14,381,008	5.5%
Unrestricted	20,127,063	16,560,825	166,252,670	3,566,238	21.5%
Total net position	**296,654,476**	**278,806,741**	**270,192,120**	**17,847,735**	6.4%
Total liabilities and net position	**$ 1,495,635,239**	**$ 1,433,354,958**	**$ 1,559,071,829**	**$ 62,280,281**	**4.3%**

Loan Volume

	2015	2014	Since Inception
Amount of loans made	$149.2 million	$104.0 million	$2.51 billion
Number of loans made	49	63	1,228
Average loan size	$3.01 million	$1.63 million	$2.1 million

Public Project Revolving Fund
Statements of Revenue, Expenses and Changes in Net Position
For the Years Ended June 30

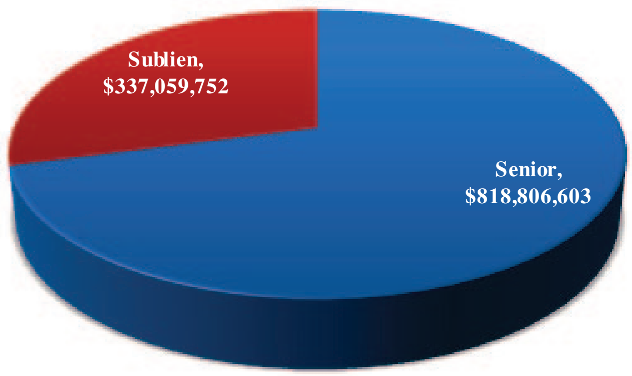
	2015	2014	Restated 2013	Net Increase/ (Decrease)	Percentage Increase/ (Decrease)
Interest Income					
Loans	$ 46,430,667	$ 46,548,780	$ 50,708,332	$ (118,113)	-0.3%
Investments	504,597	245,422	127,387	259,175	105.6%
Total interest income	46,935,264	46,794,202	50,835,719	141,062	0.3%
Interest Expense					
Bonds	46,321,567	53,772,342	52,317,500	(7,450,775)	-13.9%
Short-term borrowing	359,592	144,082	94,931	215,510	149.6%
Total interest expense	46,681,159	53,916,424	52,412,431	(7,235,265)	-13.4%
Net Interest Income (Loss)					
Interest income (loss) less interest expense	254,105	(7,122,222)	(1,576,712)	7,376,327	-103.6%
Provision for loan losses	62,215	1,900,656	(699,842)	(1,838,441)	-96.7%
Net interest loss after provision for loan losses	316,320	(5,221,566)	(2,276,554)	5,537,886	-106.1%
Noninterest Income					
Loan administration fees	1,819,441	1,451,116	1,659,473	368,325	25.4%
Appropriation revenues	24,267,401	29,091,277	26,585,797	(4,823,876)	-16.6%
Total noninterest income	26,086,842	30,542,393	28,245,270	(4,455,551)	-14.6%
Noninterest Expense					
Salaries and benefits	2,322,032	2,179,170	2,507,794	142,862	6.6%
Professional services	1,048,599	970,669	874,564	77,930	8.0%
Bond issuance costs	1,243,632	674,398	674,703	569,234	84.4%
Other	908,102	1,561,926	10,808,047	(653,824)	-41.9%
Total noninterest expense	5,522,365	5,386,163	14,865,108	136,202	2.5%
Excess of revenues over expenditures	20,880,797	19,934,664	11,103,608	946,133	4.7%
Transfers to other funds or agencies	(3,033,062)	(11,320,043)	(7,490,781)	8,286,981	-73.2%
Increase (decrease) in net position	**17,847,735**	**8,614,621**	**3,612,827**	**9,233,114**	107.2%
Net position, beginning of year, as restated	**278,806,741**	**270,192,120**	**266,579,293**	**8,614,621**	3.2%
Net position, end of year	**$ 296,654,476**	**$ 278,806,741**	**$ 270,192,120**	**$ 17,847,735**	**6.4%**

Net Interest Income

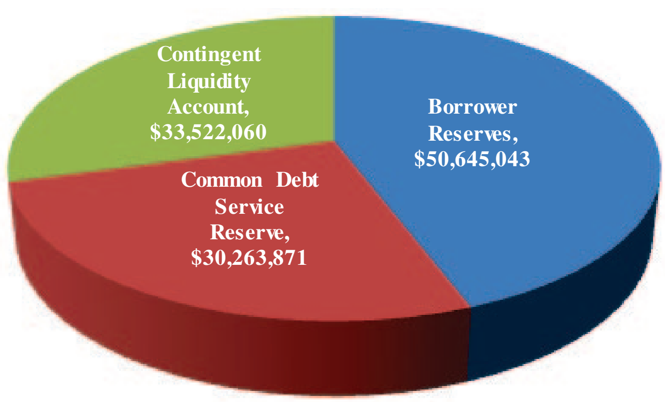
As a not-for profit lender, the Authority attempts to pass on to its borrowers the same rates it pays on the bonds it issues to provide the funds it loans. Therefore, in its planning and management processes, the Authority attempts to achieve approximately zero net interest income in the PPRF. In 2015, the PPRF had net interest income of $0.3 million, compared to a $7.1 million loss in 2014. This is a result of market conditions in which $87.9 million in PPRF loans exercised their early call provisions in 2014 and 2015 and the Authority relent those loan repayments at moderately lower interest rates. See Note 14 Contingencies – Loan Prepayment and Bond Call Provisions.

PPRF Indentures

The PPRF maintains a General Indenture of Trust (Senior Lien) and a Subordinated Indenture of Trust (Sub Lien). At the end of the fiscal year there were 651 loans including intergovernmental totaling $1.2 billion outstanding; 71% in the Senior and 29% in the Subordinate. This is an increase of 2.64% from $1.19 billion in 2014 primarily as a result of increased loan prepayments, payoffs, and natural maturities. In turn this has increased cash which will be used to call and defease bonds in 2016.



Currently the Senior Lien has a AAA rating from Standard & Poors and a Aa2 from Moodys and the Subordinate Lien a AA and Aa1 respectively. In order to maintain such a rating the PPRF holds reserves and credit enhancements. These include the Common Debt Service Reserve, Contingent Liquidity Account, and pooled borrower debt service reserve. The Common Debt Service Reserve is subject to the General indenture of Trust for the Senior Lien, borrower reserves are pledged to the individual loans within their respective liens, and the Contingent Liquidity Account is considered to be held outside the General and Subordinated Indentures of Trust.



Governmental Gross Receipts Tax

The Governmental Gross Receipts Tax (GGRT) is a tax imposed on the gross receipts of municipalities for services rendered to customers such as water, sewer, and solid waste collection. 75% of GGRT collections are appropriated to the PPRF. The Authority's share of GGRT collections was $26.5 million in 2015, a $0.8 million decrease from the $27.3 million received in 2014. The GGRT funds are used as follows:

- As a credit enhancement for the PPRF bonds. In the event of defaults on loans, GGRT funds can be used to make up for any shortfall in funds available for bond payments.
- To fund loans to borrowers, especially smaller loans which the Authority may choose to not reimburse in a bond issue.
- To pay operating expenses of the PPRF.

Other Programs

The PPRF accounts for a large portion of total Authority activity. At June 30, 2015, and for the year then ended, the relationships were as follows:

	PPRF	Total Authority	% PPRF
Total assets	$1.5 billion	$1.7 billion	88%
Net assets	$296.7 million	$500.0 million	59%
Revenues	$73.0 million	$90.2 million	81%

There are 23 other programs administered by the Authority, some of which are loan programs and some of which are grant programs.

A rise occurred in grant volume for the Drinking Water Revolving Loan Fund program because of increased grant subsidies being awarded for qualifying drinking water facilities projects in New Mexico. The cause was due to various larger projects being approved during the fiscal year.

Similar to the Drinking Water Revolving Loan Fund program, an increase in the Colonias Infrastructure program grant activity reflects the fact that the program saw an increased number of projects being approved during 2015. This is the result of the Colonias Infrastructure Act taking effect July 1, 2011 and the number of approved projects increasing as more funding is available.

A for profit limited liability company operated by the Authority has been awarded a total of $201 million allocation of New Markets Tax Credits by the U.S. Treasury Department. Under this program, the Authority can provide federal income tax credits to incentivize businesses to create jobs and otherwise contribute to the economic development of the state. Prior to 2015, the Authority made twelve awards totaling $151.3 million. During 2015, the Authority made no

additional awards. The tax credits have no impact on the financial statements of the Authority beyond the expenses incurred to administer the program and the fees charged to applicants and recipients of the credits, which are minimal.

Contacting the Authority's Financial Management

This financial report is designed to provide citizens, taxpayers, customers, legislators, investors, and creditors with a general overview of the Authority's finances and to demonstrate the Authority's accountability for the money it receives. Substantial additional information is available on the Authority's website at www.nmfa.net. If you have any questions about this report or need additional financial information, contact:

New Mexico Finance Authority (NMFA)
207 Shelby Street
Santa Fe, New Mexico 87501

Financial Statements

	2015	2014, restated (Note 16)
Assets		
Current assets		
Cash and cash equivalents		
Unrestricted	**$ 21,656,317**	$ 19,792,613
Restricted	**113,366,876**	112,880,142
Interest receivable	**6,657,501**	7,431,412
Grants and other receivable	**950,402**	2,640,545
Prepaid rent	**19,500**	19,500
Administrative fees receivable	**191,034**	186,043
Loans receivable, net of allowance	**96,135,492**	93,384,387
Intergovernmental receivables	**6,499,184**	7,341,438
Total current assets	**245,476,306**	243,676,080
Noncurrent assets		
Restricted investments	**280,161,230**	183,692,467
Loans receivable, net of allowance	**1,082,660,036**	1,085,781,978
Intergovernmental receivables	**99,593,299**	110,807,483
Capital assets, net of accumulated depreciation	**4,867**	104,378
Total assets	**$ 1,707,895,738**	$ 1,624,062,386
Deferred Outflows of Resources		
Deferred charge on refunding	**$ 184,242**	$ 1,191,181
Total deferred outflows of resources	**$ 184,242**	$ 1,191,181
Liabilities		
Current liabilities		
Accounts payable	**$ 244,901**	$ 292,954
Accrued payroll	**112,716**	91,540
Compensated absences	**285,923**	273,440
Bond interest payable	**3,482,270**	3,625,714
Undisbursed loan proceeds	**71,940,001**	28,744,630
Advanced loan payments	**74,332,049**	72,189,707
Line of credit	**-**	12,006,298
Bonds payable, net	**75,943,000**	70,430,000
Other liabilities	**771,924**	574,632
Total current liabilities	**227,112,784**	188,228,915
Noncurrent liabilities		
Bonds payable	**980,960,674**	977,711,351
Total liabilities	**1,208,073,458**	1,165,940,266
Net Position		
Net investment in capital assets	**4,867**	104,378
Restricted for program commitments	**483,282,743**	445,061,112
Unrestricted	**16,718,912**	14,147,811
Total net position	**500,006,522**	459,313,301
Total liabilities and net position	**$ 1,708,079,980**	$ 1,625,253,567

The accompanying notes are an integral part of these financial statements.

NEW MEXICO FINANCE AUTHORITY

Statements of Revenues, Expenses and Changes in Net Position
For the Years Ended June 30

	2015	2014, restated (Note 16)
Operating Revenues		
Administrative fees revenue	**$ 2,385,583**	$ 3,199,839
Processing fee	**812,101**	390,004
Interest on loans	**48,645,757**	48,723,703
Interest on investments	**925,910**	488,741
Total operating revenues	**52,769,351**	52,802,287
Operating Expenses		
Grants to others	**54,240,349**	50,824,441
Bond issuance costs	**1,243,632**	674,398
Administrative fees	**134,365**	189,383
Professional services	**2,146,157**	2,189,377
Salaries and benefits	**4,361,363**	4,284,392
Other operating costs	**1,632,550**	1,757,243
Depreciation expense	**102,187**	116,394
Bond interest expense	**46,707,522**	54,319,247
Provision for loan losses	**(2,370,845)**	(822,108)
Interest expense	**489,859**	298,359
Total operating expenses	**108,687,139**	113,831,126
Net operating loss	**(55,917,788)**	(61,028,839)
Nonoperating Revenues (Expenses)		
Appropriation revenue	**37,157,026**	43,086,860
Grant revenue	**64,031,220**	55,224,996
Transfers to the State of New Mexico	**(4,577,237)**	(3,931,693)
Increase in net position	**40,693,221**	33,351,324
Net position, beginning of year, as restated (Note 16)	**459,313,301**	425,961,977
Net position, end of year	**$ 500,006,522**	$ 459,313,301

The accompanying notes are an integral part of these financial statements.

	2015	2014, restated (Note 16)
Cash flows from operating activities		
Cash paid for employee services	**$ (4,327,704)**	$ (4,277,609)
Cash paid to vendors for services	**(3,221,411)**	(4,879,471)
Intergovernmental payments received	**12,056,839**	7,125,630
Loans payments received	**154,100,150**	156,697,761
Loans funded	**(104,764,054)**	(116,741,280)
Grants to local governments	**(54,240,349)**	(50,824,441)
Cash received from federal government for revolving loan funds	**24,735,441**	12,448,854
Interest on loans	**49,419,453**	49,600,877
Proceeds from line of credit	**30,573,802**	17,536,712
Payments of line of credit	**(42,580,100)**	(5,530,414)
Administrative fees received	**3,083,524**	4,268,188
Net cash provided by operating activities	**64,835,591**	65,424,807
Cash flows from noncapital financing activities		
Appropriations received from the State of New Mexico	**37,157,026**	43,086,860
Cash transfers from the State of New Mexico	**39,356,801**	42,775,670
Cash transfers to the State of New Mexico	**(4,638,259)**	(3,931,221)
Proceeds from the sale of bonds, including premiums	**186,584,472**	62,595,000
Payment of bonds	**(162,345,000)**	(197,526,239)
Bond issuance costs	**(1,243,632)**	(674,398)
Bond interest expense paid	**(61,811,035)**	(53,477,874)
Net cash provided by (used in) noncapital financing activities	**33,060,373**	(107,152,202)
Cash flows from investing activities		
Purchase of investments	**(113,028,816)**	(60,323,486)
Sale of investments	**16,557,380**	8,196,474
Interest received on investments	**925,910**	488,576
Net cash used in investing activities	**(95,545,526)**	(51,638,436)
Net increase (decrease) in cash and cash equivalents	**2,350,438**	(93,365,831)
Cash and cash equivalents, beginning of year	**132,672,755**	226,038,586
Cash and cash equivalents, end of year	**$ 135,023,193**	$ 132,672,755

The accompanying notes are an integral part of these financial statements.

	2015	2014, restated (Note 16)
Reconciliation of net operating loss to net cash provided by (used in) operating activities		
Net operating loss	**$ (55,917,788)**	$ (61,028,839)
Adjustments to change in net position		
Depreciation	**102,187**	116,394
Amortization on bond premiums	**(15,203,907)**	(2,298,264)
Provision for loan losses	**(62,215)**	(1,238,151)
Interest on investments	**(925,909)**	(488,741)
Bond interest paid	**62,039,377**	56,766,702
Bond issuance costs	**1,243,632**	674,398
Cash received from federal grants	**24,735,441**	12,448,854
Interest expense	**361,913**	149,168
Changes in assets and liabilities		
Interest receivable	**773,911**	876,416
Grants and other receivable	**1,698,434**	652,045
Due from other funds	**1,279,769**	2,752,121
Administrative fees receivable	**(13,282)**	26,300
Notes receivable	**-**	967,099
Loans receivable, net of allowance	**433,052**	53,303,831
Intergovernmental receivables	**12,056,438**	7,125,628
Accounts payable	**(48,053)**	(210,841)
Accrued payroll	**21,176**	7,420
Compensated absences	**12,483**	(637)
Due to other funds	**(930,230)**	(2,328,339)
Funds held for others	**-**	(80,263)
Undisbursed loan proceeds	**43,195,373**	(16,740,903)
Advanced loan payments	**2,142,342**	3,809,596
Notes payable	**(349,547)**	(967,099)
Line of credit	**(12,006,298)**	12,006,298
Other liabilities	**197,292**	(875,386)
Net cash provided by operating activities	**$ 64,835,591**	$ 65,424,807

	2015	2014
Assets		
Cash held by Trustee		
Program funds	**$ 88,409,455**	$ 97,782,134
Expense funds	**85,820**	171,363
Revenue funds	**474,191**	7,135,444
Rebate fund	**1,540,906**	3,126,037
Bond reserve funds	**506,879**	824,863
Total assets	**$ 91,017,251**	$ 109,039,841
Liabilities		
Accounts payable	**$ 1,626,726**	$ 1,712,100
Debt service payable	**981,070**	9,545,607
Program funds held for the NM Department of Transportation	**88,409,455**	97,782,134
Total liabilities	**$ 91,017,251**	$ 109,039,841

The accompanying notes are an integral part of these financial statements.

1) Nature of Organization

The New Mexico Finance Authority (the "Authority"), a component unit of the State of New Mexico (the "State"), is a public instrumentality of the State, organized and existing pursuant to the New Mexico Finance Authority Act (the "Act") created by the Laws of 1992 Chapter 61, as amended. The Authority has broad powers to provide financing for an array of infrastructure and economic development projects. The Authority also provides for long-term planning and assessment of state and local capital needs and improves cooperation among the executive and legislative branches of state government and local governments in financing public projects.

The Authority's governing board is composed of eleven members including the Secretary of the Department of Finance and Administration; the Secretary of Economic Development; the Secretary of Energy, Minerals and Natural Resources; and the Secretary of the Environment Department. The Executive Director of the New Mexico Municipal League and the Executive Director of the New Mexico Association of Counties are ex-officio members of the Authority with voting privileges. The Governor, with the advice and consent of the Senate, appoints to the Authority Board, whose membership must include the chief financial officer of an institution of higher education and four other members who are residents of the State. The appointed members serve at the pleasure of the Governor.

The Authority issues loans to entities pursuant to the rules and regulations governing the Public Projects Revolving Loan Fund Program (PPRF). The PPRF provides low cost financing to local government entities for a variety of infrastructure projects throughout the State. The PPRF Program receives 75 percent of the Governmental Gross Receipts Tax of the State of New Mexico pursuant to section 7-1-6.1 NMSA, 1978, and may issue bonds in amounts deemed necessary to provide sufficient money for the purposes set forth by the New Mexico Finance Authority Act. Bonds are issued under a Master Indenture as well as individual Series Indentures, proceeds and covenants of which are administered through a trust relationship established by contract with a trust company or bank bearing trust powers (Trustee) and the Authority. The Authority may also serve as conduit issuer of revenue bonds for other governmental agencies.

The Authority manages the Drinking Water State Revolving Loan Program (DWRLF) and the Water Trust Board Program (WTB).

The DWSRF provides low cost financing for the construction of and improvements to drinking water facilities throughout New Mexico in order to protect drinking water quality and public health. This program is primarily funded through a federal capitalization grant which the State is required to match by 20 percent.

The WTB program provides grant and interest free loans to support water projects which support water use efficiency, resource conservation and protection and fair distribution and allocation of water.

Other significant programs administered by the Authority include:

- The Local Transportation Infrastructure Projects Program provides for grants and low-cost financial assistance for local governments transportation projects which are not eligible for federal funding and funding for which have not been set by the existing Local Government Road Fund.
- The Economic Development Program provides comprehensive financing tools to stimulate economic development projects statewide.
- The New Markets Tax Credit Program, whereby the Authority acts as the managing member in Finance New Mexico, LLC, a for-profit limited liability company which receives allocations of federal tax credits under Section 45D of the Internal Revenue Code.
- The Primary Care Capital Program is a revolving loan program which provides financial assistance to rural primary care health clinics for infrastructure, construction and capital equipment purchases. These loans provide 20 percent annual loan forgiveness if the borrower agrees to a contract-for-services to provide medical care free or at reduced prices to sick and indigent clients.
- The Water and Wastewater Project Grant Program provides grant funding for water and wastewater system projects authorized by legislation.
- The Local Government Planning Grant Program provides grants to qualified entities on a per project basis for water and wastewater related studies, long-term water management plans and economic development plans.
- The State Capital Improvement Financing Program accounts for the issuance of revenue bonds the proceeds of which were used to finance capital improvements to a state facility located adjacent to the State Capitol.
- The UNM Health Sciences Program administers the financing of several capital projects for UNM Health Sciences Center. The Authority issued bonds, secured by authorized distributions of cigarette excise taxes, for the purpose of designing, constructing, equipping and furnishing additions and improvements to the University of New Mexico Hospital and the Cancer Research and Treatment Center.
- The Colonias Infrastructure Act appropriates to the Authority 5% of the senior lien severance tax bond proceeds for loans and grants to certain communities in southern New Mexico that lack basic infrastructure for water and wastewater, solid waste disposal, flood and drainage control, roads and housing.
- Through a Memorandum of Understanding entered into with the New Mexico Economic Development Department, the Authority received $13.2 million of federal State Small Business Credit Initiative funds in 2011 to help increase the flow of

capital to small businesses by mitigating bank risk. The Authority uses the funds to buy loan participations from banks for economic development projects under a program marketed as the Collateral Support Participation.

The Authority is not subject to the supervision or control of any other board, bureau, department or agency of the State, except as specifically provided in the Act. Bonds and other obligations issued by the Authority under the provisions of the Act are not a debt or liability of the State or any subdivision thereof. The New Mexico Finance Authority Finance Committee was created by the Act and was appointed by the Legislative Council Service to provide legislative oversight.

The financial statements include the accounts of the Authority and its blended component unit, Finance New Mexico LLC (FNMLLC). All intercompany transactions and balances are eliminated. The condensed financial statements of FNMLLC are disclosed in Note 16.

2) Summary of Significant Accounting Policies

Accounting Principles
The financial statements of the Authority have been prepared in accordance with accounting principles generally accepted in the United States of America as applied to governmental units and funds. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting.

Basis of Presentation
The financial statements of the Authority have been prepared using the economic resources measurement focus and the accrual basis of accounting. All of the Authority's activities, except those in which the Authority acts as an agent, are reported as an enterprise fund. Enterprise funds are used for activities for which a fee is charged to external users for goods and services.

The Authority distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing financial services in connection with on-going operations. Primary operating revenues includes financing income and fees charged to program borrowers. Operating expenses include interest expense, program support, as well as funds granted to others in the form of loan forgiveness and other subsidies to governmental entities.

Nonoperating items consist primarily of governmental gross receipts and other tax distributions reported as appropriations, grant revenue, and transfers-out for excess distributions and reversions of prior year appropriated revenue.

Revenues from grants that are restricted for specific uses are recognized as revenues and as receivables when the related costs are incurred. When restricted resources meet the

criteria to be available for use and unrestricted resources are also available, it is the Authority's policy to use restricted resources first. Expenses are recorded when they are incurred. Expenses charged to federal programs are recorded utilizing the cost principles prescribed or permitted by the various funding sources.

Agency Funds
Agency Funds are used to report resources held by the Authority in a purely custodial capacity. These funds result from transactions associated with the Authority acting as fiscal agent for the New Mexico Department of Transportation (the "Department") on several of the Department's bond transactions. The amounts reported as agency funds do not belong to the Authority and are held in separate accounts on the Authority's books in the name of the Department. Accordingly, all assets held and reported in the Agency Funds are offset by a corresponding liability.

Cash, Cash Equivalents and Investments
The Authority considers all highly liquid financial instruments with a maturity of three months or less when purchased to be cash equivalents. Cash and cash equivalents consist of cash on deposit with Wells Fargo Bank and the Bank of Albuquerque which also acts as bond trustee. Certain proceeds of the Authority's bonds, as well as certain resources set aside for their repayment are invested in certain allowable securities.

Accounts Receivable
Accounts receivable consists of payments due from governmental entities, administrative fees due from projects, and other receivables arising from the normal course of operations.

Loans Receivable
Loans are carried at amounts advanced, net of collections and reserves for loan losses, if any. Loans that become past due as to principal and interest are evaluated for collectability. Generally, loans are not placed on nonaccrual status because they are insured, guaranteed, or collateralized.

The allowance for loan losses is maintained to cover possible losses inherent in the loan portfolio based on management's evaluation of the loan portfolio, giving consideration to various factors, including collateral value, past loan loss experience, current facts and economic conditions. The allowance is based on management's estimates, and ultimate losses may vary from the current estimates. These estimates are reviewed periodically and any necessary adjustments are reported in income in the period they become known.

Intergovernmental Receivables
Intergovernmental receivables consist of amounts due from the State based on legislated appropriation of specified taxes for repayment of certain bonds issued by the Authority on behalf of State entities. The related statute directs the Authority to issue bonds and make proceeds available to specified State entities to fund various projects. The statute

appropriates a portion of existing taxes or fees to fund the payment of the related bonds. No allowance has been established, as all such receivables are considered collectable.

Capital Assets
Capital assets are recorded at historical cost and depreciated over their estimated useful lives. Donated capital assets are recorded at their estimated fair value at the date of donation. Additions, improvements and other capital outlays individually exceeding $5,000 that significantly extend the useful life of an asset are capitalized.

Estimated useful life is management's estimate of how long the asset is expected to meet service demands. Straight-line depreciation is used, based on estimated useful lives ranging from three to seven years.

Deferred Outflows/Inflows of Resources
The statement of net position, where applicable, includes separate sections for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources represent consumption of net position that applies to future periods that will be recognized as an expense in future periods. Deferred inflows of resources represent an acquisition of net position that applies to future periods and will be recognized as revenues in future periods.

Bond Discounts and Premiums
Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount.

Compensated Absences
Full-time employees with ten years or less employment with the Authority are entitled to fifteen days' vacation leave. Employees with more than ten years' service receive twenty days. When employees terminate, they are compensated at their current hourly rate for accumulated unpaid vacation leave.

Full-time employees are entitled to twelve days of sick leave each fiscal year. When employees terminate, they are compensated at twenty-five (25%) of their current hourly rate of accumulated unpaid sick leave up to 300 hours. Part-time employees accrue vacation leave and sick leave on a prorated basis based on the number of hours they work. Accrued compensated absences are recorded and liquidated in the PPRF operating fund.

Undisbursed Loan Proceeds
Undisbursed loan proceeds represent loan amounts awaiting disbursement to loan recipients. Funds are not automatically disbursed in their entirety when a loan closes. Proceeds are disbursed as the related project costs are incurred. The accounts, in the majority, represent loans of the PPRF program.

Net Position

The difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources, is referred to as net position. Net position is categorized as net investment in capital assets (net of related debt), restricted and unrestricted, based on the following:

Net investment in capital assets is intended to reflect the portion of net position which is associated with capital assets less outstanding capital asset related debt. The net of related debt is the debt less the outstanding liquid assets and any associated unamortized cost. The Authority has no capital asset related debt.

Restricted net position has third-party (statutory, bond covenant or granting agency) limitations on their use. When there is an option, the Authority spends restricted resources first.

Management modified the net position presentation of the restricted and unrestricted categories. Comparative amounts in the fiscal year 2014 net position balances were reclassified for consistency with the fiscal year 2015 presentation. These reclassifications had no effect on the reported change in net position.

Program Restricting Statute, bond covenant or granting agency

PPRF	6-21-6 NMSA 1978; General and Subordinated Indentures of Trust
Child Care	24-24-4.0 NMSA 1978
Cig Tax	6-21-6.10 NMSA 1978; Bond Purchase Agreement
DWSRF	6-21A-4 NMSA 1978; EPA Capitalization Grant Agreements
Primary Care	24-1C-4 NMSA 1978
Local Road	6-21-6.8 NMSA 1978
NMTC	6-25-6.1 NMSA 1978; NMTC Allocation Agreement
UNM Health	6-21-6.7 NMSA 1978
State Capitol	Laws 1997, Ch. 178; Bond Resolution
State Office	6-21C-5, NMSA 1978; Bond Resolution
Equipment Loan	6-21-6 NMSA 1978
Water Trust Board	72-4A-9 NMSA 1978
WWWGF	6-21-6.3 NMSA 1978
Emerg Drought	Executive Order 2002-19, Executive Order 2012-006
LGPF	6-21-6.4 NMSA 1978
Econ Development	6-25-1 NMSA 1978
Local Transport	6-21-6.12 NMSA 1978
SSBCI	6-25-13 NMSA 1978; SSBCI Allocation Agreement
Colonias	6-30-1.0 NMSA 1978
Bio Mass	Laws 2006, Ch. 111, Sec. 55(2)

Unrestricted net position represents net position not otherwise classified as invested in capital assets or restricted net position.

Income Taxes
The Authority is a tax-exempt, quasi-governmental organization under Section 115 of the Internal Revenue Code. Accordingly, no provision for income taxes has been included in the accompanying financial statements. The Authority is subject to other Internal Revenue Code sections relating to the tax-exempt status of the bonds issued by the Authority.

Use of Estimates
The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

Budget
The Authority's budget represents a financial plan, not a legal constraint, therefore, budgetary comparison information is not presented in the financial statements or as required supplementary information.

Recently Issued Accounting Standards
In June 2012, GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions* (GASB 68). The objective of this Statement is to improve the information provided in government financial reports about pension related financial support provided by certain nonemployer entities that make contributions to pension plans that are used to provide benefits to the employees of other entities. The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2014. Adopting GASB 68 did not impact the Authority's financial statements.

In October 2013, GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68* (GASB 71). The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, Accounting and Financial Reporting for Pensions. The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2014. Adopting GASB 71 did not impact the Authority's financial statements.

In February 2015, GASB issued Statement No. 72, *Fair Value Measurement and Application* (GASB 72). The objective is to establish general principles for measuring fair value and standards of accounting and financial reporting for assets and liabilities measured at fair value. The provisions of this Statement are effective for financial

statements for periods beginning after June 15, 2015. The Authority has not completed the process of evaluating the impact of GASB 72 on its financial statements.

In June 2015, GASB issued Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68* (GASB 73). The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability. The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2016. The Authority has not completed the process of evaluating the impact of GASB 73 on its financial statements.

In June 2015, GASB issued Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* (GASB 74). The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2016. The Authority has not completed the process of evaluating the impact of GASB 74 on its financial statements.

In June 2015, GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (GASB 75). The objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2017. The Authority has not completed the process of evaluating the impact of GASB 75 on its financial statements.

In June 2015, GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments* (GASB 76). The objective of this Statement is to identify—in the context of the current governmental financial reporting environment—the hierarchy of generally accepted accounting principles (GAAP). The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2015. The Authority has not completed the process of evaluating the impact of GASB 76 on its financial statements.

In August 2015, GASB issued Statement No. 77, *Tax Abatement Disclosures* (GASB 77). The objective is to improve financial reporting by giving users of financial statements essential information that is not consistently or comprehensively reported to the public at present. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2015. The Authority has not completed the process of evaluating the impact of GASB 77 on its financial statements.

3) Cash and Cash Equivalents and Investments

The Authority follows GASB No. 40, *Deposit and Investment Risk Disclosures*. This statement requires the disclosure of applicable interest rate, credit, custodial credit, concentration of credit and foreign currency risks.

Investments conform to the provisions of the Statements of Investment Policies, Objectives and Guidelines adopted by the Board on March 26, 2008, as revised. The investment policy applies to all of the Authority's funds; including funds the Authority may manage for others, except for those funds where trust indentures, bond resolutions, or other documents or agreements control the investment of funds. This policy is the Authority master investment policy and may be amended or supplemented as applied to specific categories of funds by adoption of addenda by the Board applicable to specific categories of the Authority funds.

Except where prohibited by statute, trust indenture, or other controlling authority, the Authority consolidates cash and reserve balances from all funds to maximize investment earnings and to increase efficiencies with regard to investment pricing, safekeeping, and administration. Investment income is allocated to the various funds based on their respective participation. The primary objectives, in order of priority, of investment activity shall be safety, liquidity and yield.

Investments shall be undertaken in a manner that seeks to ensure the preservation and principal in the overall portfolio while mitigating credit risk and interest rate risk.

The Authority has Primary Care Capital Program funds invested in the New Mexico State Treasurer's Office investment pool. State law (Section 8-6-3 NMSA 1978) requires investments of these funds be managed by the New Mexico State Treasurer's Office.

Credit Risk
The Authority minimizes credit risk (the risk of loss due to the failure of securities issuer or backer) by limiting investments, prequalifying financial institutions, broker/dealers, intermediaries and advisors with which the Authority will do business and diversifying the investment portfolio so that the impact of potential losses from any one type of security or from any one individual issuer will be minimized.

The New Mexico State Treasurer pools are not rated.

Finance NM LLC cash balances are maintained in several accounts in several banks. At times, these balances may exceed the federal insurance limits; however, Finance NM LLC has not experienced any losses with respect to its bank balances in excess of government provided insurance. Management believes that no significant concentration of credit risk exists with respect to these cash balances at June 30, 2015 and 2014.

Interest Rate Risk

The Authority minimizes interest rate risk (the risk that the market value of securities in the portfolio will decline due to changes in market interest rates) by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market prior to maturity and by investing operating funds primarily in short-term securities limiting the average maturity of the portfolio.

For the Primary Care Capital program funds invested in the New Mexico State Treasurer's Office investment pool, the New Mexico State Treasurer's Office has an investment policy that limits investment maturities to five years or less on allowable investments. This policy is a means of managing exposure to fair value losses arising from increasing interest rates. This policy is reviewed and approved annually by the New Mexico State Board of Finance.

For additional GASB 40 disclosure information regarding cash held by the New Mexico State Treasurer, the reader should refer to the separate audit report for the New Mexico State Treasurer's Office for the fiscal years ended June 30, 2015 and 2014.

State General Fund Investment Pool

The Authority, as required by Section 24-1C-4, NMSA 1978, administers the Primary Care Capital Fund (PCC Fund), which was created as a revolving fund in the State Treasurer's Office (STO). PCC Funds are deposited into the State General Fund Investment Pool (SGFIP), as are funds of state agencies, and as of the end of fiscal year 2015 totaled $529,786, representing less than 1% of total Authority funds.

During the period from July 2006 – January 2013, draws by agencies, including the Authority, against the SGFIP were not reconciled by the STO against the State's centralized accounting system (SHARE), causing uncertainty as to the validity of the draws and the ability of the STO to fulfill the withdrawals. The State has pledged that any draws will be honored in their entirety.

It is important to note that all other funds of the Authority, including Public Project Revolving Funds that are subject to the General and Subordinated Indentures of Trust, are held outside of the STO with a Trustee and are secured in accordance with the Authority's Investment Policy. Furthermore, the Authority operates an independent accounting system separate from SHARE. The PCC Funds are the only Authority funds entered as transaction entries into SHARE.

Permitted Investments

As provided in Sections 6-21-6 and 6-21-2 of the Act, money pledged for or securing payment of bonds issued by the Authority shall be deposited and invested as provided in the bond resolution, trust indenture or other instrument under which the bonds were issued. The following table identifies the investment types permitted by the investment policy:

	Description	Maximum Percentage of Authority Funds [1]
A	Direct and general U.S. Government Obligations (Treasury Bills, Treasury Notes, Treasury Bonds)	100%
B	U.S. Government Agencies (any federal agency or instrumentality notes, bonds, debentures, with implicit guarantee of the United States of America)	75%
C	SEC-registered money market funds with total assets at time of deposit in excess of $100,000,000[2]	100%
E	Certificates of deposits and bank deposits[3]	20%
F	Commercial paper issued by corporations organized and operating on the United States and rated A1 P1 or equivalent by two or more rating services.	10%
G	Bonds or notes issued by any municipality, county or school district of the State	10%
H	Overnight repurchase agreements[4]	25%
I	Investment contracts (guaranteed investment contracts (GIC's) and flexible repurchase agreements)[1]	N/A
J	State Treasurer's Short-term Investment Fund	50%

Investment of Bond Proceeds

All or any portion of the proceeds of bonds or other obligations of the Authority may be invested in a GIC or flexible repurchase agreement without regard to the investment allocation ranges set forth in the investment policy, if the GIC or repurchase agreement provides for disbursement upon request of the Authority in amounts necessary to meet expense requirements for the bonds or other obligations.

[1] Limits do not apply to cash invested by trustee per bond indenture.

[2] Money markets must be rated AAA by Standards & Poor or Aaa by Moody and in compliance with the diversification, quality and maturity requirements 2a-7 of the U.S. Securities and Exchange Commission applicable to money markets with no sales load or deferred sales charge.

[3] Interest bearing certificates of deposit or bank deposits must be in banks having a branch location in New Mexico, and all principal and interest must be fully insured by the Federal Deposit Insurance Corporation or secured by obligations described in A) and B) above, registered in the name of the Authority and held by a third party safe-keeping agent, or collateralized as required by 6.10.16 NMSA at 102% of the value of the deposit that is not FDIC insured.

[4] Investment contracts and repurchase agreements investments must be fully secured by obligations described in A) and B) above with all collateral held by an independent third party safekeeping agent.

Cash and equivalents at June 30, 2015 and 2014 were as follows:

Description	Balance at June 30, 2015	Rated	Percentage of Authority Funds [1]
Bank deposits, collateralized, at the Bank of Albuquerque in the name of the State Treasurer	$ -	N/A	<1%
Finance NM LLC cash accounts	657,456	N/A	<1%
Wells Fargo deposit account	307,072	N/A	<1%
Wells Fargo Repurchase agreement -fully secured[2]	374,361	N/A	<1%
Government money market funds	133,684,304	AAA	32%
Total cash and equivalents	$ 135,023,193		
Cash held in agency fund	$ 91,017,251[3]		

Description	Balance at June 30, 2014	Rated	Percentage of Authority Funds
Bank deposits, collateralized, at the Bank of Albuquerque in the name of the State Treasurer	$ 1,023	N/A	<1%
Finance NM LLC cash accounts	532,300	N/A	<1%
Wells Fargo deposit account	213,482	N/A	<1%
Wells Fargo Repurchase agreement -fully secured[4]	248,028	N/A	<1%
Government money market funds	131,677,922	AAA	42%
Total cash and equivalents	$ 132,672,755		
Cash held in agency fund	$ 109,039,841		

Maturity Restrictions

It is the policy of the Authority to diversify investment maturities based on cash flow requirements. Unless matched to a specific cash flow, the Authority will invest in securities maturing five years or less from date of purchase.

Investments consist of bond proceeds which are restricted to uses specified in the related bond indentures. Such restricted investments at June 30, 2015 and 2014 are comprised of the following:

[1] Limits described in the "permitted investments" section above do not apply to cash invested by trustee per bond indenture.
[2] Wells Fargo accounts FDIC insured for $250,000. Remaining $317,867 as of June 30, 2015 is secured by a pledge of Agency securities in the name of the State of New Mexico monitored by the New Mexico State Treasurer's Office.
[3] All cash held as agent by the Authority is fully collateralized by securities held in the name of the Authority.
[4] Wells Fargo accounts FDIC insured for $250,000. Remaining $308,490 as of June 30, 2014 is secured by a pledge of Agency securities in the name of the State of New Mexico monitored by the New Mexico State Treasurer's Office.

Description	Fair Value at June 30, 2015	Average Years to Maturity	Percentage of Authority Funds
U.S. Treasury notes	$ 224,598,139	1.36	54%
Primary Care Capital Program funds held with the State Treasurer Fund Investment Pool	529,786	1 day to 5 years	<1%
Federal Home Loan Mortgage Corporation bonds	55,033,304	0.50	13%
Total restricted investments	$ 280,161,229		

Description	Fair Value at June 30, 2014	Average Years to Maturity	Percentage of Authority Funds
U.S. Treasury notes	$ 120,084,268	.98	38%
Primary Care Capital Program funds held with the State Treasurer Fund Investment Pool	1,407,522	1 day to 5 years	<1%
Federal Home Loan Mortgage Corporation bonds	62,200,677	1.33	20%
Total restricted investments	$ 183,692,467		

4) Loans Receivable

Loans receivable activity for the fiscal year ending June 30, 2015 and 2014, respectively, were as follows:

Program Description	Term (Years)	Rates	2014	Increases	Decreases	2015
Public Projects Revolving Loan Fund	1 to 30	0% to 6%	$ 1,082,705,619	$ 120,023,720	$ 143,441,622	$ 1,059,287,717
Drinking Water State Revolving Loans	1 to 30	0% to 4%	64,933,358	20,656,717	3,962,953	81,627,122
Drinking Water State Revolving Loans-ARRA	1 to 20	1%	2,305,678	-	1,070,063	1,235,615
Primary Care Capital Fund Loans	10 to 20	3%	3,584,307	600,000	304,529	3,879,778
Water Projects Fund Loan Grants	10 to 20	0%	21,222,996	5,808,843	2,101,398	24,930,441
Smart Money Participation Loans	3 to 20	2% to 5%.	4,681,764	38,133	867,086	3,852,811
Behavioral Health Care Loan	15	3%	174,605	-	174,605	-
Cigarette Tax - Behavioral Health Care Capital Loans	15	3%	993,698	32,770	53,159	973,309
Pooled Equipment Certificates of Participation Loans	5 to 20	4% to 6.4%	53,000	-	25,000	28,000
Colinias Infrastructure Fund Loans	10 to 20	3%	661,350	1,046,924	157,468	1,550,806
SSBCI Loans	10 to 20	3%	3,312,527	1,346,316	130,872	4,527,971
Child Care Revolving Loans	8	3%	19,810	-	6,350	13,460
			1,184,648,712	149,553,423	152,295,105	1,181,907,030
Less allowance for loan losses			(5,482,347)	-	2,370,845	(3,111,502)
Totals			$ 1,179,166,365	$ 149,553,423	$ 154,665,950	$ 1,178,795,528

Program Description	Term (Years)	Rates	2013	Increases	Decreases	2014
Public Projects Revolving Loan Fund	1 to 30	0% to 6%	$ 1,140,530,507	$ 104,821,188	$ 162,646,076	$ 1,082,705,619
Drinking Water State Revolving Loans	1 to 30	0% to 4%	63,341,227	5,662,622	4,070,491	64,933,358
Drinking Water State Revolving Loans-ARRA	1 to 20	1%	2,616,809	-	311,131	2,305,678
Primary Care Capital Fund Loans	10 to 20	3%	4,216,376	-	632,069	3,584,307
Water Projects Fund Loan Grants	10 to 20	0%	18,336,546	7,301,228	4,414,778	21,222,996
Smart Money Participation Loans	3 to 20	2% to 5%.	4,161,711	576,000	55,947	4,681,764
Behavioral Health Care Loan	15	3%	198,512	-	23,907	174,605
Cigarette Tax - Behavioral Health Care Capital Loans	15	3%	441,272	587,230	34,804	993,698
Pooled Equipment Certificates of Participation Loans	5 to 20	4% to 6.4%	108,000	-	55,000	53,000
Colinias Infrastructure Fund Loans	10 to 20	3%	202,731	546,253	87,634	661,350
SSBCI Loans	10 to 20	3%	2,461,746	2,127,931	1,277,150	3,312,527
Child Care Revolving Loans	8	3%	25,970	-	6,160	19,810
			1,236,641,407	121,622,452	173,615,147	1,184,648,712
Less allowance for loan losses			(5,409,364)	(895,092)	822,109	(5,482,347)
Totals			$ 1,231,232,043	$ 120,727,360	$ 174,437,256	$ 1,179,166,365

The following is a summary of scheduled payments to be collected on loans receivable as of June 30, 2015:

	Principal	Interest	Total
Fiscal year ending June 30			
2016	$ 96,135,492	$ 40,173,592	$ 136,309,084
2017	90,097,345	37,936,651	128,033,996
2018	88,522,295	35,519,614	124,041,909
2019	87,765,040	32,902,304	120,667,344
2020	78,548,431	30,221,993	108,770,424
2021 – 2025	344,927,763	115,904,758	460,832,521
2026 – 2030	236,181,161	57,324,074	293,505,235
2031 – 2035	128,283,537	21,402,520	149,686,057
2036 – 2040	27,449,687	2,899,196	30,348,883
2041 – 2045	3,996,279	422,892	4,419,171
Subtotals	1,181,907,030	$ 374,707,594	$ 1,556,614,624
Less allowance for loan losses	(3,111,502)		
Loans receivable net	$ 1,178,795,528		

5) Intergovernmental Receivables

The Authority has agreements with various state entities relating to the issuance of bonds. Pursuant to the underlying legislation and resolutions, the bond proceeds financed various state projects. Pursuant to the legislation, the debt service on these bonds is payable solely from revenues from the State and state entities. Intergovernmental receivables represent amounts due to the Authority under these agreements.

Intergovernmental receivables activity during the year ended June 30, 2015 and 2014, respectively, were as follows:

State Entity	Revenue Pledge	Rates	Maturity	2014	Increases	Decreases	2015	Due in One Year
Administrative Office of the Courts	Court Facilities fees	3.05% to 5.00%	6/15/2025	$ 37,560,000	$ -	$ 37,560,000	$ -	$ -
Administrative Office of the Courts	Court Facilities fees	1.25% to 5.0%	6/15/2025	-	30,685,000	490,000	30,195,000	2,390,000
University of New Mexico Health Sciences Center	Cigarette excise tax	3.88% to 5.00%	6/15/2025	23,445,000	-	125,000	23,320,000	480,000
General Services Department - State of New Mexico	State Gross Receipts tax	4.25% to 5.00%	6/1/2036	43,520,000	-	900,000	42,620,000	945,000
University of New Mexico Health Sciences Center	Cigarette excise tax	2.25% to 5.00%	4/1/2019	8,850,000	-	1,955,000	6,895,000	1,920,000
University of New Mexico Health Sciences Center	Cigarette excise tax	2.13% to 3.94%	4/1/2019	3,828,921	-	766,438	3,062,483	764,184
General Services Department - State of New Mexico	Income from Land Grant Permanent Fund	7.00%	3/15/2015	945,000	-	945,000	-	-
			Totals	$ 118,148,921	$ 30,685,000	$ 42,741,438	$ 106,092,483	$ 6,499,184

State Entity	Revenue Pledge	Rates	Maturity	2013	Increases	Decreases	2014	Due in One Year
Administrative Office of the Courts	Court Facilities fees	3.05% to 5.00%	6/15/2025	$ 40,085,000	$ -	$ 2,525,000	$ 37,560,000	$ 2,650,000
University of New Mexico Health Sciences Center	Cigarette excise tax	3.88% to 5.00%	6/15/2025	23,565,000	-	120,000	23,445,000	125,000
General Services Department - State of New Mexico	State Gross Receipts tax	4.25% to 5.00%	6/1/2036	44,375,000	-	855,000	43,520,000	900,000
University of New Mexico Health Sciences Center	Cigarette excise tax	2.25% to 5.00%	4/1/2019	10,825,000	-	1,975,000	8,850,000	1,955,000
University of New Mexico Health Sciences Center	Cigarette excise tax	2.13% to 3.94%	4/1/2019	4,599,549	-	770,628	3,828,921	766,438
General Services Department - State of New Mexico	Income from Land Grant Permanent Fund	7.00%	3/15/2015	1,825,000	-	880,000	945,000	945,000
			Totals	$ 125,274,549	$ -	$ 7,125,628	$ 118,148,921	$ 7,341,438

The following is a summary of scheduled payments to be collected on the receivables from state entities as of June 30, 2015:

	Principal	Interest	Total
Fiscal year ending June 30			
2016	$ 6,499,184	$ 5,227,638	$ 11,726,822
2017	6,668,814	4,941,892	11,610,706
2018	6,855,443	4,622,647	11,478,090
2019	7,159,042	4,293,575	11,452,617
2020	7,385,000	3,953,945	11,338,945
2021-2025	41,845,000	13,906,005	55,751,005
2026-2030	11,505,000	6,290,750	17,795,750
2031-2035	14,755,000	3,142,500	17,897,500
2036-2040	3,420,000	171,000	3,591,000
Intergovernmental receivables	$ 106,092,483	$ 46,549,952	$ 152,642,435

6) Capital Assets

A summary of changes in capital assets during the fiscal year 2015 and 2014, respectively, was as follows:

	Balance at June 30, 2014	Increases	Decreases	Balance at June 30, 2015
Depreciable assets				
Furniture and fixtures	$ 28,665	$ -	$ -	$ 28,665
Computer hardware and software	731,618	2,675	-	734,293
Leasehold improvement	8,241	-	-	8,241
	768,524	2,675	-	771,199
Accumulated depreciation				
Furniture and fixtures	(28,665)	-	-	(28,665)
Computer hardware and software	(627,240)	(102,186)	-	(729,426)
Leasehold improvement	(8,241)	-	-	(8,241)
	(664,146)	(102,186)	-	(766,332)
Net total	$ 104,378	$ (99,511)	$ -	$ 4,867

	Balance at June 30, 2013	Increases	Decreases	Balance at June 30, 2014
Depreciable assets				
Furniture and fixtures	$ 28,665	$ -	$ -	$ 28,665
Computer hardware and software	731,618	-	-	731,618
Leasehold improvement	8,241	-	-	8,241
	768,524	-	-	768,524
Accumulated depreciation				
Furniture and fixtures	(28,665)	-	-	(28,665)
Computer hardware and software	(510,846)	(116,394)	-	(627,240)
Leasehold improvement	(8,241)	-	-	(8,241)
	(547,752)	(116,394)	-	(664,146)
Net total	$ 220,772	$ (116,394)	$ -	$ 104,378

Depreciation expense for the fiscal year ending June 30, 2015 and 2014, respectively, was $102,187 and $116,394.

7) Bonds Payable

Bonds have been issued to provide financing for various Authority programs and are collateralized as follows:

- Loan Agreements and securities executed and delivered by governmental units in consideration for the financing of all or a portion of their respective projects by the Authority.
- Amounts held in the Agreement Reserve Accounts.
- Additional pledged loans.
- Revenues received by the Authority from the allocation of the Authority's portion of the Governmental Gross Receipts tax.
- Revenues pledged through legislation as security for the payment of principal and interest on bonds. These revenues include Court Facilities Fees, Cigarette Excise Tax, State Gross Receipts Tax, Workers' Compensation Fees and Income from Land Grant Permanent Fund.

Bonds payable consist of the following at June 30, 2015 and 2014:

Bond Series	Rate	Maturities	Original Amount	Outstanding Amount June 30, 2015	Outstanding Amount June 30, 2014
Public Project Revolving Fund Revenue Bonds - Senior Lien Debt					
2005 A	3.750% to 5.000%	June 1, 2013 to June 1, 2025	$ 19,015,000	$ 5,795,000	$ 6,980,000
2005 B	3.500% to 4.500%	June 1, 2013 to June 1, 2020	13,500,000	3,490,000	4,365,000
2006 B	4.250% to 5.000%	June 1, 2013 to June 1, 2036	38,260,000	24,440,000	26,265,000
2006 D	4.250% to 5.000%	June 1, 2013 to June 1, 2036	56,400,000	44,975,000	46,015,000
2007 E	4.250% to 5.000%	June 1, 2013 to June 1, 2032	61,945,000	37,085,000	40,030,000
2008 A	3.000% to 5.000%	June 1, 2013 to June 1, 2038	158,965,000	124,400,000	129,605,000
2008 B	4.000% to 5.250%	June 1, 2013 to June 1, 2035	36,545,000	24,195,000	25,780,000
2008 C	4.250% to 6.000%	June 1, 2013 to June 1, 2033	29,130,000	19,385,000	21,150,000
2009 A	2.250% to 5.000%	June 1, 2013 to June 1, 2038	18,435,000	13,265,000	14,230,000
2009 C	2.500% to 5.250%	June 1, 2013 to June 1, 2029	55,810,000	43,630,000	45,795,000
2009 D-1	3.000% to 4.500%	June 1, 2013 to June 1, 2030	13,570,000	8,385,000	9,370,000
2009 D-2	2.320% to 6.070%	June 1, 2013 to June 1, 2036	38,845,000	35,605,000	36,290,000
2009 E	3.000% to 4.500%	June 1, 2013 to June 1, 2019	35,155,000	16,480,000	19,945,000
2010 A-1	3.000% to 4.500%	June 1, 2013 to June 1, 2034	13,795,000	13,795,000	7,555,000
2010 A-2	3.777% to 6.406%	June 1, 2016 to June 1, 2039	15,170,000	6,110,000	13,795,000
2010 B-1	2.000% to 5.000%	June 1, 2013 to June 1, 2035	38,610,000	26,035,000	28,450,000
2010 B-2	2.236% to 6.230%	June 1, 2013 to June 1, 2035	17,600,000	17,120,000	17,285,000
2011 A	2.000% to 4.000%	June 1, 2013 to June 1, 2016	15,375,000	3,270,000	6,425,000
2011 B-1	2.000% to 4.000%	June 1, 2013 to June 1, 2036	42,735,000	28,850,000	32,500,000
2011 B-2	2.000% to 4.950%	June 1, 2013 to June 1, 2031	14,545,000	11,435,000	12,225,000
2011 C	3.000% to 5.000%	June 1, 2013 to June 1, 2036	53,400,000	42,800,000	46,025,000
2012 A	1.500% to 5.500%	June 1, 2013 to June 1, 2038	24,340,000	21,265,000	22,445,000
2013 A	2.000% to 5.000%	June 1, 2013 to June 1, 2038	44,285,000	37,910,000	41,245,000
2013 B	2.000% to 5.000%	June 1, 2014 to June 1, 2036	16,360,000	14,175,000	15,455,000
2014 B	2.000% to 5.000%	June 1, 2016 to June 1, 2035	58,235,000	54,970,000	-
2015 B	2.250% to 5.000%	June 1, 2016 to June 1, 2045	45,325,000	45,325,000	-
			975,350,000	724,190,000	669,225,000
Public Project Revolving Fund Revenue Bonds - Subordinate Lien Debt					
2005 C	3.625% to 5.000%	June 15, 2013 to June 15, 2025	50,395,000	-	36,410,000
2005 E	3.875% to 5.000%	June 15, 2013 to June 15, 2025	23,320,000	23,320,000	23,445,000
2005 F	4.000% to 5.000%	June 15, 2013 to June 15, 2025	21,950,000	-	16,245,000
2006 A	4.000% to 5.000%	June 15, 2013 to June 15, 2035	49,545,000	2,040,000	42,525,000
2006 C	4.000% to 5.000%	June 15, 2013 to June 15, 2026	39,860,000	26,135,000	27,845,000
2007 A	4.000% to 5.000%	June 15, 2013 to June 15, 2027	34,010,000	15,680,000	18,260,000
2007 B	4.250% to 5.000%	June 15, 2013 to June 15, 2034	38,475,000	22,340,000	24,050,000
2007 C	4.250% to 5.250%	June 15, 2013 to June 15, 2027	131,860,000	89,445,000	96,700,000
2013 C-1	2.000% to 4.000%	June 15, 2014 to June 15, 2028	3,745,000	3,050,000	3,325,000
2013 C-2	.950% to 5.000%	June 15, 2014 to June 15, 2029	10,550,000	8,520,000	9,350,000
2014 A-1	2.000% to 5.000%	June 15, 2014 to June 15, 2033	15,135,000	14,605,000	15,135,000
2014 A-2	.250% to 4.491%	June 15, 2014 to June 15, 2034	16,805,000	15,295,000	16,805,000
2015 A	3.000% to 5.000%	June 15, 2016 to June 15, 2035	63,390,000	62,355,000	-
			499,040,000	282,785,000	330,095,000
		Subtotal - PPRF Bonds	1,474,390,000	1,006,975,000	999,320,000

Bond Series	Rate	Maturities	Original Amount	Outstanding Amount June 30, 2015	Outstanding Amount June 30, 2014
Pooled Equipment Certificates of Participants					
1995 A	6.30%	October 1, 2015	4,288,000	19,000	36,000
1996 A	5.80%	April 1, 2016	1,458,000	9,000	17,000
			5,746,000	28,000	53,000
State Capitol Building Improvement Revenue Bonds					
1996	7.0%	Sept. 15, 2012 to Mar. 15, 2015	9,315,000	-	945,000
Cigarette Tax Revenue Bonds - UNM Health Sciences Center Project					
2004A	4.0% to 5.0%	April 1, 2012 to April 1, 2019	39,035,000	6,895,000	8,850,000
Cigarette Tax Revenue Bonds - Behavioral Health Projects					
2006	5.51%	May 1, 2012 to May 1, 2026	2,500,000	1,375,000	1,500,000
Total bonds outstanding			$ 1,530,986,000	1,015,273,000	1,010,668,000
Add net unamortized premium				41,630,674	37,473,351
Total bonds payable, net				1,056,903,674	1,048,141,351
Less current portion of bonds payable				(75,943,000)	(70,430,000)
Noncurrent portion of bonds payable				$ 980,960,674	$ 977,711,351

Maturities of bonds payable and interest are as follows:

	Principal	Interest	Total
Fiscal year ending June 30,			
2016	$ 75,943,000	$ 48,997,460	$ 124,940,460
2017	74,440,000	43,923,067	118,363,067
2018	76,025,000	40,617,409	116,642,409
2019	77,580,000	37,234,823	114,814,823
2020	67,495,000	33,823,636	101,318,636
2021-2025	332,345,000	120,955,873	453,300,873
2026-2030	179,355,000	54,570,990	233,925,990
2031-2035	107,390,000	20,508,143	127,898,143
2036-2040	21,140,000	2,351,709	23,491,709
2041-2045	3,560,000	426,600	3,986,600
	1,015,273,000	$ 403,409,710	$ 1,418,682,710
Add unamortized premium	41,630,674		
Bonds payable, net	$ 1,056,903,674		

The bonds payable activity for the fiscal years were as follows:

Activity for Fiscal Year 2015

	Balance at June 30, 2014	Increases	Decreases	Balance at June 30, 2015	Due within One Year
Bonds payable	$ 1,010,668,000	$ 166,950,000	$ (162,345,000)	$ 1,015,273,000	$ 75,943,000
Add unamortized premium	37,473,351	19,634,472	(15,477,149)	41,630,674	-
Total	$ 1,048,141,351	$ 186,584,472	$ (177,822,149)	$ 1,056,903,674	$ 75,943,000

Activity for Fiscal Year 2014

	Balance at June 30, 2013, as restated	Increases	Decreases	Balance at June 30, 2014	Due within One Year
Bonds payable	$ 1,145,326,000	$ 62,595,000	$ (197,253,000)	$ 1,010,668,000	$ 70,430,000
Add unamortized premium	36,378,109	3,666,745	(2,571,503)	37,473,351	-
Total	$ 1,181,704,109	$ 66,261,745	$ (199,824,503)	$ 1,048,141,351	$ 70,430,000

Current and Advance Refunding of Debt

The PPRF Refunding Revenue Bonds Subordinate Lien 2015A series, issued in the total par amount of $63,390,000, refunded the outstanding portions of the PPRF Refunding Revenue Bonds Subordinate Lien 2005C series and PPRF Revenue Bonds Subordinate Lien 2006C series. The PPRF 2005C series bonds were originally issued to fund a loan to the Metro Courts and that loan was refunded simultaneously with the issuance of the 2015A series bonds. The PPRF 2006A series bonds were originally issued to fund a loan to the City of Santa Fe and that loan was refunded simultaneously with the issuance of the 2015A series bonds. The purpose of the refinancing was financial savings for both bonds. The PPRF 2005C series bonds resulted in a reduction in debt service expense for Metro Courts over the remaining life of the loan of $5,621,486 converted for comparison purposes to a Net Present Value (NPV) savings of $4,741,519. The PPRF 2006A series bonds resulted in a reduction in debt service expense for the City of Santa Fe over the remaining life of the loan of $5,800,337 converted for comparison purposes to a NPV savings of $4,351,828. Portions of the PPRF 2006A bonds were used to fund other loans. In total, the PPRF 2015A series bonds produced debt service savings over the remaining life of the loan of $16,591,573 converted for comparison purposes to a NPV savings of $13,834,690. The NPV rate used was 2.873%, the rate calculated for IRS Arbitrage Yield purposes.

8) Advanced Loan Payments

Advanced loan payments represent the amounts received from loan recipients which have not been applied as a payment against their loan as well as debt service reserve accounts funded from the loan proceeds. The Authority applies loan payments semi-annually, therefore, any payments received prior to being applied to the loan are held in an account which earns interest and the interest is credited to the borrower. These funds are held by the trustee and in accounts at the State Treasurer's office. The balance of advanced loan payments was $74,332,049 and $72,189,707 at June 30, 2015 and 2014.

9) Line of Credit

The Authority maintains a credit facility with Wells Fargo for the PPRF which provides for a borrowing limit of up to $100,000,000 for the purpose of obtaining necessary funding, on an interim basis, to make loans to qualified entities prior to the issuance, sale and delivery of certain Public Project Revolving Fund Revenue Bonds and to reimburse the Authority for such loans that have been made. The terms of the credit facility require payment in full of any outstanding balance from the proceeds of the next PPRF bond issuance. Interest is due monthly on the outstanding balance, and accrues at 70% of U.S. dollar monthly LIBOR plus 75 basis points. The LIBOR rate at June 30, 2015, was .154. The Authority pays a 15 basis point fee on the unused portion of the facility. A summary of changes in the line of credit follows:

Activity for Fiscal Year 2015

	Balance June 30, 2014	Increases	Decreases	Balance, June 30, 2015	Due within One Year
PPRF line of credit	$ 12,006,298	$ 30,573,802	$ (42,580,100)	$ -	$ -
Total	$ 12,006,298	$ 30,573,802	$ (42,580,100)	$ -	$ -

Activity for Fiscal Year 2014

	Balance June 30, 2013	Increases	Decreases	Balance, June 30, 2014	Due within One Year
PPRF line of credit	$ -	$ 17,536,712	$ (5,530,414)	$ 12,006,298	$ 12,006,298
Total	$ -	$ 17,536,712	$ (5,530,414)	$ 12,006,298	$ 12,006,298

10) Operating Lease Commitment

The Authority is committed under various lease agreements for office space, a vehicle, and office equipment. These leases are classified as operating leases. Lease expenditures for the years ended June 30, 2015 and 2014, were $316,250 and $362,044. Future minimum lease payments are as follows:

Fiscal year ending June 30		
2016	$	361,663
2017		368,896
2018		376,274
2019		383,800
2020		259,255
Total	$	1,749,888

11) Retirement Plans

The Authority's retirement plan was organized under Section 408(k) of the Internal Revenue Code. The retirement plan is not subject to the general claims of the creditors of the Authority. Each eligible employee participating in the plan must contribute 3% of their compensation. The Authority makes a contribution of 15% of their compensation. Employees can make an additional, voluntary contribution of up to 4% of their compensation. The Authority also makes a 50% matching contribution on voluntary contributions. Employee contributions are 100% vested, and the Authority contributions will vest 100% to the employee over five years. The contributions are invested in various mutual funds selected by the employee. The Authority's contributions for this retirement plan for the year ended June 30, 2015 and 2014, respectively, were $484,916 and $479,948. Additionally, employee contributions for the retirement plan for the year ended June 30, 2015 and 2014, respectively, were $149,634 and $148,347. Substantially all full-time employees participate in this plan.

The Authority maintains a retirement plan in accordance with an "eligible deferred compensation plan" pursuant to Section 457 of the Internal Revenue Code for its Executive Director and its Chief Operating Officer. The contributions are made regardless of the number of hours worked or the employment status on the last day of the plan year. Employer contributions are limited by IRS Code Section 457(e)(15)(A). The employee is fully vested at all times. The executive plan was in effect for the years ended June 30, 2015 and 2014.

12) Compensated Absences

The following changes occurred during the fiscal year in the compensated absences liabilities:

Balance at June 30, 2014	$	273,440
Additions		201,740
Deletions		(189,257)
Balance at June 30, 2015	$	285,923
Due within one year	$	285,923
Balance at June 30, 2013	$	274,077
Additions		193,745
Deletions		(194,382)
Balance at June 30, 2014	$	273,440
Due within one year	$	273,440

13) Agency Transactions

The Authority was authorized in 2003 to issue bonds as agent for the New Mexico Department of Transportation (NMDOT). Approximately $1.4 billion of such bonds are outstanding at June 30, 2015 and 2014.

Debt service for the bonds is payable solely from certain revenues of the Department of Transportation. In the opinion of legal counsel, there is no claim that could be asserted against the Authority's assets for payment of debt service on the bonds; therefore, these bonds are not reflected in the Authority's financial statements. The Authority receives a biannual fee from the Department of Transportation equal to its overhead costs for management of the bond issues. The fee is recognized on a cost reimbursement basis.

14) Contingencies

Litigation
In the normal course of operations, the Authority is involved in certain litigation and arbitration proceedings involving former employee complaints and subcontractor claims.

Management and legal counsel believe the outcomes will not have a materially adverse impact on the financial position of the Authority.

Loan Prepayment and Bond Call Provisions
Certain loans included in loans receivable contain provisions that allow for prepayment of the loan after one year whereas the related bonds used to fund the loans cannot be called for up to 10 years. In the event of a loan prepayment prior to the tenth year, the Authority's bond indentures require the substitution of a loan with similar cash flow characteristics or the defeasance of the related bond.

If interest rates at the time of prepayment are lower than the rates on the related bonds, as is currently the case, both loan substitution and defeasance will result in the Authority earning less on the substituted loan or the defeasance escrow than it will pay on the related bond, resulting in a negative cash flow. The Authority has other funding sources available to pay the shortfall, including the proceeds of the loan payoff, reserve funds, and operating cash. Management does not believe this condition will have a material adverse impact on the financial statements. The variance in prepayment and call periods was eliminated through a Board resolution in 2008 so that this condition is eliminated by 2018. The loans containing the shortened call provision total approximately $349 million and the related bonds total approximately $419 million at June 30, 2015. Loans exercising this call provision consisted of $83.8 million and $63.8 million in FY 2015 and FY 2014, respectively.

The Authority is exposed to various risks of loss related to torts; theft of, damages to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority participates in the State of New Mexico self-insurance program (Risk Management Program). Under this program, the Authority pays an annual premium to the State for the following types of insurance coverage:

- Workers' compensation insurance
- General liability insurance
- Civil rights
- Blanket property insurance
- Boiler and machinery insurance
- Auto physical damage insurance
- Crime insurance

The Authority also carries commercial insurance to cover losses to which it may be exposed related to their leased office space.

During the year, there were no significant reductions in commercial insurance coverage. For the past five years, no insurance settlements exceeded commercial insurance coverage.

15) Related Party Transactions

The Authority has issued bonds or purchased securities for several other state entities to finance the construction of certain capital projects. Representatives of two of these entities (the Secretary of the New Mexico Department of Finance and Administration and the Secretary of the New Mexico Department of Energy, Minerals and Natural Resources) are members of the Authority's Board of Directors. Additionally, a representative serving on the Board holds a position as Cabinet Secretary of the NM Environmental Department in which the Authority assists the Department in the administration of the State's Drinking Water federal program.

16) Finance New Mexico, LLC and Restatement

The Authority has invested in and is the managing member of, Finance New Mexico, LLC (FNMLLC) which was formed on June 19, 2006, under the laws of the State of New Mexico. FNMLLC is an approved Community Development Entity (CDE) that holds New Market Tax Credits (NMTC) allocation authority to be used for investment in Qualified Active Low-Income Community Businesses (QALICB) pursuant to Section 45D of the Internal Revenue Code (IRC).

The principal business objective of FNMLLC is to provide nontraditional investment capital to underserved markets and enhance the return on such investments by providing its members with new market tax credits. In general, under Section 45D of the Internal Revenue Code, a qualified investor in a CDE can receive the tax credits to be used to reduce Federal taxes.

In accordance with the operating agreement of FNMLLC, 99% of profits, losses and cash flows are allocated to the Authority, the managing member, and 1% to New Mexico Community Capital, the nonmanaging member.

In 2015, management re-evaluated how to report the Authority's interest in FNMLLC for financial statement purposes. Management evaluated a number of criteria as stated in GASB Statements Number 39 and 61, amendments of GASB Statement Number 14. The basic, but not the only criterion, is FNMLLC's financial accountability to the Authority. Financial accountability is measured through the degree to which the Authority can appoint a voting majority of the governing body, impose its will, ascertain a potential financial benefit, or face a potential financial burden with regard to the potential component unit. Based on the above criterion, it was determined that the FNMLLC is a blended component unit of the Authority. As such, the Authority has consolidated the FNMLLC's financial statement amounts within the Authority's New Market Tax Credit program. The condensed component unit information for FNMLLC and subsidiaries, for the year ended June 30, 2015 and 2014 were as follows:

		2015		2014
Statements of Net Position				
Assets				
Cash	$	657,456	$	532,300
Due from affiliates		935,345		838,737
Investment in limited liability companies		13,506		13,569
Total assets	$	1,606,307	$	1,384,606
Liabilities				
Accounts payable	$	59,078	$	30,756
Due to affiliate		647,193		493,938
Total liabilities		706,271		524,694
Net Position				
Restricted		900,036		859,912
Total liabilities and net position	$	1,606,307	$	1,384,606

Statements Revenues, Expenses and Changes in Net Position		2015		2014
Operating Income				
Interest income	$	114	$	597
Sponsor fee income		-		810,000
Asset management fee income		629,603		612,203
Total operating income		629,717		1,422,800
Operating Expense				
Sponsor fee expense		-		743,681
Management fee expense		372,729		377,035
Professional fees		162,460		80,835
Gross receipt tax		45,555		110,104
Miscellaneous administrative expenses		8,972		2,506
Total operating expenses		589,716		1,314,161
Net operating income		40,001		108,639
Nonoperating Income				
Share of income from investment in limited liability companies		123		64
Increase in net position	$	40,124	$	108,703

New Mexico Finance Authority
Notes to Financial Statements
June 30, 2015 and 2014

Statement of Cash Flows	**2015**	2014
Cash flows from operating activities		
Increase in net position	**$ 40,124**	$ 108,703
Adjustments to reconcile net income to net cash provided by operating activities		
Share of income from investment in limited liability companies	**(123)**	(64)
Increase in assets		
Due from affiliate	**(96,608)**	(115,716)
Increase in liabilities		
Accounts payable	**28,322**	3,002
Due to affiliate	**153,255**	78,155
Net cash provided by operating activities	**124,970**	74,080
Cash flows from investing activities		
Investment in limited liability companies	**-**	(145)
Return of capital from limited liability companies	**-**	155
Distributions from limited liability companies	**186**	190
Net cash provided by investing activities	**186**	200
Net increase in cash	**125,156**	74,280
Cash, beginning of year	**532,300**	458,020
Cash, end of year	**$ 657,456**	$ 532,300

In previous years, the Authority reported its interest in FNMLLC as an investment in the Statement of Net Position. The financial statements for the fiscal year ending June 30, 2014 have been restated as follows:

	June 30, 2014 Amounts Previously Reported	Restatement	**June 30, 2014 as Restated**
Statement of Net Position			
Current assets			
Restricted cash and equivalents	$ 51,834,915	$ 532,300	**$ 52,367,215**
Grants and other receivable	1,788,239	852,306	**2,640,545**
Investment in Finance NM LLC	99,110	(99,110)	**-**
Current liabilities			
Accounts payable	262,198	30,756	**292,954**
Other liabilities	80,694	493,938	**574,632**
Net position	458,552,499	760,802	**459,313,301**
Statement of Revenues, Expenses and Changes in Net Position			
Operating revenues			
Administrative fees revenue	2,819,302	380,537	**3,199,839**
Interest on investments	488,080	661	**488,741**
Operating expenses			
Other operating costs	1,484,748	272,495	**1,757,243**
Increase in net position	33,242,621	108,703	**33,351,324**
Net position, beginning of year	425,309,878	652,099	**425,961,977**
Net position, end of year	458,552,499	760,802	**459,313,301**

APPENDIX B

EXTRACTS OF CERTAIN PROVISIONS OF THE INDENTURE

The following statements are extracts, supplementing the information in the body of the Official Statement, of certain defined terms in and provisions of the Indenture. These extracts do not purport to be complete. Please refer to the Indenture itself for a full and complete statement of such provisions. During the offering period of the Series 2016F Bonds, copies of the Indenture will be available at the principal office of the Municipal Advisor. Subsequent to the offering of the Series 2016F Bonds, copies of the Indenture may be obtained from the Trustee. See "ADDITIONAL INFORMATION."

Certain Definitions

"Account" or "Accounts" means one or more of the special trust accounts created and established pursuant to the Indenture.

"Act" means the New Mexico Finance Authority Act, being Sections 6-21-1 through 6-21-31, inclusive, NMSA 1978, as amended and as the same may hereafter be amended and supplemented.

"Additional Bonds" means any Bonds of the NMFA, authorized and issued under the Indenture, in compliance with the Indenture, except for the Series l995A-B Bonds.

"Additional Pledged Loans" means any additional loans or securities which (i) were made or purchased by the NMFA from amounts on deposit in the Public Project Revolving Fund and (ii) the payments of principal and interest on which have been specifically pledged by the NMFA to the payment of the Bonds and other amounts due under the Indenture. No such loans or securities will be deemed to be Additional Pledged Loans unless the Trustee has received written notice from the NMFA that a specific loan or security will be included under the Indenture.

"Aggregate Annual Debt Service" means, for any given Bond Fund Year, the sum of the principal and interest payable on all Bonds Outstanding or to be Outstanding or any portion thereof.

"Agreement" or "Agreements" means, as the case may be, one or more Loan Agreements, Grant Agreements or Securities executed and delivered by Governmental Units in consideration for the financing of all or a portion of a Project by the NMFA under the General Indenture.

"Agreement Pledged Revenues" means the pledged revenues designated by a Governmental Unit for payments to be made pursuant to the respective Loan Agreement, Security Documents or Securities.

"Agreement Reserve Fund" means the Agreement Reserve Fund established by the Indenture and each Agreement Reserve Account, if any, created by an Agreement.

"Agreement Reserve Requirement" for each Agreement establishing an Agreement Reserve Account, means the amount, if any, required by such Agreement to be allocated to an Agreement Reserve Account (relating to such Agreement) within the Agreement Reserve Fund.

"Annual Common Debt Service Reserve Deposit Amount" means the lesser of (a) the positive difference, if any, between the Required Common Debt Service Reserve Funding Level and the amount then on deposit in the Common Debt Service Reserve (and if there is no positive difference, then the amount under this clause (a) shall be deemed to be zero), and (b) twenty-five percent (25%) of the remaining NMFA Portion of the Governmental Gross Receipts Tax for a given Bond Fund Year that was distributed to the NMFA by the trustee under the Subordinated Indenture on June 16, being the day after the end of the applicable bond fund year under the Subordinated Indenture, through the process described in the Indenture.

"Approval of Bond Counsel" means an opinion of Bond Counsel to the effect that the matter proposed will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Tax Exempt Bonds.

"Assumed Repayments of Loans and Additional Pledged Loans" means, for any given Bond Fund Year, the sum (expressed as a dollar amount) of the principal and interest payments scheduled to be due and payable with respect to all Loans and Additional Pledged Loans during such Bond Fund Year multiplied by, in each case, the applicable percentage pertaining to each such Loan and Additional Pledged Loan:

Category of Loans and Additional Pledged Loans	Applicable Percentages
CATEGORY I	100%
CATEGORY II	80%
CATEGORY III	50%
CATEGORY IV	0%

"Authorized Denominations" means, with respect to the Series 2016F Bonds, $5,000 or any integral multiple thereof and means, with respect to the Loans that are subject to the Ninety-Third Supplemental Indenture, $1 or any integral multiple thereof.

"Authorized Officer" means: (i) in the case of the NMFA, the Chair, any Vice Chair, Secretary or Treasurer, and when used with reference to any act or document also means any other person authorized by resolution of the NMFA to perform such act or execute such documents; (ii) in the case of a Governmental Unit, means the person or persons authorized by resolution or ordinance of the Governmental Unit to perform any act or execute any document; and (iii) in the case of the Trustee or the Paying Agent any person authorized to perform any act or sign any document by or pursuant to the bylaws or any resolution of the governing body of the Trustee or the Paying Agent, respectively.

"Beneficial Owner" means, while DTC or its nominee is the registered owner of the Series 2016F Bonds, any person entitled to receive payment of principal of, premium, if any, and interest on Series 2016F Bonds and otherwise exercise ownership rights with respect to Series 2016F Bonds.

"Bond Counsel" means nationally recognized bond counsel experienced in matters of municipal law, satisfactory to the Trustee and listed in the list of municipal bond attorneys, as published semiannually by *The Bond Buyer*, or any successor publication.

"Bond Documents" means collectively, the Loan Agreements, the Grant Agreements, the Securities, the Security Documents, and the Indenture.

"Bond Fund" means the fund by that name established by the Indenture to be held by the Trustee and used to pay amounts due on the Bonds.

"Bond Fund Year" shall, with respect to each Series of Bonds, have the meaning set forth in the related Supplemental Indenture.

"Bond Registrar" or "Registrar" means the Trustee or any other registrar appointed under the Indenture.

"Bonds" means all Bonds issued and secured under the Indenture.

"Business Day" means any day, other than a day on which banks located in New York, New York or the cities in which the Principal Offices of the Trustee or the Paying Agent are located are required or authorized by law or executive order to close, or on which the New York Stock Exchange is closed.

"Cash Flow Statement" means an NMFA certificate setting forth, for the then current and each future Bond Fund Year during which Bonds will be Outstanding, and taking into account (i) any Bonds expected to be issued or redeemed or purchased for cancellation in each such Bond Fund Year upon or in connection with the filing of such certificate, (ii) the terms of any Loans and Grants or Additional Pledged Loans expected to be made or purchased by the NMFA or Loans or Additional Pledged Loans released from the Trust Estate upon or in connection with the filing of such certificate, and (iii) the application, withdrawal or transfer of any moneys expected to be applied, withdrawn or transferred upon or in connection with the filing of such certificate:

(A) the amount of NMFA Portion of the Governmental Gross Receipts Tax to be received in each such Bond Fund Year and to be available to make debt service payments on the Bonds;

(B) the Assumed Repayments of Loans and Additional Pledged Loans to be received in each such Bond Fund Year and to be available to make debt service payments on the Bonds; and

(C) the Aggregate Annual Debt Service for each such Bond Fund Year on all Bonds reasonably expected to be Outstanding;

and (b) showing that in each such Bond Fund Year, the aggregate of the amount set forth in clause (A) of the definition divided by 1.35, plus the aggregate amount set forth in clause (B) of the definition, exceeds one hundred percent (100%) of the aggregate of the amounts set forth in clause (C) of the definition.

For purposes of the foregoing definition the following assumptions will apply:

(i) NMFA Portion of the Governmental Gross Receipts Tax in any future Bond Fund Year will be assumed to be the greatest amount received by the NMFA in any consecutive 12-month period in the 24 months next preceding the delivery of the Cash Flow Statement;

(ii) For any Bonds issued in the year in which a Cash Flow Statement is prepared, the Aggregate Annual Debt Service and Assumed Repayments of Loans and Additional Pledged Loans associated with such Bonds will be included in calculating the ratio described above; and

(iii) Loans and Additional Pledged Loans will be assumed to remain in their then-current category designations throughout the period projected in the Cash Flow Statement.

"Category I Loans and Additional Pledged Loans" means Loan Agreements, Securities and Additional Pledged Loans, the underlying obligations of which, at the time in question, are designated or rated in at least the third highest full rating category or higher by the Rating Agencies.

"Category II Loans and Additional Pledged Loans" means Loan Agreements, Securities and Additional Pledged Loans, the underlying obligations of which, at the time in question, are designated or rated in the fourth highest full rating category by the Rating Agencies.

"Category III Loans and Additional Pledged Loans" means Loan Agreements, Securities and Additional Pledged Loans the underlying obligations of which, at the time in question, are not designated or rated or are designated or rated below the fourth highest full rating category by the Rating Agencies, but excluding Category IV Loans and Additional Pledged Loans.

"Category IV Loans and Additional Pledged Loans" means all Nonperforming Loans and Additional Pledged Loans and Loans for which moneys have been drawn on the related Agreement Reserve Account to make payments due under the related Agreement and such moneys have not been fully replenished in accordance with the related Agreement or loans or Additional Pledged Loans otherwise designated as Category IV by the NMFA or the Rating Agencies.

"Cede" means Cede & Co. and any substitute nominee of DTC who becomes the Registered Owner of any Series 2016F Bonds.

“Code” means the Internal Revenue Code of 1986, as amended and the applicable regulations thereunder.

“Common Debt Service Reserve Fund” means the fund by that name which is created and established by the Indenture.

“Continuing Disclosure Agreement” means that certain Continuing Disclosure Agreement between the NMFA and the Trustee dated the date of issuance and delivery of the Series 2016F Bonds, as originally executed as it may be amended from time to time in accordance with the terms thereof.

“Covenant Default” has the meaning, if any, given in any Loan Agreement, Securities or Additional Pledged Loan.

“DTC” means The Depository Trust Company, New York, New York, a limited purpose trust company organized under the laws of the State of New York.

“Expense Fund” means the fund by that name established by the Indenture to be held by the Trustee.

“Funds and Accounts” means collectively, the Debt Service Fund and the Accounts created in therein, the Agreement Reserve Fund and the Accounts created therein, the Program Fund and the Accounts created therein, the Expense Fund, the Rebate Fund and the Accounts created therein, the Revenue Fund, the Bond Fund, and the Common Debt Service Reserve Fund.

“Governmental Obligations” means direct obligations of, or obligations the payment of the principal of and interest on which are unconditionally guaranteed by, the United States of America.

“Governmental Units” means any “qualified entity” under the Act which has executed and delivered to the NMFA a Loan Agreement, Grant Agreement or Securities for the purpose of financing all or a portion of a Project.

“Grant Agreements” means a grant or other similar financing agreement and any amendment thereto, which is entered into by and between the NMFA and a Governmental Unit and which provides for the financing of a Project with proceeds of Bonds and does not require payments by the Governmental Unit to be made thereunder.

“Grants” means collectively, the Grants made pursuant to the Grant Agreements.

“Indenture” means the General Indenture of Trust and Pledge and all Supplemental Indentures thereto as the same may be amended and supplemented.

“Interest Component” means the portion of each Loan Payment representing interest on the related Loan.

“Interest Payment Date” means, with respect to the Series 2016F Bonds, each June 1 and December 1, commencing June 1, 2017.

“Loan Agreement” means a loan or other similar financing agreement and any amendment thereto, which is entered into by and between the NMFA and a Governmental Unit and which provides for the financing of a Project with proceeds of Bonds and requires the Governmental Unit to repay the amounts advanced.

“Loan Payment” means the payments made by each Governmental Unit pursuant to the provisions of a Loan Agreement or Securities and which are to be used in accordance with the Indenture.

“Loan Payment Date” means the date specified in each Loan Agreement or Securities as the due date for Loan Payments.

“Loans” means collectively, the Loans made pursuant to the Loan Agreements and the Securities; excluding, however, all Additional Pledged Loans. Loans and Additional Pledged Loans may be evidenced by the same document containing two or more separate obligations.

"Maximum Debt Service Year" means the Bond Fund Year in which the aggregate annual Principal Component and Interest Component due in relation to all Loans is at its greatest, less any reserves, sinking fund redemption deposits or other funds deposited with the Trustee to the extent such reserves, sinking fund redemption deposits or funds may be used as a matter of right for such payments (as opposed to other reserves that are available for the payment of debt service solely in the event of non-performance of a party), for the payment of the Principal Component and Interest Component due, provided, however, amounts within the Agreement Reserve Fund shall in no event be accounted for in any calculation of the Maximum Debt Service Year.

"NMFA" means the New Mexico Finance Authority.

"NMFA Portion of the Governmental Gross Receipts Tax" means an amount equal to seventy-five percent (75%) of the net receipts attributable to the governmental gross receipts tax levied pursuant to Section 7-9-4.3, NMSA 1978, as amended, and distributed to the NMFA pursuant to Section 7-1-6.38, NMSA 1978, as amended.

"Nonperforming Loans and Additional Pledged Loans" means Loan Agreements and Securities and Additional Pledged Loans under which there has occurred and is continuing an event of default (other than a Covenant Default) or under which a delinquency exists in payments of principal or interest thereunder.

"Original Issue Date" means, with respect to the Series 2016F Bonds, the date of delivery thereof.

"Outstanding" or "Bonds outstanding" mean all Bonds which have been authenticated and delivered by the Trustee under the Indenture, except:

(a) Bonds canceled after purchase in the open market or because of payment at or redemption prior to maturity;

(b) any Bond (or any portion thereof) (i) for the payment or redemption of which there will be held in trust under the Indenture and set aside for such payment or redemption, moneys and/or Governmental Obligations (not callable at the option of the issuer thereof) maturing or redeemable at the option of the holder thereof not later than such maturity or redemption date which, together with income to be earned on such Governmental Obligations prior to such maturity or redemption date, will be sufficient to pay the principal or redemption price thereof, as the case may be, together with interest thereon to the date of maturity or redemption, and (ii) in the case of any such Bond (or any portion thereof) to be redeemed prior to maturity, notice of the redemption of which will be given in accordance with the Indenture or provided for in a manner satisfactory to the Trustee; and

(c) Bonds deemed paid pursuant to the provisions of the Indenture; and

(d) Bonds in lieu of which others have been authenticated pursuant to the Indenture.

"Participants" means underwriters, securities brokers and dealers, banks and trust companies, clearing corporations and other persons from time to time for which DTC or any successor Securities Depository holds Series 2016F Bonds as Securities Depository.

"Paying Agent," when used with respect to the Series 2016F Bonds, means the person or persons authorized by the NMFA to pay the principal of, premium, if any, and interest on, the Series 2016F Bond on behalf of the NMFA, and initially is the Trustee.

"Permitted Investments" (i) with respect to the investment of the respective Accounts of the Program Fund, the Agreement Reserve Fund and the Debt Service Fund has the meaning set forth in each Agreement, and (ii) with respect to the investment of the Revenue Fund, the Bond Fund, the Expense Fund, the Rebate Fund, and the Common Debt Service Reserve Fund or any other fund created under the Indenture, the following to the extent permitted by New Mexico law:

(a) Governmental Obligations;

(b) Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following federal agencies and provided such obligations are backed by the full faith and credit of the United States of America (stripped securities are only permitted if they have been stripped by the agency itself);

(i) Farmers Home Administration (FmHA) Certificates of Ownership;

(ii) Federal Housing Administration (FHA) Debentures;

(iii) General Services Administration Participation certificates;

(iv) Government National Mortgage Association (GNMA or "Ginnie Mae") GNMA guaranteed mortgage-backed bonds and GNMA-guaranteed pass-through obligations (participation certificates);

(v) U.S. Maritime Administration Guaranteed Title Xl financing;

(vi) U.S. Department of Housing and Urban Development (HUD) Project Notes and Local Authority Bonds;

(c) Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following non-full faith and credit U.S. government agencies (stripped securities are only permitted if they have been stripped by the agency itself;

(i) Federal Home Loan Bank System Senior debt obligations (Consolidated debt obligations);

(ii) Federal Home Loan Mortgage Corporation (FHLMC or "Freddie Mac") rated AAA by Standard & Poor's and Aaa by Moody's. Participation Certificates (Mortgage-backed securities) Senior debt obligations;

(iii) Federal National Mortgage Association (FNMA or "Fannie Mae") Mortgage-backed securities and senior debt obligations (excluded are stripped mortgage securities which are valued greater than par on the portion of unpaid principal);

(iv) Student Loan Market Association (SLMA or "Sallie Mae") Senior debt obligations;

(v) Resolution Funding Corp. (REFCORP). Only the interest component of REFCORP strips which have been stripped by request of the Federal Reserve Bank of New York in book entry form are acceptable;

(vi) Farm Credit System Consolidated systemwide bonds and notes;

(d) Money market funds registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933, and having a rating by S&P of "AAAmG," "AAAm" or "Aam" or by Moody's of "Aaa" including funds from which the Trustee or its affiliates revenue fees for investment advisory or other services to such funds.

(e) Certificates of deposit ("CD") secured at all times by collateral described in (a) and/or (b) above. CD's must have a one-year or less maturity. Such certificates must be issued by commercial banks, savings and loan associations or mutual savings banks whose short-term obligations are rated "A-1+" or better by S&P, and "Prime-1" or better by Moody's. The collateral must be held by a third party and the third party must have a perfected first security interest in the collateral;

(f) Certificates of deposit, savings accounts, deposit accounts or money market deposits which are fully insured by FDIC, including BID and SAIF;

(g) Commercial paper rated "Prime-1" by Moody's and "A-1+" or better by S&P;

(h) Bonds or notes issued by any state or municipality which are rated by Moody's and S&P in one of the two highest long-term rating categories assigned by such agencies;

(i) Federal funds or bankers acceptances with a maximum term of one year of any bank which has an unsecured, uninsured and unguaranteed obligation rating of "Prime-1" or "A-3" or better by Moody's and "A-1+" by S&P;

(j) Repurchase agreements providing for the transfer of securities from a dealer bank or securities firm (seller/borrower) to a municipal entity (buyer/lender), and the transfer of cash from a municipal entity to the dealer bank or securities firm with an agreement that the dealer bank or securities firm will repay the cash plus a yield to the municipal entity in exchange for the securities at a specified date; provided, however, that the repurchase agreement must satisfy certain criteria articulated in writing to the NMFA by the Rating Agencies;

(k) Investment contracts with providers the long term, unsecured debt organization of which are rated at least "Aaa" by the Rating Agencies; and

(l) deposits with the Treasurer of the State for investment in obligations described above.

"Prepayment" means the amount paid by a Governmental Unit pursuant to the provisions of its Loan Agreement or Securities as a prepayment of all or a portion of the principal balance due under its Loan Agreement or a prepayment of the principal amount of the Securities.

"Principal Component" means the portion of each Loan Payment representing principal on the related Loan.

"Program" means the NMFA's public project revolving fund program.

"Program Costs" means the fees and expenses payable to the Trustee, any Paying Agent and the NMFA.

"Program Fund" means the fund by that name which is created and established by the Indenture.

"Projects" means, collectively, the projects (i) authorized by the Legislature for financing by the NMFA from the Public Project Revolving Fund (to the extent required by law) and (ii) described in a Supplemental Indenture and a Loan Agreement, Grant Agreement or Securities.

"Public Project Revolving Fund" means the public project revolving fund established pursuant to the Act.

"Rating Agencies" means Moody's Investors Service, Standard & Poor's Ratings Group and Fitch Ratings or their successors and assigns and any other nationally recognized rating service designated by the NMFA and then maintaining a rating on the Bonds.

"Rebate Calculation Date" means, with respect to each Series of Bonds, the interest payment date next preceding the fifth anniversary of the issue date of such Series of Bonds, each fifth anniversary of the Initial Rebate Calculation Date for such Series of Bonds, and the date of retirement of the last bond for such Series.

"Rebate Fund" means the Fund so designated, which is created and established by the Indenture.

"Rebate Requirement" means the amount of arbitrage profits earned from the investment of gross proceeds of the Bonds in nonpurpose investments described in Section 148(f)(2) of the Code and defined as "Rebate Amount"

in Section 1.148-3 of the Treasury Regulations, which are payable to the United States at the times and in the amounts specified in Section 148(f)(3) of the Code and Section 1.148-3 of the Treasury Regulations.

"Register" means the record of ownership of the Series 2016F Bonds maintained by the Registrar.

"Registered Owner" or "Bondowner" or "Owner" or "Bondholder" or "holder" means the person or persons in whose name or names a Bond will be registered on the books of the Trustee kept for that purpose in accordance with provisions of the Indenture.

"Regular Record Date" means the fifteenth (15th) day immediately preceding each Interest Payment Date (or the Business Day immediately preceding such fifteenth (15th) day, if such fifteenth (15th) day is not a Business Day).

"Representation Letter" means the blanket representations letter from the NMFA to DTC.

"Required Common Debt Service Reserve Funding Level" means an amount (unless amended pursuant to the provisions of this definition of Required Common Debt Service Reserve Funding Level), rounded up to the nearest thousand dollars, equal to the sum of:

(i) 0% of maximum annual Principal Component and Interest Component payable in the Maximum Debt Service Year of Loans secured by revenue pledges classified by the NMFA as fire protection fund, law enforcement protection fund, governmental gross receipts tax, or state gross receipts tax (collectively, "Risk Group One");

(ii) 20% of maximum annual Principal Component and Interest Component payable in the Maximum Debt Service Year of Loans outstanding secured by revenue pledges classified by the NMFA as general obligation, limited mill levy (limited general obligation), or gross receipts tax (other than governmental gross receipts tax, or state gross receipts tax) (collectively, "Risk Group Two");

(iii) 35% of maximum annual Principal Component and Interest Component payable in the Maximum Debt Service Year of Loans outstanding secured by revenue pledges classified by the NMFA as enterprise system revenues, special assessments or a local special tax such as a lodgers' tax, cigarette tax, gasoline tax, special fuel excise tax, pari-mutuel tax, or court facilities fees (collectively, "Risk Group Three," and together with Risk Group One and Risk Group Two, "Risk Groups").

Pursuant to the following provisions, the NMFA may revise the method of calculating the Required Common Debt Service Reserve Funding Level. The NMFA may, from time to time pursuant to an indenture supplemental to the Indenture and without obtaining the consent of the Owners, add or revise revenue pledge categories in addition to those included above. New revenue pledge categories either may be included in one of the three Risk Groups identified above or included in a new Risk Group established using a different Risk Group calculation percentage (a "Factor"). The NMFA may, from time to time pursuant to an indenture supplemental to the Indenture and without obtaining the consent of the Owners, adjust the funding percentages of the Risk Group Factors, adjust the Risk Group in which a revenue pledge is categorized and add or revise revenue pledge categories within Risk Groups as to any future Bond issuances. As to any Bonds outstanding at the time a supplemental indenture as described above is entered into, the Risk Groups and Risk Group Factors as they existed prior to the supplemental indenture shall continue to be applied to such Bonds. In the event of any adjustment pursuant to a supplemental indenture whereby the Required Common Debt Service Reserve Level is decreased over time below the amount that is currently on deposit in the Common Debt Service Reserve Fund, then as provided in the Indenture, the excess amount shall remain on deposit in the Common Debt Service Reserve Fund unless used for shortfalls in any Governmental Unit's Account of the Debt Service Fund, or to redeem or defease Bonds. The NMFA's and the Trustee's ability to enter into supplemental indentures for the foregoing purposes without the consent of the Owners is an integral term and condition of subjecting the Common Debt Service Reserve Fund to the Indenture, and the Trustee is authorized to execute any such supplemental indentures, and the provisions of Article XIII of the Indenture shall not apply to such supplemental indentures as long as such supplemental indentures comply with the terms of this definition of "Required Common Debt Service Reserve Funding Level." In conjunction with executing such supplemental

indentures, the Trustee shall not be required to make any determination as to whether such a supplemental indenture is materially adverse to the interests of the Owners or any other party; whether such a supplemental indenture otherwise is permitted pursuant to Article XIII of the Indenture; or any other determination.

"Revenue Fund" means the Governmental Gross Receipts Tax, Additional Pledged Loan Revenue and Tax Subsidy Revenue Fund so designated, which is created and established by the Indenture to be held by the Trustee.

"Revenues" means (i) all revenues received or earned by the NMFA from or attributable to the Agreements (but excluding amounts paid as Program Costs), (ii) all revenues received by the NMFA from the allocation of the NMFA Portion of the Governmental Gross Receipts Tax, (iii) all revenues received or earned by the NMFA from or attributable to Additional Pledged Loans, if any, (iv) all interest earned by and profits derived from the sale of investments in the Funds and Accounts created under the Indenture (except the Rebate Fund), and (v) all Federally provided interest subsidies actually delivered to or for the account of the NMFA in relation to Bonds, including, but not limited to direct payments of the refundable interest credit (i.e., an interest subsidy) paid pursuant to Section 6431(b) of the Code in relation to 'build America bonds' (as such term is defined in such section of the Code).

"Securities" means the securities purchased or acquired by the NMFA in consideration for a Loan made pursuant to the Indenture.

"Securities Depository" means the person who operates the computerized book entry system through which ownership interest in the Series 2016F Bonds may be recorded. Such entity shall at all times be a registered clearing agency under the Securities Exchange Act of 1934, as amended, or other applicable statute or regulation, and in good standing thereunder.

"Security Documents" means the intercept agreements or other security documents delivered by Governmental Units to provide additional security for a Loan Agreement or Securities.

"Series" means all of the Bonds authenticated and delivered on original issuance and identified pursuant to the Supplemental Indenture authorizing such Bonds as a separate Series of Bonds, and any Bonds thereafter authenticated and delivered in lieu thereof or in substitution therefor.

"Series 2016F Bonds" means the New Mexico Finance Authority Senior Lien Public Project Revolving Fund Revenue Bonds, Series 2016F.

"Special Record Date" means a special record date established pursuant to the Indenture. "State" means the State of New Mexico.

"Subordinated Indenture" means that certain Subordinated General Indenture of Trust and Pledge between the NMFA and BOKF, N.A., Albuquerque, New Mexico, dated as of March 1, 2005, and all supplemental indentures supplementing or amending such Subordinated Indenture.

"Supplemental Indenture" means any supplemental indenture approved by the NMFA in accordance with the Indenture amending or supplementing the Indenture or any Supplemental Indenture.

"Trust Estate" means the property held in trust by the Trustee pursuant to the Granting Clauses of the Indenture.

"Trustee" means BOKF, N.A., Albuquerque, New Mexico, and its successors and any corporation or association resulting from or surviving any consolidation or merger to which it or its successors may be a party and any successor Trustee at the time serving as successor Trustee under the Indenture.

Registration and Exchange of Bonds

Books for the registration and for the transfer of the Bonds will be kept by the Trustee which is appointed the Bond Registrar with respect to the Bonds. Any Bond may, in accordance with its terms, be transferred only

upon the registration books kept by the Bond Registrar, by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Bond for cancellation, accompanied by delivery of a written instrument of transfer in a form approved by the Registrar, duly executed. No transfer will be effective until entered on the registration books kept by the Registrar. Upon surrender for transfer of any fully-registered Bond at the principal corporate trust office of the Trustee, duly endorsed for transfer or accompanied by an assignment duly executed by the Registered Owner or his attorney duly authorized in writing and satisfactory to the Trustee, the NMFA will execute and the Trustee will authenticate and deliver in the name of the transferee or transferees a new, fully-registered Bond or Bonds for a like aggregate principal amount. Bonds may be exchanged at the principal corporate trust office of the Trustee for a like aggregate principal amount of Bonds of other authorized denominations of the same Series and the same maturity. The execution by the NMFA of any Bond of any authorized denomination will constitute full and due authorization of such denomination, and the Trustee will thereby be authorized to authenticate and deliver such Bond. The NMFA and the Trustee will not be required to transfer or exchange any Bond of a particular Series (i) during the period from and including any Regular Record Date, to and including the next succeeding Interest Payment Date, (ii) during the period from and including the day fifteen days prior to any Special Record Date, to and including the date of the proposed payment pertaining thereto, (iii) during the period from and including the day fifteen days prior to the mailing of notice calling any Bonds of a particular Series for redemption, to and including the date of such mailing, or (iv) at any time following the mailing of notice calling such Bond for redemption.

The NMFA, the Bond Registrar and the Paying Agent may treat and consider the person in whose name each Bond is registered on the registration books kept by the Registrar as the holder and absolute owner thereof for the purpose of receiving payment of, or on account of, the principal or redemption price thereof and interest due thereon and for all other purposes whatsoever, and neither the NMFA, nor the Bond Registrar nor the Paying Agent will be affected by any notice to the contrary. Payment of or on account of either principal of or interest on any Bond will be made only to or upon order of the Registered Owner thereof or such person's legal representative, but such registration may be changed as hereinabove provided. All such payments will be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid.

The Trustee will require the payment by the Registered Owner requesting exchange or transfer, only of any tax or other governmental charge required to be paid with respect to such exchange or transfer.

Nonpresentment of Bonds

In the event that any Bond are not presented for payment when the principal thereof becomes due at maturity, or otherwise, if funds sufficient to pay any such Bond are made available to the Trustee for the benefit of the holder or holders thereof, all liability of the NMFA to the holder thereof for the payment of such Bond will forthwith cease, determine and be completely discharged, and thereupon it will be the duty of the Trustee to hold such funds, without liability to the holders of such Bonds for interest thereon, for the benefit of the holder of such Bond who will thereafter be restricted exclusively to such funds, for any claim of whatever nature on his part under the Indenture or on, or with respect to, such Bond. Moneys so deposited with the Trustee which remain unclaimed four (4) years after the date payment thereof becomes due will, to the extent authorized by applicable law, at the request of the NMFA and if the NMFA is not at the time to the knowledge of the Trustee in default with respect to any covenant contained in the Indenture and if to the knowledge of the Trustee there has been no Event of Default, be repaid to the NMFA and the Owners of the Bonds for which the deposit was made will thereafter be limited to a claim against the NMFA; provided that the Trustee, before making payment to the NMFA, may cause a notice to be given to the Owners of the Bonds at their registered addresses, stating that the moneys remaining unclaimed will be returned to the NMFA after a specified date. Upon payment of such amounts to the NMFA by the Trustee, the NMFA will deal with such money as required by applicable law.

Covenants of the NMFA

The NMFA will faithfully perform and abide by all of the covenants, undertakings and provisions contained in the Indenture or Supplemental Indenture or in any Bond, including the following covenants and agreements:

Covenant Against Creating or Permitting Liens. Except for the pledge of the Trust Estate to secure payment of the Bonds, the Trust Estate is and will be free and clear of any pledge, lien, charge or encumbrance thereon or with respect thereto; provided, however, that (i) nothing contained in the Indenture will prevent the NMFA from issuing, if and to the extent permitted by law, indebtedness having a lien on the Trust Estate subordinated to that of the Bonds and (ii) Revenues constituting NMFA Portion of the Governmental Gross Receipts Tax and payments of Additional Pledged Loans not needed for payments under the Indenture in any Bond Year may be released to the NMFA free and clear of the lien as provided in the Indenture.

Existence; Compliance with Laws. The NMFA will take no action to discontinue maintenance of its existence nor to impair its rights, powers, privileges, and franchises, and will comply with all valid and applicable laws, acts, rules, regulations, permits, orders, requirements, and directions of any legislative, executive, administrative, or judicial body which may relate to the execution and delivery of the Bonds and the performance of the NMFA's obligations under the Indenture.

No Transfer of Loan Agreements, Grant Agreements, Security Documents and Securities; Exceptions, Further Assurance. The NMFA and the Trustee will not transfer any of the Loan Agreements, Grant Agreements, Security Documents and Securities except as specifically authorized in the Indenture in furtherance of the security for the Bonds; provided that, (i) once the Governmental Unit has repaid all amounts, if any, owing under its Loan Agreement, Grant Agreement, Securities, or Additional Pledge Loan and complied with the other provisions thereof, the NMFA and the Trustee may release such Agreement or Additional Pledge Loan and any Security Documents from the pledge created under the Indenture; and (ii) the NMFA may direct the release of any Agreement or Additional Pledged Loan from the lien and pledge of the Trust Estate under the Indenture upon the delivery to the Trustee of a Cash Flow Statement reflecting such release. Except to the extent otherwise provided in the Indenture, the NMFA will not enter into any contract or take any action by which the rights of the Trustee or the Bond Owners may be impaired and will, from time to time, execute and deliver such further instruments and will take such further action as may be required to carry out the purposes of the Indenture.

Financing Statements. The NMFA and the Trustee will cause the Indenture to be filed as a financing statement with the Secretary of State of the State, in such manner and at such places as may be required by law fully to protect the security interest of the Owners in the Bonds and the right, title, and interest of the Trustee in and to the Trust Estate. From time to time, the Trustee may, but will not be required to, obtain an opinion of counsel setting forth what, if any, actions by the NMFA or Trustee should be taken to preserve such security. The NMFA will execute or cause to be executed any and all further instruments as may reasonably be requested by the Trustee for such protection of the interests of the Registered Owners, and will furnish satisfactory evidence to the Trustee that such actions have been taken and will take such other action as is necessary to preserve the lien of the Indenture upon the Trust Estate created by the Indenture until the principal of and interest on the Bonds executed and delivered under the Indenture has been paid. The Trustee will execute or join in the execution of any such further or additional instrument and file or join in the filing thereof at such time or times and in such place or places as it may be advised by an opinion of Counsel may be necessary to preserve the lien of the Indenture upon the Trust Estate created by the Indenture until the Principal of and interest on the Bonds have been paid.

Rights Under Loan Agreements; Grant Agreements, Security Documents and Securities. The Loan Agreements, Grant Agreements, Security Documents and Securities set forth the covenants and obligations of the Governmental Units, including provisions that, subsequent to the issuance of a Series of Bonds and prior to their payment in full or provision for payment thereof in accordance with the provisions of the Indenture, the Loan Agreements, Grant Agreements, Security Documents and Securities may not be effectively amended, changed, modified, altered or terminated without the prior written consent of the Trustee in accordance with the Indenture, and reference is made to the same for a detailed statement of said covenants and obligations of the Governmental Units thereunder.

Bonds to be Tax-Exempt Obligations. The NMFA covenants and agrees to and for the benefit of the Owners of Bonds that the NMFA (i) will not take any action that would cause interest on the Bonds to become subject to federal income taxation, (ii) will not omit to take or cause to be taken, in timely manner, any action, which omission would cause the interest on the Tax-exempt Bonds to become subject to federal income taxation, and (iii) will, to the extent possible, comply with any other requirements of federal tax law applicable to the Bonds in order to preserve the exemption from federal income taxation of interest on the Bonds. The provisions of this paragraph

do not apply to Bonds designated in the related Supplemental Indenture as bearing or accruing interest intended to be subject to Federal income taxation.

State Pledge of Non-Impairment. The State has pledged to and agreed with the Bondholders (as an obligation issued under the Act) that the State will not limit or alter the rights vested in the NMFA under the Act to fulfill the terms of the Indenture with the Bondholders or in any way impair the rights and remedies of those holders until the Bonds together with the interest thereon, with interest on any unpaid installments of interest, and all costs and expenses in connection with any action or proceedings by or on behalf of those holders, are fully met and discharged.

Deposit and Advance of Funds

The NMFA and the Trustee will deposit the proceeds of the Bonds to the Accounts created under the Indenture and will make the advances of funds thereunder to fund the Program and the NMFA will enter into the Loan Agreements and Grant Agreements with the Governmental Units and purchase and receive the Securities and Security Documents from the Governmental Units on the terms and conditions and upon submission of the documents as provided in the Indenture.

Loan Agreement and Securities - Loan Payments

The Loan Payments will be governed by the following provisions:

(a) Principal, Program Costs and Interest Components. A portion of each Loan Payment is paid as, and represents payment of, interest (the "Interest Component") on the related Loan and payment of a Program Cost component relating to each loan (the "Program Cost Component") and the balance of each Loan Payment is paid as, and represents payment of, principal (the "Principal Component") on the related Loan, all as set forth in the related Loan Agreement or Securities. Amounts due as the Principal, Program Costs, and Interest Components of Loan Payments due under each Loan Agreement or Securities will be paid on each Loan Payment Date. The Interest Component of Loan Payments for each Loan Agreement will be the amount of interest based on a 360-day year comprised of twelve 30-day months, unless otherwise specified in the related Supplemental Indenture. The Program Cost Component may be included in the interest rate borne by a Loan.

(b) Loan Agreement and Securities Term. The "Term" of a Loan Agreement or Securities will be defined in the Loan Agreement or Securities. The Term will not exceed the useful life of the Project financed pursuant to the related Loan Agreement or Securities.

(c) Agreement Payment. Each Loan Agreement and Security will provide that the related Governmental Unit will pay Loan Payments directly to the NMFA on or before Loan Payment Dates for remittance to the Trustee (less a portion of the interest rate, if any, retained by the NMFA in lieu of an upfront payment as an administrative fee for the payment of Program Costs. The administrative fee is calculated as .015% of the loan amount, capped at $75,000, or the NPV equivalent of .015% if the administrative fee is included in the interest rate) prior to each Interest Payment Date. In the case of Securities, the Securities will be registered in the name of the Trustee or properly assigned to the Trustee on the books of any registrar for such Securities or, if in bearer form delivered to and held by the Trustee.

(d) Prepayments. The Loan Agreements and Securities may contain a provision permitting the Governmental Unit to prepay the Principal Component of the Loan Payments, in accordance with the provisions of the Loan Agreement and Securities by payment of Prepayments in whole on any date or in part on any Interest Payment Date, at any time when the related Series of Bonds are or are about to become subject to optional redemption upon not less than forty-five (45) days' prior written notice to the Trustee and subject to any other conditions set forth in the related Supplemental Indenture, Loan Agreement or Securities. Partial prepayments of the Principal Component of Loan Payments will be made in multiples of the minimum Authorized Denomination. Each Prepayment will include interest to the date upon which the Trustee has scheduled a related redemption of Bonds as provided in the related Supplemental Indenture.

(e) Use of Reserve at Final Payment. At the time of payment in full of each Loan Agreement or Securities, the applicable Agreement Reserve Account in the Agreement Reserve Fund will be applied toward the final payment of amounts due under the related Loan Agreement or Securities.

Establishment of Funds and Accounts

There is established in the Indenture with the Trustee the following funds and accounts within funds, each of which will be held, for the term of the Indenture, in Accounts segregated from all other moneys of the Trustee or the NMFA.

(a) a Program Fund and within such fund a separate Account for each Agreement;

(b) a Debt Service Fund and within such fund a separate Account for each Agreement;

(c) a Bond Fund;

(d) an Agreement Reserve Fund and within such fund, a separate Account for each Agreement which contemplates the establishment of an Agreement Reserve Account;

(e) an Expense Fund;

(f) a Rebate Fund and within such fund a separate Account for each Agreement;

(g) a Governmental Gross Receipts Tax, Additional Pledged Loan Revenue and Tax Subsidy Revenue Fund (the "Revenue Fund") established as an account of the Public Project Revolving Fund; and

(h) a Common Debt Service Reserve Fund.

In addition to the foregoing, with respect to Additional Pledged Loans the Trustee will, if directed in a Supplemental Indenture, establish subaccounts within the Program Fund, the Agreement Reserve Fund or the Debt Service Fund for such Additional Pledged Loans.

Flow of Funds

All Funds will be accounted for and maintained by the NMFA in the Funds and Accounts established in the Indenture. Each Fund and Account will be kept separate and apart from all other Funds and Accounts of the NMFA, except that Accounts may be consolidated within one or more special trust accounts within funds. Any amount deposited pursuant to a consolidation shall remain traceable and sufficiently distinguishable in relation to each Agreement and Governmental Unit to permit any applicable arbitrage, yield restriction or similar calculations to be made. The Funds will be expended and used by the Trustee and the NMFA only in the manner of order and priority specified below:

Program Fund. Upon the issuance of a Series of Bonds the Trustee will deposit an amount specified in the related Supplemental Indenture in the Program Fund and will allocate such amount to the respective Accounts within the Program Fund as provided in each Agreement. Disbursements from each Account within the Program Fund may be made in stages or in a single disbursement for the purpose of funding a Governmental Unit's capital projects account to the extent permitted by the Indenture, and upon acknowledgment of the Governmental Units of its obligation to comply with the provisions of the Indenture. Disbursements from each Account within the Program Fund with respect to an Agreement with a Governmental Unit will (except for amounts to be used for capitalized interest on the Loan and as may be directed in a Supplemental Indenture with respect to Grants) only be made upon the delivery to the Trustee of a requisition substantially in the form attached to each Agreement signed by an Authorized Officer of the Governmental Unit.

Application of Loan Payments. The flow of funds is discussed in the forepart of this Official Statement under the heading "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Flow of Funds." The following paragraphs supplement that discussion.

All income earned from the investment of moneys in the respective Accounts of the Debt Service Account and the Agreement Reserve Fund (but only to the extent that the amount on deposit therein exceeds the related Agreement Reserve Requirement), will be deposited in the related Account of the Debt Service Account and applied as a credit to the Loan Payment next coming due under the Agreement, provided, however, that all earnings received on the Governmental Unit's Accounts will be allocated solely to the benefit of such Governmental Unit. The Trustee will notify the Governmental Unit at least fifteen (15) days prior to the due date of its next payment of Loan Payments of the amount of earnings so allocated.

In the event that the Trustee receives Prepayments under a Loan Agreement or Securities, the Trustee will apply such Prepayments to the mandatory redemption of the Bonds or portions thereof in accordance with the related Supplemental Indenture, except with respect to the Series 2004B and each series of Bonds issued thereafter, which are subject to the provisions of the Indenture discussed in the forepart of this Official Statement under the caption "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Application of Loan Prepayments."

At least once a year the Trustee will determine the amount necessary (i) to be transferred to the Bond Fund from each Debt Service Account on Interest Payment Dates for the Bonds from payments relating to a Governmental Unit's Agreement, (ii) to replenish the Governmental Unit's Account in the Agreement Reserve Fund, and (iii) to pay the Governmental Unit's share of Program Costs for the year, and will return any excess which the Trustee does not expect to be required for such payments to the related Governmental Unit or will credit such excess to the Loan Payments next coming due under the Governmental Unit's Agreement; provided, however, that (a) any excess attributable to earnings on funds and accounts for the Governmental Unit will be returned to the Governmental Unit or will be credited to the Loan Payments next coming due under the Governmental Unit's related Loan Agreement, Grant Agreement or Securities; and (b) any excess attributable to the difference in interest rates on the Governmental Unit's Loan and the relevant Outstanding Series of Bonds will be deposited into the Revenue Fund.

Amounts on deposit in the respective Account of the Agreement Reserve Fund in excess of the related Agreement Reserve Account Requirement will be transferred at least annually to the related Accounts of the Debt Service Account and credited against payments next coming due under such Loan Agreement or Securities.

Amounts on deposit in the respective Account of the Agreement Reserve Fund will be applied toward the final payment of amounts falling due under the related Loan Agreement or Securities.

As provided in an Agreement, a Governmental Unit may (i) fund an Account in the Agreement Reserve Fund over time from deposits made by or on behalf of the Governmental Unit or (ii) may use any reserve fund surety or similar investments in lieu of a cash deposit to the Agreement Reserve Fund.

Amounts on deposit in each Agreement Reserve Account, if any, secure only the payments to be made under the related Agreement and may not be applied toward payments under any other Agreement or toward payment of the Bonds, except to the extent that amounts are due and owing under the related Agreement and amounts are not otherwise available for such payments in related Account of the Debt Service Account.

All moneys held by the Trustee in the Bond Fund will be applied in accordance with the Indenture to pay the principal or redemption price of Bonds as they mature or become due, upon surrender thereof, and the interest on Bonds as it becomes payable. There will be deposited into the Bond Fund all accrued interest received, if any, at the time of the execution, sale and delivery of the Bonds.

Amounts remaining on deposit in the Bond Fund at the end of each Bond Fund Year and after payment of all amounts due on the Bonds for such Bond Fund Year will be transferred to the Revenue Fund.

Common Debt Service Reserve Fund

Pursuant to a Supplemental Indenture, the NMFA has established the Common Debt Service Reserve Fund, which is currently funded in the amount of $30,466,865 (as of October 31, 2016). The NMFA will determine, as of the end of each Bond Fund Year, the Required Common Debt Service Reserve Funding Level. The NMFA will deposit the Annual Common Debt Service Reserve Deposit Amount with the Trustee in the Common Debt Service Reserve Fund within three (3) business days of receipt by the NMFA of the disbursement of the NMFA Portion of the Governmental Gross Receipts Tax distributed to the NMFA by the trustee under the Subordinated Indenture on June 16, being the day after the end of the applicable bond fund year under the Subordinated Indenture. The disbursement of the NMFA Portion of the Governmental Gross Receipts Tax becomes available to the NMFA pursuant to the following process: (i) at the end of each Bond Fund Year, amounts remaining in the Revenue Fund are disbursed to the NMFA pursuant to the Indenture, (ii) pursuant to the Subordinated Indenture, the NMFA is obligated to transfer such amounts to the trustee under the Subordinated Indenture on June 1 of each year, (iii) the trustee under the Subordinated Indenture applies such amounts as required under the Subordinated Indenture, and (iv) the trustee under the Subordinated Indenture transfers the remaining balance of the revenue fund under the Subordinated Indenture to the NMFA on June 16 of each year.

If amounts on deposit in the Common Debt Service Reserve Fund are greater than the Required Common Debt Service Reserve Funding Level for a given Bond Fund Year, then no additional deposit will be made to the Common Debt Service Reserve Fund for such Bond Fund Year. Any such excess amount may be used during the subsequent Bond Fund Year, at the discretion of the NMFA, for the redemption of Bonds prior to maturity by depositing the amount into the Bond Fund or the defeasance of any Bonds. If the NMFA has deposited the entirety of the available Annual Common Debt Service Reserve Deposit Amount as of a Bond Fund Year end, but the amount in Common Debt Service Reserve Fund is less than the Required Common Debt Service Reserve Funding Level, then the NMFA will not be required to fund from any other source any such difference in excess of the Annual Common Debt Service Reserve Deposit Amount; provided, however, if a funding difference remains (based on the annual recalculation of the Required Common Debt Service Reserve Funding Level), then the next year's available Annual Common Debt Service Reserve Deposit Amount will be applied to that difference.

If the amounts on deposit in any Governmental Unit's Account of the Debt Service Fund are insufficient for payments coming due under the related Loan Agreement or Securities on the next Loan Payment Date, after applying any applicable Agreement Reserve Account or other source for the payment of Debt Service, on the third day preceding a Loan Payment Date (or, if such third day is not a Business Day, on the Business Day next preceding such third day), the Trustee will transfer from the Common Debt Service Reserve Fund, an amount sufficient, together with amounts in the related Debt Service Account, to pay the Principal Component and the Interest Component due under such Loan Agreement or Securities on such Loan Payment Date. Amounts on deposit in the Common Debt Service Reserve Fund may not be applied toward payment of the Bonds, except to the extent that amounts are due and owing under the Bonds and amounts are not otherwise available for such payments in the Debt Service Fund.

If all of the following are true: (i) amounts in the Common Debt Service Reserve Fund have been disbursed to pay Principal Component or and Interest Component due under a Loan Agreement or in relation to Securities, (ii) at a Bond Fund Year end following such disbursement, a portion of the Annual Common Debt Service Reserve Deposit Amount that was funded into the Common Debt Service Reserve Fund was attributable to disbursements that should have been restored by a Governmental Unit prior to such Bond Fund Year end (a "CDSR Restorative Funding"), (iii) the relevant Governmental Unit later came into compliance as to certain delinquent payments that had been covered by Common Debt Service Reserve Fund disbursements (a "CDSR Compliance Restoration"), and (iv) the amount in the Common Debt Service Reserve Fund exceeds the Required Common Debt Service Reserve Funding Level; then no more frequently than every three months, the Trustee, upon the written request of the NMFA (which written request will also certify that the foregoing conditions have been satisfied) will disburse to the NMFA the amount by which aggregate CDSR Compliance Restoration amounts exceed the aggregate CDSR Restorative Funding amounts.

If no Bonds remain outstanding (or all Bonds have been defeased), then upon the request of the NMFA, any amount remaining in the Common Debt Service Reserve Fund will be disbursed by the Trustee to the NMFA, and the disbursed amounts may be used by the NMFA for any purpose described in the Indenture.

Investment of Moneys

Any moneys held as part of a Governmental Unit's Account in any of the Funds established under the Indenture will be invested and reinvested by the Trustee at the direction of the related Governmental Unit in Permitted Investments in accordance with the following provisions.

Any such investments will be held by or under the control of the Trustee. The Trustee will sell and reduce to cash a sufficient amount of such investments whenever the cash balance in the related Debt Service Account is insufficient to pay the principal of and premium, if any, and interest on the related Loan Agreement or Securities when due. In the absence of an appropriate direction from a Governmental Unit as to investment of funds, the Trustee will invest and reinvest such amounts in a daily money market fund which invests only in United States Government Obligations.

Any moneys held (i) as part of a Governmental Unit's Account in any of the Funds established under the Indenture or (ii) by the NMFA as agent for the Trustee will be invested and reinvested by the NMFA or the Trustee, as the case may be, at the direction of the related Governmental Unit in Permitted Investments as directed by the Loan Agent or the Securities and in accordance with the following provisions.

The Trustee or the NMFA will sell and reduce to cash a sufficient amount of such investments whenever the cash balance in the related Debt Service Account is insufficient to pay the principal of and premium, if any, and interest on the related Loan Agreement or Securities when due.

Any moneys on deposit in the Revenue Fund, the Expense Fund, the Rebate Fund or the Bond Fund will be invested and reinvested by the Trustee at the direction of the NMFA only in Permitted Investments in accordance with the Indenture. Any such investments will be held by or under the control of the Trustee. The Trustee will sell and reduce to cash a sufficient amount of the investments on deposit in the Bond Fund whenever the cash balance in the Bond Fund is insufficient to pay the principal of and premium, if any, and interest on the Bonds when due.

All such investments will at all times be a part of the account or fund from where the money used to acquire such investments was deposited and all gains thereon will be credited to, and losses thereon will be charged against, such accounts or funds except as expressly provided to the contrary in the Indenture.

All investments will mature, or be subject to repurchase, withdrawal without penalty, or redemption at the option of the owner on or before the dates on which the amounts invested are reasonably expected to be needed for the purposes of the Indenture.

The principal of the investments and the interest, income, and profits received in respect thereof will be applied as follows:

(i) all interest, income, and profits received in respect of the investment of the amounts on deposit in a Governmental Unit's Account in any of the Funds established under the Indenture will (after deduction of any losses) be retained in the applicable Governmental Unit's Account from which the investment was derived (except as otherwise required with respect to the Agreement Reserve Fund and deposits to be made to the Rebate Fund); and

(ii) all interest, income, and profits received in respect of the investment of the amounts on deposit in the Revenue Fund, the Rebate Fund, the Bond Fund or the Common Debt Service Reserve Fund will (after deduction of any losses) be retained in such Fund; and

(iii) whenever any other transfer or payment is required to be made from any particular Fund or Account, such transfer or payment will be made from such combination of maturing principal, redemption, or repurchase prices, liquidation proceeds, and withdrawals of principal as the Trustee deems appropriate for such purpose, after taking into account such factors as future transfers or payments from the Fund or Account in question, the reinvestment opportunities for maturing principal, the current yield on any permitted investments to be

redeemed, withdrawn, or sold, and any penalties, gains, or losses to be realized upon any such redemption, withdrawal, or sale.

The Trustee will not be accountable for any depreciation in the value of the Permitted Investments or any losses incurred upon any authorized disposition thereof.

Method and Frequency of Valuation. In computing the amount in any Fund or account, Permitted Investments will be valued at least annually at cost, including commissions and accrued interest but excluding interest accrued following acquisition.

Defeasance

When there has been paid, or provisions for payment have been made to or for the holders and Owners of the Bonds, the principal of and premium, if any, and interest due or to become due on the Bonds at the times and in the manner stipulated therein, and if there has been paid to the Trustee and any paying agents all sums of money due or to become due according to the provisions of the Indenture, then the estate and rights granted by the Indenture will cease, determine and be void, whereupon the Trustee will cancel and discharge the lien of the Indenture and on demand of the NMFA will execute such documents to evidence such release as will be reasonably required by the NMFA and will turn over to the NMFA all balances held by the Trustee under the Indenture (other than amounts required for return to the Governmental Units as provided in the Indenture).

Any Bond will be deemed to be paid within the meaning of and for all purposes of the Indenture when (a) payment of the principal of and the applicable premium, if any, on such Bond, whether at maturity or prior redemption plus interest thereon to the due date thereof, either (i) has been made or caused to be made in accordance with the terms thereof, or (ii) has been provided by irrevocably depositing with the Trustee or other escrow agent, in trust, and the Trustee or other escrow agent has irrevocably set aside exclusively for such payment, (1) moneys sufficient to make such payment, and/or (2) noncallable Governmental Obligations maturing as to principal and interest in such amount and at such times as will insure the availability of sufficient moneys to make such payment, and (3) all necessary and proper fees, compensation and expenses of the Trustee and any paying agents pertaining to the Bonds with respect to which such deposit is made have been paid or the payment thereof provided for to the satisfaction of the Trustee. At such time as a Bond is deemed to be paid under the Indenture, as aforesaid, it will no longer be secured by or entitled to the benefits of the Indenture, except for the purposes of any such payment from such moneys or noncallable Governmental Obligations.

Notwithstanding anything in the Indenture to the contrary, all moneys so deposited with the Trustee (or other escrow agent) as provided in the defeasance provisions of the Indenture may at the direction of the NMFA also be invested and reinvested in noncallable Governmental Obligations, maturing in the amount and at times as set forth in the Indenture, and all income from all noncallable Governmental Obligations in the hands of the Trustee which is not required for the payment of the Bonds and interest and premium, if any, thereon with respect to which such moneys have been so deposited, will be deposited in the Revenue Fund as and when realized and collected for use and application as are other moneys deposited in that fund.

All moneys or noncallable Governmental Obligations set aside and held in trust pursuant to the defeasance provisions of the Indenture for the payment of Bonds (including interest and premium thereon, if any) will be applied to and used solely for the payment of the particular Bonds (including interest and premium thereof, if any) with respect to which such moneys and noncallable Governmental Obligations have been so set aside in trust.

Neither the obligations nor the moneys deposited with the Trustee (or other escrow agent) pursuant to the defeasance provisions of the Indenture will be withdrawn or used for any purpose other than, and will be segregated and held in trust for, the payment of the principal or redemption price of, and interest on, the Bonds or portions thereof.

Whenever moneys or obligations are deposited with the Trustee (or other escrow agent) for the payment or redemption of any Bonds more than sixty (60) days prior to the date that such Bonds are to mature or be redeemed, the Trustee will mail a notice stating that such moneys or obligations have been deposited and identifying the Bonds

for the payment of which such moneys or obligations are being held, to all Owners of Bonds for the payment of which such moneys or obligations are being held.

Notwithstanding anything in the Indenture to the contrary, if moneys or Government Obligations have been deposited or set aside with the Trustee pursuant to the defeasance provisions of the Indenture for the payment of Bonds and such Bonds have not in fact been actually paid in full, no amendment to the defeasance provisions of the Indenture will be made without the consent of the Registered Owner of each Bond affected thereby.

Notwithstanding anything in the Indenture to the contrary, in the event that the principal and/or interest due on any Series of Bonds is paid by a bond insurer with respect to such Series of Bonds pursuant to a financial guaranty insurance policy, the Bonds of such Series will remain Outstanding for all purposes, not be defeased or otherwise satisfied and not be considered paid by the NMFA, and the assignment and pledge of the Trust Estate and all covenants, agreements and other obligations of the NMFA to the Registered Owners and related Security Instrument Issues of such Series of Bonds will continue to exist and will run to the benefit of such bond insurer, and such bond insurer will be subrogated to the rights of such Registered Owners and related Security Instrument Issues of such Series of Bonds.

Default Provisions and Remedies of the Trustee and Owners

Events of Default Defined. Each of the following events is an "Event of Default" under the Indenture:

(a) if payment of any installment of interest on any of the Bonds is not be made by or on behalf of the NMFA when the same becomes due and payable; or

(b) if payment of the principal of or the redemption premium, if any, on any of the Bonds is not be made by or on behalf of the NMFA when the same becomes due and payable, either at maturity or by proceedings for redemption in advance of maturity or through failure to fulfill any payment to any fund hereunder or otherwise; or

(c) if the NMFA is for any reason rendered incapable of fulfilling its obligations under the Indenture; or

(d) if an order or decree is entered, with the consent or acquiescence of the NMFA, appointing a receiver or custodian for any of the Revenues of the NMFA, or approving a petition filed against the NMFA seeking reorganization of the NMFA under the federal bankruptcy laws or any other similar law or statute of the United States of America or any state thereof, or if any such order or decree, having been entered without the consent or acquiescence of the NMFA will not be vacated or discharged or stayed on appeal within 30 days after the entry thereof, or

(e) if any proceeding is instituted, with the consent or acquiescence of the NMFA, for the purpose of effecting a composition between the NMFA and its creditors or for the purpose of adjusting the claims of such creditors pursuant to any federal or state statute now or hereafter enacted, if the claims of such creditors are or may be under any circumstances payable from Revenues; or

(f) if (i) the NMFA is adjudged insolvent by a court of competent jurisdiction, or (ii) an order, judgment or decree be entered by any court of competent jurisdiction appointing, without the consent of the NMFA, a receiver, Trustee or custodian of the NMFA or of the whole or any part of their property and any of the aforesaid adjudications, orders, judgments or decrees is not vacated or set aside or stayed within 60 days from the date of entry thereof; or

(g) if the NMFA files a petition or answer seeking reorganization, relief or any arrangement under the federal bankruptcy laws or any other applicable law or statute of the United States of America or any state thereof; or

(h) if, under the provisions of any other law for the relief or aid of debtors, any court of competent jurisdiction assumes custody or control of the NMFA or of the whole or any substantial part of the property of the NMFA, and such custody or control is not terminated within 30 days from the date of assumption of such custody or control; or

(i) if the NMFA defaults in the due and punctual performance of any other of the covenants, conditions, agreements and provisions contained in the Bonds or the Indenture or any Supplemental Indenture on the part of the NMFA to be performed, other than as set forth above in this section and such Default continues for 30 days after written notice specifying such Event of Default and requiring the same to be remedied has been given to the NMFA by the Trustee, which may give such notice in its discretion and will give such notice at the written request of the Registered Owners of not less than twenty-five percent (25%) in aggregate principal amount of the Bonds then Outstanding.

Remedies of the Trustee. If an Event of Default has occurred and is continuing, the Trustee in its discretion may, and upon the written request of the Owners of a majority in aggregate principal amount of all Bonds then Outstanding and receipt of indemnity to its satisfaction, will, in its own name:

(a) by mandamus or other action or proceeding or suit at law or in equity enforce the rights of the Owners of the Bonds under the Indenture, including enforcing any rights under the Agreements and Security Documents and the provisions of the Indenture for the benefit of the Owners of the Bonds against the NMFA and any related Governmental Unit, and compel the NMFA and any related Governmental Unit, to perform or carry out its duties under the law and the agreements and covenants required to be performed by it contained in the Indenture or in any Agreement (including the appointment of a receiver); or

(b) by suit in equity enjoin any acts or things which are unlawful or violate the rights of the Trustee; or

(c) intervene in judicial proceedings that affect the Bonds, the Agreements, or the security therefor; or

(d) exercise any or all remedies permitted under the Agreements or Security Documents; or

(e) cause the NMFA or any related Governmental Unit to account as if it were the Trustee of an express trust for all of the Revenues or Agreement Pledged Revenues, pledged under the Indenture or pursuant to the Agreements and any Security Documents.

Non-Waiver. A waiver of any default or breach of duty or contract by the Trustee or the Owners will not affect any subsequent default or breach of duty or contract or impair any rights or remedies on any subsequent default or breach of duty or contract. No delay or omission by the Trustee or the Owners to exercise any right or remedy accruing upon any default or breach of duty or contract will impair any such right or be construed to be a waiver of any such default or breach of duty or contract or an acquiescence therein, and every right or remedy conferred upon the Trustee or the Owners by law or by the Indenture may be enforced and exercised from time to time and as often as may be deemed expedient by the Trustee or the Owners.

If any action, proceeding or suit to enforce any right or to exercise any remedy is abandoned or determined adversely to the Trustee or the Owners, the Trustee, the Owners, the NMFA, and the Governmental Units will be restored to the former positions, rights and remedies as if such action, proceeding or suit had not been brought or taken.

Remedies Not Exclusive. No remedy conferred upon or reserved to the Trustee or the Owners under the Indenture is intended to be exclusive of any other remedy, and each such remedy is cumulative and is in addition to every other remedy given under the Indenture or now or hereafter existing in law or in equity or by statute or otherwise and may be extended without exhausting and without regard to any other remedy conferred by any law.

No Liability by the Governmental Units to the Owners. Except for the payment when due of the Loan Payments and the performance of the other agreements and covenants required to be performed by it contained in the Agreements and Security Documents, the Governmental Units will not have any obligation or liability to the Owners with respect to the Indenture or the preparation, execution, delivery or transfer of the Bonds or the disbursement of the Loan Payments, by the Trustee, or with respect to the performance by the NMFA of any right or obligation required to be performed by it contained in the Indenture or for the performance by any other Governmental Unit of such other Governmental Unit's obligations under an Agreement or Security Documents.

Limitation of Owners' Right to Bring Suit. No Owner of any Bond has any right to institute any proceeding, judicial or otherwise, under or with respect to the Indenture, for the appointment of a receiver or Trustee or for any other remedy, at law or in equity, unless:

(a) such Owner has previously given written notice to the Trustee of a continuing Event of Default;

(b) the Owners of not less than a majority of the aggregate principal amount of the Bonds Outstanding have made written request to the Trustee to institute proceedings in respect of such Event of Default in its own name as Trustee under the Indenture;

(c) such Owner or Owners have offered to the Trustee reasonable indemnity, satisfactory to the Trustee, against the costs, expenses and liabilities to be incurred in compliance with such request; and

(d) the Trustee for 60 days after its receipt of such notice, request and offer of indemnity has failed to institute any such proceeding.

No one or more Owners has any right in any manner whatever by virtue of, or by availing of, any provision of the Indenture to affect, disturb or prejudice the lien of the Indenture or the rights of any other Owners or to obtain or to seek to obtain priority or preference over any other Owners or to enforce any right under the Indenture, except in the manner provided in the Indenture and for the equal and ratable benefit of all Bond Owners. Notwithstanding the foregoing, the Owner of any Bond has the right which is absolute and unconditional to receive payment of interest on such Bond when due in accordance with the terms of the Bonds and the Indenture and the principal of such Bond at the stated maturity of the Bonds and to institute suit for the enforcement of any such payment in accordance with the provisions of the Indenture and such rights will not be impaired without the consent of such Owner.

The Owners of a majority in aggregate principal amount of the Bonds Outstanding under the Indenture have the right, after furnishing indemnity satisfactory to the Trustee, to direct the method and place of conducting all remedial proceedings by the Trustee, provided that such direction is not in conflict with any rule of law or with the Indenture or unduly prejudice the rights of minority Owners of Bonds.

Application of Funds Upon Default. All moneys received by the Trustee or by any receiver pursuant to any right given or action taken under the default provisions of the Indenture or under the provisions of the related Agreements, will, after payment of the reasonable costs and fees of, and the reasonable expenses, liabilities and advances incurred or made by the Trustee, be deposited in the Bond Fund and all moneys so deposited during the continuance of an Event of Default (other than moneys deposited to the Bond Fund for the payment of Bonds which have previously matured or otherwise become payable prior to such Event of Default), together with all moneys in the Funds maintained by the Trustee or the NMFA under the Indenture, will be applied as follows:

(a) Unless the principal of all Bonds shall have become due and payable, all such moneys will be applied, as follows:

First: To the payment to the persons or entity entitled thereto of all installments of interest then due on the Bonds, in the order of maturity of the installments of such interest, and, if the amount available will not be sufficient to pay in full any particular installment of interest, then to the

payment ratably according to the amounts due on such installment, to the persons or entity entitled thereto without any discrimination or privilege;

Second: To the payment to the persons or entity entitled thereto of the unpaid principal of and any of the Bonds which have become due (other than Bonds called for prepayment for the payment of which moneys are held pursuant to the provisions of the Indenture), with interest on such Bonds at their rate from the respective dates upon which they became due, in the order of their due dates, and, if the amount available is not sufficient to pay in full Bonds due on any particular date, together with such interest, then to the payment ratably, according to the amount of principal and interest due on such date, to the persons or entities entitled thereto without any discrimination or privilege; and

Third: To be held for the payment to the persons entitled thereto as the same become due of the principal of, the premium, if any, and interest on the Bonds which may thereafter become due at maturity and, if the amount available is not sufficient to pay in full Bonds due on any particular date, together with interest then due and owing thereon, payment will be made ratably according to the amount of principal due on such date to the persons entitled thereto without any discrimination or privilege.

(b) If the principal of all the Bonds becomes due and payable all such moneys will be applied to the payment of the principal and interest then due and unpaid upon the Bonds, with the interest on overdue principal, as aforesaid, without preference or priority of principal over interest or of interest over principal or of any installment of interest over any other installment of interest, or of any Bonds over any other certificates, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or privilege.

Whenever moneys are to be applied pursuant to the provisions of this section, such moneys will be applied at such times, and from time to time, as the Trustee may determine, having due regard for the amount of such moneys available for such application in the future. Whenever the Trustee applies such moneys it will fix the date (which will be an Interest Payment Date unless it deems another date more suitable) upon which date such application is to commence and upon such date interest on the amounts of principal to be paid on such date will cease to accrue. The Trustee will give such notice as it may deem appropriate of the deposit with it of any moneys and of the fixing of any such date and of the Special Record Date in accordance with the Indenture. The Trustee will not be required to make payment to the holder of any unpaid Bond until such Bond is presented to the Trustee for appropriate endorsement or for cancellation if fully paid.

Waivers of Events of Default. The Trustee may in its discretion waive any Event of Default and its consequences and will do so upon the written request of the Registered Owners of (a) a majority in aggregate principal amount of all the Bonds then outstanding in respect of which Default in the payment of principal and interest exist, or (b) a majority in aggregate principal amount of the Bonds then Outstanding in the case of any other Event of Default; provided, however, that there will not be waived (i) any Event of Default in the payment of the principal of any Bonds at the date of maturity specified therein, or (ii) any default in the payment when due of the interest on any such Bonds, unless prior to such waiver or rescission, all arrears of interest, with interest (to the extent permitted by law) at the rate borne by the Bonds in respect of which such Event of Default has occurred on overdue installments of interest and all arrears of payments of principal and premium, if any, when due and all expenses of the Trustee, in connection with such Event of Default has been paid or provided for, and in case of any such waiver or rescission, or in case any proceeding taken by the Trustee on account of any such Event of Default has been discontinued or abandoned or determined adversely, then and in every such case the NMFA, the Trustee and the Registered Owners will be restored to their former positions and rights under the Indenture, respectively, but no such waiver or rescission will extend to any subsequent or other Event of Default, or impair any right consequent thereon.

Supplemental Indentures

Supplemental Indentures Not Requiring Consent of Owners. The NMFA and the Trustee may, without consent of, or notice to, any of the Owners enter into an indenture or indentures supplemental to the Indenture for any one or more of the following purposes:

(a) To provide for the issuance of Additional Bonds in accordance with the provisions of the Indenture;

(b) To cure any ambiguity or formal defect or omission in the Indenture;

(c) To grant to or confer upon the Trustee for the benefit of the Owners any additional rights, remedies, powers or authority that may lawfully be granted to or conferred upon the Registered Owners or the Trustee;

(d) To subject to the Indenture additional revenues, properties or collateral;

(e) To evidence the appointment of a separate Trustee or paying agent or the succession of a new Trustee or paying agent under the Indenture;

(f) To make any other change which in the judgment of the Trustee is not materially adverse to the interests of the Trustee or any of the Owners;

(g) To make any amendments with the prior written confirmation from of the Rating Agency that such amendments will not result in the rating on the Bonds following such amendment being lower than the rating on the Bonds immediately prior to such amendment; and

(h) To add additional covenants of the NMFA or any Governmental Unit or to surrender any right or power conferred upon the NMFA in the Indenture or any Governmental Unit or to grant additional powers or rights to the Trustee.

Supplemental Indentures Requiring Consent of Owners. Exclusive of supplemental indentures covered by the foregoing section and subject to the following terms and provisions and not otherwise, the Owners of not less than a majority in aggregate principal amount of the Bonds then outstanding will have the right, from time to time, anything contained in the Indenture to the contrary notwithstanding, to consent to and approve the execution by the NMFA and the Trustee of such other indenture or indentures supplemental to the Indenture as may be deemed necessary and desirable by the NMFA for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in the Indenture or in any supplemental indenture; provided, however, that nothing in this section or in the foregoing section will permit, or be construed as permitting, (i) an extension of the maturity of the principal of, or the interest on, any Bond, or (ii) a reduction in the principal amount of, or redemption premium on, any Bond or the rate of interest thereon, or (iii) a privilege or priority of any Bond or Bonds over any other Bond or Bonds, or (iv) a reduction in the aggregate principal amount of the Bonds required for consent to such supplemental indentures, or (v) permit the creation of any lien ranking prior to the lien of the Indenture on the Trust Estate or any part thereof, or (vi) deprive the Owner of any Bond then outstanding of the lien created by the Indenture on the Trust Estate without the prior consent of one hundred percent (100%) of the holders of the Bonds affected by such supplemental indenture. The Trustee may, but is not obligated to, enter into any such supplemental indenture which adversely affects the Trustee's rights, duties or immunities under the Indenture or the Agreements.

If at any time the NMFA requests the Trustee to enter into any such supplemental indenture for any of the purposes of this section, the Trustee will, upon being satisfactorily indemnified with respect to expenses, cause notice of the proposed execution of such supplemental indenture to be given by registered or certified mail to the owner of each Bond shown by the list of Owners kept at the office of the Trustee. Such notices will briefly set forth the nature of the proposed supplemental indenture and will state that copies thereof are on file at the principal office of the Trustee for inspection by all Owners. If, within one hundred twenty (120) days or such longer period as the

holders of not less than a majority in aggregate principal amount of the Bonds outstanding at the time of the execution of any such supplemental indenture have consented to and approved the execution thereof as provided in the Indenture, no Owner of any Bond will have any right to object to any of the terms and provisions contained therein, or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Trustee or the Governmental Units from executing the same or from taking any action pursuant to the provisions thereof. Upon the execution of any such supplemental indenture as permitted and provided, the Indenture will be and be deemed to be modified and amended in accordance therewith.

Amendment of Agreements and Security Documents.

(a) The NMFA will have the right to amend an Agreement and any existing Security Documents with the Consent of the Trustee and the related Governmental Unit without Bond Owners' consent, for one or more of the following purposes:

(i) to add additional covenants of the NMFA or the related Governmental Unit, as applicable, or to surrender any right or power conferred upon the NMFA or the related Governmental Unit;

(ii) to make any amendments with the prior written confirmation from the Rating Agencies that such amendment will not result in the rating on the Bonds following such amendment being lower than the rating on the Bonds immediately prior to such amendment;

(iii) for any purpose not inconsistent with the terms of the Indenture or to cure any ambiguity or to correct or supplement any provision contained therein or in any amendment thereto which may be defective or inconsistent with any other provision contained therein or in the Indenture or in any amendment thereto or in any Supplemental Indenture, or to make such other provisions in regard to matters or questions arising under any Agreement, or Security Documents which in the judgment of the Trustee do not adversely affect the interests of the Owners of Bonds; or

(iv) to make any other change or amendment upon the delivery to the Trustee of a Cash Flow Statement and an Approval of Bond Counsel.

(b) If the NMFA or a Governmental Unit propose to amend an Agreement or related Security Documents in a manner not contemplated by (a) above the Trustee will notify the Owners of the Bonds of the proposed amendment and may consent thereto with the consent of the Owners of at least a majority in aggregate principal amount of the Bonds then Outstanding.

Fees, Charges and Expenses of the Trustee

Upon an Event of Default, but only upon an Event of Default, the Trustee will have a right of payment prior to payment on account of interest or principal of, or premium, if any, on any Bond for the Trustee's advances, fees, costs and expenses incurred.

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APPENDIX C

CERTAIN ECONOMIC AND DEMOGRAPHIC INFORMATION RELATING TO THE STATE

The following economic and demographic descriptions are furnished for information only. The Series 2016F Bonds do not constitute a general obligation of the State and are special limited obligations of Finance Authority payable solely from the Trust Estate. THE FINANCE AUTHORITY HAS NO TAXING POWERS. The principal of and interest and premium, if any, on the Series 2016F Bonds do not constitute or give rise to a personal liability on the part of the directors and officers of the Finance Authority. No breach of any pledge, obligation or agreement of the Finance Authority will impose a pecuniary liability or a charge upon the general credit of the State, the Finance Authority or any political subdivision of the State, or upon the taxing power of the State or any political subdivision of the State.

The information presented in this Appendix C relates to certain economic and demographic information relating to the State. Such information is for informational purposes and is presented to provide readers a sense of the economic and demographic composition of the State. Such information is available from the sources listed in the tables and is believed to be reliable. However, the Finance Authority has not verified and does not guarantee the accuracy of any such information.

Generally

The State, admitted as the forty-seventh state on January 6, 1912, is the fifth largest state, containing approximately 121,593 square miles. The estimated 2015 population of the State was 2,085,109. The State has a semiarid subtropical climate with light precipitation. Its climate is characterized by sunshine and bright skies in both winter and summer. Every part of the State receives no less than 70 percent sunshine year-round. Humidity ranges from 60 percent (mornings) to 30 percent (afternoons). Thunderstorms in July and August bring most of the moisture. December to March snowfalls vary from 2 inches (lower Rio Grande Valley) to 300 inches (north central mountains).

Governmental Organization

The Executive Branch of State government consists of a Governor, Lieutenant Governor, Secretary of State, State Auditor, State Treasurer, Attorney General, and Commissioner of Public Lands. These officials are elected to four-year terms beginning January 1 after their election. An elected Executive Branch officer may succeed himself or herself in office once. The primary functions of the Executive Branch are currently carried out by the offices of each elected Executive Branch officeholder, in addition to approximately 22 cabinet departments, each headed by a cabinet secretary appointed by the Governor with the advice and consent of the Senate, and approximately 9 cabinet-level agencies. Elections for all executive branch statewide offices were held on November 4, 2014.

The State Board of Finance ("State Board") has seven voting members consisting of the Governor, the Lieutenant Governor, the State Treasurer, and four members appointed by the Governor with the advice and consent of the Senate. No more than two appointed members may be from the same political party. The Department of Finance and Administration (the "DFA") Secretary serves as the Executive Officer of the State Board and is a non-voting member. The State Board, in addition to other powers and duties provided by law, has general supervisory authority over the fiscal affairs of the State and over the safekeeping and depositing of all money and securities belonging to, or in the custody of, the State. The Governor serves as the President of the State Board.

The DFA is the principal financial organization of State government and performs through its divisions the duties and functions relating to State and local government financing and general administration. The executive and administrative head of the DFA is the Secretary, who is appointed by the Governor with the advice and consent of the Senate. The State Board's staff are a division of the DFA. The Director of the State Board is appointed by the Secretary with the approval of the members of the State Board.

The Legislature consists of 112 members and is divided into a Senate and a House of Representatives. Senators are elected for four-year terms and members of the House are elected for two-year terms. The Legislature convenes in regular session annually on the third Tuesday in January. Regular sessions are constitutionally limited in length to 60 calendar days in odd-numbered years and 30 calendar days in even-numbered years. Special sessions of the Legislature may be convened by the Governor. Extraordinary sessions may be convened by the Legislature under certain limited circumstances. Legislators do not receive any salary, but do receive per diem and mileage allowances while in session or performing official State business.

The judicial branch is composed of a statewide system including Magistrate and District Courts, the Court of Appeals and the Supreme Court. The District Courts are the trial courts of record with general jurisdiction.

Economic and Demographic Characteristics

New Mexico is the 36th largest state by population and the fifth largest in land area. The estimated population of the State as of July 1, 2015 was 2,085,109.

There are four Metropolitan Statistical Areas ("MSAs") in the State. The Albuquerque MSA is comprised of Bernalillo, Sandoval, Torrance and Valencia Counties; the Las Cruces MSA is comprised of Doña Ana County; the Santa Fe MSA is comprised of Santa Fe County; and the Farmington MSA is comprised of San Juan County. The fastest growing counties in the State are Sandoval, Doña Ana, Bernalillo, Santa Fe, Valencia, and San Juan. The following table sets forth information on population growth in New Mexico and nationally.

POPULATION
NEW MEXICO AND THE UNITED STATES
2006-2015

	Population		Annual Percentage Change	
Year	New Mexico	United States	New Mexico(1)	United States
2006	1,940,631	298,431,771	1.4%	1.0%
2007	1,966,357	301,393,632	1.3	1.0
2008	1,984,179	304,177,401	0.9	0.9
2009	2,007,315	306,656,290	1.2	0.8
2010 (Census)	2,059,179	308,745,538	2.6	0.7
2011 (est.)	2,078,226	311,718,857	0.9	1.0
2012 (est.)	2,084,792	314,102,623	0.3	0.8
2013 (est.)	2,086,890	316,427,395	0.1	0.7
2014 (est.)	2,085,567	318,907,401	(0.1)	0.8
2015 (est.)	2,085,109	321,418,820	–	0.8

(1) Dash (–) represents zero or rounds to zero.
(Source: U.S. Census Bureau, Population Division. Last revised March 2016.)

Major industries in the State include oil and natural gas production, manufacturing, service, tourism, services, arts and crafts, agribusiness, government and mining. Major federally funded scientific research facilities at Los Alamos, Albuquerque and White Sands are also a notable part of the State's economy. The following table sets forth information on employment by industry over the period of 2006 through 2015.

TOTAL FULL-TIME AND PART-TIME EMPLOYMENT BY INDUSTRY

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	Growth 2014-2015	Growth 2006-2015
Total employment	1,080,732	1,105,413	1,107,869	1,075,660	1,060,716	1,065,291	1,067,757	1,075,867	1,082,277	1,095,949	1.3%	1.4%
Wage and salary employment	868,518	878,592	881,856	849,122	837,320	837,281	839,789	846,896	852,861	859,738	0.8	(1.0)
Proprietors employment	212,214	226,821	226,013	226,538	223,396	228,010	227,968	228,971	229,416	236,211	3.0	11.3
Farm proprietors employment	15,255	18,193	18,041	18,270	19,083	20,715	21,436	21,547	21,322	21,311	(0.1)	39.7
Nonfarm proprietors employment	196,959	208,628	207,972	208,268	204,313	207,295	206,532	207,424	208,094	214,900	3.3	9.1
Farm employment	22,829	25,804	24,702	25,228	25,630	27,323	28,370	29,218	28,111	28,772	2.4	26.0
Nonfarm employment	1,057,903	1,079,609	1,083,167	1,050,432	1,035,086	1,037,968	1,039,387	1,046,649	1,054,166	1,067,177	1.2	0.9
Private employment	843,571	869,670	869,872	834,214	817,651	824,157	827,488	835,812	844,809	858,620	1.6	1.8
Forestry, fishing, related activities and other[1]	5,131	5,161	5,293	5,287	5,200	5,237	5,138	5,247	5,682	5,884	3.6	14.7
Mining[2]	23,632	24,913	28,331	24,467	27,049	28,362	34,232	36,831	38,198	35,898	(6.0)	51.9
Utilities	4,211	4,538	4,666	4,873	4,637	4,554	4,583	4,667	4,591	4,573	(0.4)	8.6
Construction[3]	79,756	80,578	77,980	67,247	61,314	59,382	58,032	59,248	59,713	60,555	1.4	(24.1)
Manufacturing	42,863	42,818	40,671	36,587	34,587	35,750	35,771	35,469	34,032	34,076	0.1	(20.5)
Durable goods manufacturing[4]	29,961	29,770	28,091	24,485	23,086	23,698	23,217	22,553	21,241	20,935	(1.4)	(30.1)
Nondurable goods manufacturing[5]	12,902	13,048	12,580	12,102	11,501	12,052	12,554	12,916	12,791	13,141	2.7	1.9
Wholesale trade	29,430	29,015	28,755	26,698	26,921	26,513	26,486	26,694	27,496	28,567	3.9	(2.9)
Retail trade[6]	116,789	119,034	118,204	114,095	110,475	111,583	111,908	112,808	114,086	115,724	1.4	(0.9)
Transportation and warehousing[7]	25,906	27,435	26,703	24,361	23,430	24,333	25,361	25,505	25,846	26,447	2.3	2.1
Information[8]	18,451	18,879	18,971	17,497	17,130	16,508	16,473	16,059	15,723	16,006	1.8	(13.3)
Finance and insurance[9]	32,407	33,829	34,633	36,035	34,660	35,632	35,138	34,903	34,602	34,612	0.0	6.8
Real estate and rental and leasing[10]	39,542	41,944	41,498	39,685	39,500	39,760	38,275	38,513	39,253	40,479	3.1	2.4
Professional and technical services	74,398	82,057	82,138	80,457	78,439	77,591	76,152	75,940	76,094	77,546	1.9	4.2
Management of companies and enterprises	6,419	6,072	5,908	5,566	5,380	5,491	5,449	5,503	5,632	5,814	3.2	(9.4)
Administrative and waste services[11]	58,480	60,437	60,327	55,868	54,315	54,746	53,440	54,622	54,418	54,184	(0.4)	(7.3)
Educational services	15,952	15,801	15,988	16,363	16,814	16,280	16,152	16,404	16,716	17,553	5.0	10.0
Health care and social assistance[12]	107,985	111,857	114,850	118,169	119,533	121,675	123,264	123,782	124,943	129,672	3.8	20.1
Arts, entertainment and recreation[13]	21,943	23,000	23,352	23,308	23,110	23,142	23,722	23,743	24,052	24,885	3.5	13.4
Accommodation and food services[14]	84,498	85,156	84,057	81,759	81,222	82,391	83,232	85,532	88,375	90,601	2.5	7.2
Other services, except public administration[15]	55,778	57,146	57,547	55,892	53,935	55,227	54,680	54,342	55,357	55,544	0.3	(0.4)
Government and government enterprises[16]	214,332	209,939	213,295	216,218	217,435	213,811	211,899	210,837	209,357	208,557	(0.4)	(2.7)

(1) The "Forestry, fishing, related activities and other" category includes: forestry and logging; fishing, hunting and trapping; agriculture and forestry support activities.
(2) The "Mining" category includes: oil and gas extraction; mining (except oil and gas); and support activities for mining.
(3) The "Construction" category includes: construction of buildings; heavy and civil engineering construction; and specialty trade contractors.
(4) The "Durable goods manufacturing" category includes: wood product manufacturing; nonmetallic mineral product manufacturing; primary metal manufacturing; fabricated metal product manufacturing; machinery manufacturing; computer and electronic product manufacturing; electrical equipment and appliance manufacturing; motor vehicles, bodies and trailers, and parts manufacturing; other transportation equipment manufacturing; furniture and related product manufacturing; and miscellaneous manufacturing.
(5) The "Nondurable goods manufacturing" category includes: food manufacturing; beverage and tobacco product manufacturing; textile mills; textile product mills; apparel manufacturing; leather and allied product manufacturing; paper manufacturing; printing and related support activities; petroleum and coal products manufacturing; chemical manufacturing; and plastics and rubber products manufacturing.
(6) The "Retail trade" category includes: motor vehicle and parts dealers; furniture and home furnishings stores; electronics and appliance stores; building material and garden supply stores; food and beverage stores; health and personal care stores; gasoline stations; clothing and clothing accessories stores; sporting goods, hobby, book and music stores; general merchandise stores; miscellaneous store retailers; and nonstore retailers.
(7) The "Transportation and warehousing" category includes: air transportation; rail transportation; water transportation; truck transportation; transit and ground passenger transportation; pipeline transportation; scenic and sightseeing transportation; support activities for transportation; couriers and messengers; and warehousing and storage.
(8) The "Information" category includes: publishing industries, except Internet; motion picture and sound recording industries; broadcasting, except Internet; Internet publishing and broadcasting; telecommunications; ISPs, search portals and data processing; and other information services.
(9) The "Finance and insurance" category includes: monetary authorities-central bank; credit intermediation and related activities; securities, commodity contracts, investments; insurance carriers and related activities; and funds, trusts and other financial vehicles.
(10) The "Real estate and rental and leasing" category includes: real estate; rental and leasing services; and lessors of nonfinancial intangible assets.
(11) The "Administrative and waste services" category includes: administrative and support services; and waste management and remediation services.
(12) The "Health care and social assistance" category includes: ambulatory health care services; hospitals; nursing and residential care facilities; and social assistance.
(13) The "Arts, entertainment and recreation" category includes: performing arts and spectator sports; museums, historical sites, zoos and parks; and amusement, gambling and recreation.
(14) The "Accommodation and food services" category includes: accommodation; and food services and drinking places.
(15) The "Other services, except public administration" category includes: repair and maintenance; personal and laundry services; membership associations and organizations; and employment in private households.
(16) The "Government and government enterprises" category includes: federal, civilian; military; state and local; and state government and local government.
(Source: Regional Economic Information System, Bureau of Economic Analysis, Last updated September 28, 2016, including new estimates for 2015 and revised estimates for 2006-2014.)

The following tables set forth selected additional economic and demographic data with respect to the State.

EMPLOYMENT AND LABOR FORCE
NEW MEXICO AND THE UNITED STATES
2006-2015

Year	Civilian Labor Force (Thousands) New Mexico[1]	Civilian Labor Force (Thousands) United States[1]	Number of Employed (Thousands) New Mexico[1]	Number of Employed (Thousands) United States[1]	Unemployment Rate New Mexico	Unemployment Rate United States	Unemployment Rate N.M. as % of U.S. Rate
2006	928	151,428	889	144,427	4.2%	4.6%	91%
2007	934	153,124	899	146,047	3.8	4.6	83
2008	945	154,287	902	145,362	4.5	5.8	78
2009	940	154,142	869	139,877	7.5	9.3	81
2010	936	153,889	860	139,064	8.1	9.6	84
2011	930	153,617	860	139,869	7.5	8.9	84
2012	929	154,975	863	142,469	7.1	8.1	88
2013	924	155,389	859	143,929	7.0	7.4	95
2014	921	155,922	859	146,305	6.7	6.2	108
2015	920	157,130	859	148,834	6.6	5.3	125

(1) Figures rounded to nearest thousand.
(Sources: U.S. Bureau of Labor and Statistics (Last Updated: April 20, 2016) and Bureau of Business and Economic Research, University of New Mexico (Last Updated: March 24, 2016).)

PERSONAL INCOME
NEW MEXICO AND THE UNITED STATES
2006-2015

Year	Personal Income (000) New Mexico	Personal Income (000) United States	Annual Percentage Change New Mexico	Annual Percentage Change United States
2006	$59,578,677	$11,381,350,000	n/a	n/a
2007	63,091,733	11,995,419,000	5.9%	5.4%
2008	67,250,834	12,492,705,000	6.6	4.1
2009	66,243,018	12,079,444,000	(1.5)	(3.3)
2010	68,361,950	12,459,613,000	3.2	3.1
2011	72,175,501	13,233,436,000	5.6	6.2
2012	73,822,778	13,904,485,000	2.3	5.1
2013	72,465,608	14,068,960,000	(1.8)	1.2
2014	76,449,091	14,801,624,000	5.5	5.2
2015	79,104,093	15,463,981,000	3.5	4.5

(Source: U.S. Department of Commerce, Bureau of Economic Analysis, Regional Data. Last updated: September 28, 2016.)

PER CAPITA PERSONAL INCOME
NEW MEXICO AND THE UNITED STATES
2006-2015

Year	Per Capita Income: New Mexico	Per Capita Income: United States	N.M. as a % of U.S.	Annual Percentage Change: New Mexico	Annual Percentage Change: United States
2006	$30,364	$38,144	80%	n/a	n/a
2007	31,703	39,821	80	4.4%	4.4%
2008	33,447	41,082	81	5.5	3.2
2009	32,523	39,376	83	(2.8)	(4.2)
2010	33,109	40,277	82	1.8	2.3
2011	34,729	42,453	82	4.9	5.4
2012	35,410	44,267	80	2.0	4.3
2013	34,724	44,462	78	(1.9)	0.4
2014	36,656	46,414	79	5.6	4.4
2015	37,938	48,112	79	3.5	3.7

(Sources: U.S. Department of Commerce, Bureau of Economic Analysis, Regional Data. Last revised: September 28, 2016; revised estimates for 1998-2015.)

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WAGES AND SALARIES BY INDUSTRY SECTOR
2006-2015

NAICS Earnings by Place of Work [1] Applicable to 2006-2015	New Mexico (Thousands of Dollars)[2]		United States (Thousands of Dollars)[2]		Cumulative Annual Percent Change 2006-2015		Distribution of 2015 Wages & Salaries	
	2015	2006	2015	2006	N.M.	U.S.	N.M.	U.S.
Farm Wages and Salary	$ 254,614	$206,195	$26,208,000	$18,764,000	23.5%	39.7%	0.7%	0.3%
Non-farm Wages and Salary	37,189,533	30,578,029	7,822,374,000	6,032,912,000	21.6	29.7	99.3	99.7
Private Non-farm Wages and Salary	27,400,659	22,088,036	6,565,357,000	5,012,443,000	24.1	31.0	73.2	83.7
Forestry, Fishing, and related activities	86,059	58,552	17,922,000	12,145,000	47.0	47.6	0.2	0.2
Mining, Quarrying, and Oil and Gas Extraction	1,937,982	1,146,805	76,971,000	47,897,000	69.0	60.7	5.2	1.0
Utilities	356,438	252,375	57,465,000	43,599,000	41.2	31.8	1.0	0.7
Construction	1,969,300	2,165,630	380,306,000	354,613,000	(9.1)	7.2	5.3	4.8
Manufacturing	1,639,421	1,687,295	806,749,000	737,769,000	(2.8)	9.3	4.4	10.3
Durable Goods Manufacturing	1,102,940	1,299,557	533,760,000	493,028,000	(15.1)	8.3	2.9	6.8
Nondurable Goods Manufacturing	536,481	387,738	272,989,000	244,741,000	38.4	11.5	1.4	3.5
Wholesale Trade	1,169,660	1,064,016	440,251,000	349,163,000	9.9	26.1	3.1	5.6
Retail Trade	2,717,343	2,353,528	482,275,000	407,227,000	15.5	18.4	7.3	6.1
Transportation and Warehousing	1,042,862	846,528	257,382,000	193,964,000	23.2	32.7	2.8	3.3
Information	667,209	619,281	266,815,000	204,090,000	7.7	30.7	1.8	3.4
Finance and Insurance	1,431,619	1,090,392	609,705,000	490,398,000	31.3	24.3	3.8	7.8
Real Estate and Rental and Leasing	396,888	353,116	117,371,000	94,649,000	12.4	24.0	1.1	1.5
Professional, Scientific, and Technical Services	4,132,742	3,132,842	788,837,000	518,979,000	31.9	52.0	11.0	10.1
Management of Companies and Enterprises	363,469	307,884	260,974,000	164,687,000	18.1	58.5	1.0	3.3
Administrative and Waste Services	1,453,297	1,325,938	337,732,000	248,449,000	9.6	35.9	3.9	4.3
Educational Services	341,216	271,499	143,799,000	94,076,000	25.7	52.9	0.9	1.8
Health Care and Social Assistance	4,737,660	3,161,892	897,590,000	599,008,000	49.8	49.8	12.7	11.4
Arts, Entertainment, and Recreation	230,998	163,839	86,511,000	62,858,000	41.0	37.6	0.6	1.1
Accommodations and Food Services	1,636,722	1,189,469	290,685,000	200,893,000	37.6	44.7	4.4	3.7
Other Services, Except Public Administration	1,089,774	897,155	246,017,000	187,979,000	21.5	30.9	2.9	3.1
Government and Government Enterprises	9,788,874	8,489,993	1,256,990,000	1,020,469,000	15.3	23.2	26.1	16.0
Federal, Civilian	2,115,890	1,819,831	220,372,000	174,448,000	16.3	26.3	5.7	2.8
Military	855,084	676,559	91,746,000	82,933,000	26.4	10.6	2.3	1.2
State and Local	6,817,900	5,993,603	944,872,000	763,088,000	13.8	23.8	18.2	12.0

(1) The estimates of wage and salary disbursements for 2006 are based on the 2002 North American Industry Classification System (NAICS). The estimates for 2007-2010 are based on the 2007 NAICS. The estimates for 2011 forward are based on the 2012 NAICS.
(2) All dollar estimates are in current dollars (not adjusted for inflation).
(Source: U.S. Department of Commerce, Bureau of Economic Analysis, last updated September 28, 2016; new estimate for 2015.)

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APPENDIX D

FORM OF OPINION OF BOND COUNSEL

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[Form of opinion of Ballard Spahr LLP]

__________, 2016

New Mexico Finance Authority
Santa Fe, New Mexico

Re: $38,575,000 New Mexico Finance Authority Senior Lien Public Project Revolving Fund Revenue Bonds, Series 2016F

We have acted as bond counsel in connection with the issuance by the New Mexico Finance Authority (the "Finance Authority") of its Senior Lien Public Project Revolving Fund Revenue Bonds, Series 2016F in the aggregate principal amount of $38,575,000 (the "Series 2016F Bonds"). The Series 2016F Bonds are being issued for the purpose of providing funds to (i) originate loans to or purchase securities from, or reimburse the Finance Authority for monies used to originate loans to or purchase securities from certain governmental units within the State of New Mexico (each a "Governmental Unit"), which loans or securities are used to finance or refinance a public project for the use and benefit of the respective Governmental Unit; and (ii) pay costs of issuance associated with the Series 2016F Bonds.

The Finance Authority is a public body politic and corporate created by and existing under the New Mexico Finance Authority Act, Sections 6-21-1 *et. seq.*, NMSA 1978, as amended and supplemented (the "Act"). The Series 2016F Bonds are authorized under and secured by a General Indenture of Trust and Pledge dated as of June 1, 1995 as heretofore amended and supplemented (the "General Indenture"), and as further amended and supplemented by a Ninety-Third Supplemental Indenture of Trust dated as of December 1, 2016 (the "Ninety-Third Supplemental Indenture," and collectively with the General Indenture, the "Indenture") between the Finance Authority and BOKF, NA, as successor trustee (the "Trustee"). Capitalized terms not otherwise defined herein shall have the meanings set forth in the Indenture.

We have reviewed the Indenture, an opinion of the general counsel to the Finance Authority, certificates of the Finance Authority, the Trustee, and others, and such other documents, opinions and matters to the extent we deemed necessary to render the opinions set forth herein. As to the questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications furnished to us without undertaking to verify the same by independent investigation. Our examination has been limited to the foregoing as they exist or are in effect as of the date hereof. Our opinion is limited to the matters expressly set forth herein, and we express no opinion concerning any other matters.

Based on our examination and the foregoing, we are of the opinion, as of the date hereof and under existing law as follows:

1. The Finance Authority is a public body politic and corporate duly organized and validly existing under the laws of the State of New Mexico, and has lawful authority to issue the Series 2016F Bonds.

2. The Indenture has been duly executed and delivered by, and is a valid and binding obligation of, the Finance Authority. The Indenture creates a valid pledge of the Trust Estate pledged under the Indenture to secure the payment of the principal of and interest on the Series 2016F Bonds, subject to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth in the Indenture.

3. The Series 2016F Bonds constitute special limited obligations of the Finance Authority, payable solely from the Trust Estate and do not constitute a general obligation or other indebtedness of the State of New Mexico or any Governmental Unit within the meaning of any constitutional or statutory debt limitation.

4. Interest on the Series 2016F Bonds is excludable from gross income for purposes of federal income tax under existing laws as enacted and construed on the date of initial delivery of the Series 2016F Bonds, assuming the accuracy of the certifications of the Finance Authority and continuing compliance by the Finance Authority with the requirements of the Internal Revenue Code of 1986. Interest on the Series 2016F Bonds is not an item of tax preference for purposes of either individual or corporate federal alternative minimum tax ("AMT"); however, interest on Series 2016F Bonds held by a corporation (other than an S corporation, regulated investment company, or real estate investment trust) may be indirectly subject to federal AMT because of its inclusion in the adjusted current earnings of a corporate holder.

5. Under the laws of the State of New Mexico as enacted and construed on the date hereof, interest on the Series 2016F Bonds is excluded from net income of the owners thereof for State of New Mexico income tax purposes.

In rendering our opinion, we wish to advise you that:

(a) the rights of the holders of the Series 2016F Bonds and the enforceability thereof and of the documents identified in this opinion may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium, and other laws relating to or affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable, and their enforcement may also be subject to the application of equitable principles and the exercise of judicial discretion in appropriate cases;

(b) we express no opinion herein as to the accuracy, adequacy, or completeness of the Official Statement or any other offering material relating to the Series 2016F Bonds; and

(c) except as set forth above, we express no opinion regarding any other tax consequences relating to the ownership or disposition of, or the accrual or receipt of interest on, the Series 2016F Bonds.

Respectfully submitted,

APPENDIX E

BOOK-ENTRY ONLY SYSTEM

The information in this section concerning DTC and DTC's book-entry only system has been obtained from sources that the Finance Authority and the Municipal Advisor believe to be reliable, but the Finance Authority and the Municipal Advisor take no responsibility for the completeness or accuracy thereof. The following description of the procedures and record keeping with respect to beneficial ownership interests in the Series 2016F Bonds, payment of principal, premium, if any, interest on the Series 2016F Bonds to DTC Participants or Beneficial Owners, confirmation and transfers of beneficial ownership interests in the Series 2016F Bonds and other related transactions by and between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC.

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Series 2016F Bonds. The Series 2016F Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Series 2016F Bond certificate will be issued for each maturity of the Series 2016F Bonds, each in the aggregate principal amount of such issue, and will be deposited with DTC.

DTC and its Participants. DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Series 2016F Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2016F Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2016F Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2016F Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Series 2016F Bonds, except in the event that use of the book-entry system for the Series 2016F Bonds is discontinued.

To facilitate subsequent transfers, all Series 2016F Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2016F Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2016F Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2016F Bonds are credited, which may or may not be the

Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices will be sent to DTC. If less than all of the Series 2016F Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Series 2016F Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Finance Authority as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2016F Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions and dividend payments on the Series 2016F Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Finance Authority or the Trustee, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC or its nominee, the Trustee or the Finance Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Finance Authority or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Series 2016F Bonds at any time by giving reasonable notice to the Finance Authority or the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, Bond certificates are required to be printed and delivered.

The Finance Authority may decide to discontinue use of the system of book-entry only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

When reference is made to any action which is required or permitted to be taken by the Beneficial Owners, such reference only relates to those permitted to act by statute, regulation or otherwise on behalf of such Beneficial Owners for such purposes. When notices are given, they are to be sent to DTC, and the Finance Authority does not have responsibility for distributing such notices to the Beneficial Owners.

The Finance Authority does not have any responsibility or obligation to the DTC Participants or the Beneficial Owners with respect to (a) the accuracy of any records maintained by DTC or any DTC Participant; (b) the payment by DTC or any DTC Participant of any amount due to any Beneficial Owner in respect of the principal of and premium, if any, and interest on the Series 2016F Bonds; (c) the selection of the Beneficial Owners to receive payment in the event of any partial redemption of the Series 2016F Bonds; (d) any consent given or other action taken by DTC, or its nominee, Cede & Co., as Bond Owner; or (e) the distribution by DTC to DTC Participants or Beneficial Owners of any notices received by DTC as registered owner of the Series 2016F Bonds.

APPENDIX F

2016F GOVERNMENTAL UNITS; LARGEST REPAYMENT OBLIGATIONS

2016F Governmental Units

As previously stated, a portion of the proceeds of the Series 2016F Bonds is being used to finance or refinance Loans to be made to the 2016F Governmental Units or to reimburse the Finance Authority, in whole or in part, for Loans made to 2016F Governmental Units. The 2016F Governmental Units, the revenues pledged, the amount of their respective Loans, the agreement reserve amounts and the maturity dates of the Loans are listed in the following table:

Governmental Unit	Original Loan Amount	Agreement Reserve Amount[1]	Loan Maturity Date
Angel Fire, Village of (Enterprise System Revenues)	$ 6,730,275	$ -	09/01/39
Cuba Schools (Ad Valorem Taxes)	1,000,000	-	08/01/26
Cuba Schools (Local Special Tax)	601,657	60,166	08/01/25
Farmington, City of (State Shared Gross Receipts Tax)	10,165,000	-	05/01/41
Grant County (Fire Protection Funds)	198,975	-	05/01/27
Hatch Valley Schools (Ad Valorem Taxes)	825,000	-	08/01/20
Hondo Valley Schools (Ad Valorem Taxes)	450,000	-	02/15/33
Las Vegas Schools (Ad Valorem Taxes)	3,200,000	-	08/01/28
Los Lunas, Village of (State Shared Gross Receipts Tax and Gross Receipts Tax)	3,403,856	178,327	05/01/46
Lovington Schools (Ad Valorem Taxes)	8,340,000	-	10/01/21
Otero County, Boles Acres VFD (Fire Protection Funds)	605,916	-	05/01/37
Sandoval County (Ad Valorem Taxes)	1,470,000	-	12/15/20
Sandoval County (Local Special Tax)	6,080,000	608,000	12/15/26
Socorro Schools (Ad Valorem Taxes)	1,195,000	-	08/01/29
Taos SWSD (Mill Levy)	2,332,671	106,336	05/01/46
Tularosa Schools (Ad Valorem Taxes)	900,000	-	08/01/24
Union County (Enterprise System Revenues and Gross Receipts Tax)	459,962	45,996	05/01/22
Total	$47,958,312	$998,825	

[1] The Finance Authority has adopted a policy which does not require an Agreement Reserve Account for certain types of Loans including: (i) Loans less than $250,000; (ii) Loans secured by taxing power where the borrower is required by law to adjust the property tax levy sufficient to meet principal and interest on the debt; (iii) Loans secured by a revenue with an underlying credit rating of at least “A/A2”; (iv) Loans enhanced by a surety policy; or (v) Loans secured by a pledge of the fire protection or state law enforcement funds that produce a debt service coverage ratio of two times, and Loans secured by a general obligation pledge of the respective Governmental Unit. Each of the Loans listed that does not have an Agreement Reserve Account either falls into one of the aforementioned categories or a waiver to the applicable policy has been obtained.

(Source: The Finance Authority.)

Agreements Generating Largest Amount of Agreement Revenues

Information concerning the Agreements representing the five largest repayment obligations and their obligors is provided below.

State of New Mexico General Services Department

The Finance Authority issued a series of Bonds and used a portion of the proceeds thereof to purchase bonds for the benefit of the State of New Mexico General Services Department (the "GSD Bonds"). The General Services Department applied proceeds from the sale of the GSD Bonds to fund building projects in Santa Fe for use by the state government. The GSD Bonds are payable from and secured by a portion of gross receipts tax revenues received by the State of New Mexico and appropriated by the State Legislature or transferred to the State Building Bond Fund. As of December 31, 2016 the GSD Bonds are projected to be outstanding in the aggregate principal amount of $75,185,354 and are scheduled to mature on June 1, 2039.

City of Santa Fe

The Finance Authority has previously entered into various obligations with the City of Santa Fe (the "Santa Fe Gross Receipts Tax Obligations"). The Santa Fe Gross Receipts Tax Obligations have been used to finance or refinance certain infrastructure projects in the City of Santa Fe. A portion of the Santa Fe Gross Receipts Tax Obligations were refunded with a portion of the proceeds of the Series 2016D Bonds. As of December 31, 2016, the Santa Fe Gross Receipts Tax Obligations are projected to be outstanding in the principal amount of $72,220,977 and are payable from and secured by certain gross receipts taxes. The last of the Santa Fe Gross Receipts Tax Obligations is scheduled to mature on June 1, 2037.

New Mexico Spaceport Authority

The Finance Authority has previously issued a series of bonds and has applied certain Prepayments of Loans for the purpose of purchasing securities from the New Mexico Spaceport Authority (the "Spaceport Authority Securities"), the proceeds from which have been used to finance the costs of planning, designing, engineering and constructing a regional spaceport. The Spaceport Authority Securities are payable from and secured by a portion of the county regional spaceport gross receipts tax revenues received by the New Mexico Regional Spaceport District from gross receipts taxes imposed by Dona Aña and Sierra Counties which are pledged by the Regional Spaceport District and the Spaceport Authority to pay the Spaceport Authority Securities. As of December 31, 2016, the Spaceport Authority Securities are projected to be outstanding in the aggregate principal amount of $58,855,000 and are scheduled to mature on June 1, 2029.

City of Rio Rancho

The Finance Authority has previously entered into various obligations with the City of Rio Rancho ("Rio Rancho") but the $53,805,000 in new loans with a final maturity in 2041 that were included in the Series 2016D Bonds were the first to be secured by a Enterprise System Revenue pledge of the water and wastewater utility. Previous Rio Rancho loans, of which there are projected to be 18 outstanding in the amount of $38,500,000 as of December 31, 2016, the last of which matures in 2035, have been secured by revenue pledges of Fire Protection Funds, Water Rights Acquisition Fees, Gross Receipts Tax and Special Assessment levies.

Albuquerque-Bernalillo County Water Utility Authority

In the 2003 Regular Session, the New Mexico Legislature adopted legislation (Laws 2003, Chapter 437, codified as NMSA 1978, Section 72-1-10) creating the Albuquerque-Bernalillo County Water Utility Authority (the "ABCWUA") as a joint agency of the City of Albuquerque, New Mexico (the "City") and Bernalillo County. The ABCWUA has jurisdiction over certain water facilities and properties and certain sanitary sewer facilities and properties.

Pursuant to various loan agreements (the "ABCWUA Loan Agreements") between the ABCWUA and the Finance Authority totaling $171,815,000 in initial principal amount, the ABCWUA pledged to the Finance Authority, on a parity basis with other obligations of ABCWUA, water and sewer systems revenues for the purpose of: acquiring, constructing, extending, enlarging, bettering, repairing, replacing, equipping or otherwise improving the water and wastewater system, including expenses related to: regular system improvements, expansion, maintenance and upgrades to operate a water and wastewater utility pursuant to the basic capital program and diversion of surface water from the Rio Grande River under the San Juan Chama Project, delivering it for use by current and future users of the system.

The Finance Authority has issued various series of Bonds and used proceeds from those Bonds to provide the funding for the ABCWUA Loan Agreements. The latest scheduled maturity date of the ABCWUA Loan Agreements is June 1, 2036. As of December 31, 2016, the outstanding principal amount of the ABCWUA Loan Agreements is projected to be $39,410,000.

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New Mexico FINANCE AUTHORITY

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