NEW ISSUE – BOOK-ENTRY ONLY

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

In the opinion of Gilmore & Bell, P.C., Bond Counsel to the Finance Authority, under existing law and assuming continued compliance with certain requirements of the Internal Revenue Code of 1986, as amended, (1) the interest on the Series 2017A Bonds (including any original issue discount properly allocable to an owner thereof) is excludable from gross income for federal income tax purposes, and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations and (2) the interest on the Series 2017A Bonds is exempt from income taxation by the State of New Mexico. See "TAX MATTERS" herein.

New Mexico FINANCE AUTHORITY

$60,265,000
NEW MEXICO FINANCE AUTHORITY
SENIOR LIEN PUBLIC PROJECT REVOLVING FUND REVENUE BONDS, SERIES 2017A

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 2017A (the "Series 2017A 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 2017A Bonds through its nominee, Cede & Co. One fully registered bond in a denomination equal to the principal amount of each maturity of the Series 2017A Bonds will be registered in the name of Cede & Co. Individual purchases of Series 2017A Bonds will be made in book-entry form only, and beneficial owners of the Series 2017A 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 2017A Bonds.

The Series 2017A Bonds will be issued under and secured by the Indenture (as defined herein). Interest on the Series 2017A Bonds accrues from the date of initial delivery of the Series 2017A Bonds and is payable on June 1 and December 1 of each year, commencing June 1, 2017. Principal of the Series 2017A 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 2017A Bonds are subject to optional redemption prior to maturity.

Proceeds of the Series 2017A 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 2017A Bonds. The principal of and premium, if any, and interest on the Series 2017A 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 additional parity bonds and other obligations pursuant to the Indenture.

The Series 2017A 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 2017A 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 2017A 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 2017A 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 2017A Bonds will be passed on by Gilmore & Bell, P.C., Salt Lake City, Utah, Bond Counsel to the Finance Authority. Certain legal matters will be passed upon by the 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 2017A Bonds. It is expected that a single certificate for each maturity of the Series 2017A Bonds will be delivered to DTC or its agent on or about March 29, 2017.

This Official Statement is dated February 23, 2017, and the information contained herein speaks only as of that date.

Wells Fargo Securities

BofA Merrill Lynch **Morgan Stanley**

$60,265,000
NEW MEXICO FINANCE AUTHORITY
SENIOR LIEN PUBLIC PROJECT REVOLVING FUND
REVENUE BONDS, SERIES 2017A

MATURITY SCHEDULE

Year (June 1)	Principal Amount	Interest Rate	Initial Yield	CUSIP No.†
2017	$ 1,440,000	2.000%	0.700%	64711NR49
2018	2,405,000	4.000%	0.920%	64711NR56
2019	2,455,000	4.000%	1.140%	64711NR64
2020	3,330,000	5.000%	1.320%	64711NR72
2021	2,630,000	5.000%	1.520%	64711NR80
2022	3,505,000	5.000%	1.730%	64711NR98
2023	3,700,000	5.000%	1.930%	64711NS22
2024	3,080,000	5.000%	2.170%	64711NS30
2025	3,200,000	5.000%	2.350%	64711NS48
2026	3,550,000	5.000%	2.500%	64711NS55
2027	4,380,000	5.000%	2.600%	64711NS63
2028	2,525,000	5.000%	2.690% (C)	64711NS71
2029	2,120,000	5.000%	2.770% (C)	64711NS89
2030	2,225,000	5.000%	2.840% (C)	64711NS97
2031	2,880,000	3.000%	3.190%	64711NT21
2032	3,570,000	3.125%	3.340%	64711NT39
2033	3,090,000	3.250%	3.450%	64711NT47
2034	3,180,000	3.250%	3.500%	64711NT54
2035	3,295,000	3.375%	3.600%	64711NT62
2036	3,705,000	3.500%	3.680%	64711NT70

(C) Yield to first Optional Call on June 1, 2027.

† 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 2017A 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 2017A Bonds or as indicated above. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Series 2017A 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 2017A 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 2017A 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 2017A Bonds may engage in transactions that stabilize, maintain or otherwise affect market yields or prices of the Series 2017A 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 2017A 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 2017A 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 2017A 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
Ken McQueen, 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

Gilmore & Bell, P.C.
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".

TABLE OF CONTENTS

OFFICIAL STATEMENT

RELATING TO

$60,265,000

NEW MEXICO FINANCE AUTHORITY
SENIOR LIEN PUBLIC PROJECT REVOLVING FUND
REVENUE BONDS, SERIES 2017A

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 New Mexico Finance Authority $60,265,000 Senior Lien Public Project Revolving Fund Revenue Bonds, Series 2017A (the "Series 2017A Bonds") being issued by the New Mexico Finance Authority (the "Finance Authority" or the "NMFA"). The Series 2017A 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-Fourth Supplemental Indenture of Trust, dated as of March 1, 2017 (the "Ninety-Fourth 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, 2016 included as APPENDIX A hereto. See "FINANCIAL STATEMENTS."

Authority and Purpose

The Series 2017A 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 2017A 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 2017A Bonds. See "THE PLAN OF FINANCING" for more information with respect to the sources and uses of proceeds of the Series 2017A 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 2017A Bonds. Such Governmental Units whose Loans are being financed or refinanced with proceeds of the Series 2017A Bonds are sometimes referred to herein as the "2017A Governmental Units."

Parity Obligations

Obligations, including Bonds, with a lien on the Trust Estate on a parity with the lien of the Series 2017A 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 2017A Bonds, the Finance Authority expects to issue its New Mexico Finance Authority Subordinate Lien Public Project Revolving Fund Revenue Refunding Bonds, Series 2017B in the principal amount of $68,015,000 (the "Series 2017B 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 2017A Bonds

The Series 2017A Bonds will be dated the date of their initial delivery. Interest on the Series 2017A Bonds is payable on June 1 and December 1 of each year, commencing June 1, 2017. The Series 2017A 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 2017A 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 2017A 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 2017A 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 2017A Bonds, all as more fully described in APPENDIX E. In reading this Official Statement, it should be understood that while the Series 2017A 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 2017A 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 2017A Bonds are subject to optional redemption prior to maturity. See "THE SERIES 2017A BONDS—Redemption."

Security and Sources of Payment for the Bonds

<u>Trust Estate</u>. The Bonds, including the Series 2017A 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 2017A 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 2017A 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 January 31, 2017, the Common Debt Service Reserve Fund was funded in the amount of approximately $30,525,395. 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 Parity Bonds ("Additional Bonds") on a parity with the Series 2017A 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 2017A Bond Owners that, so long as the Series 2017A 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 Gilmore & Bell, P.C., Bond Counsel to the Finance Authority, under existing law and assuming continued compliance with certain requirements of the Internal Revenue Code of 1986, as amended, (1) the interest on the Series 2017A Bonds (including any original issue discount properly allocable to an owner thereof) is excludable from gross income for federal income tax purposes, and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations and (2) the interest on the Series 2017A Bonds is exempt from income taxation by the State of New Mexico. See "TAX MATTERS" herein.

Professionals Involved in the Offering

At the time of the issuance and sale of the Series 2017A Bonds, Gilmore & Bell, P.C., Salt Lake City, Utah, as Bond Counsel to the Finance Authority, will deliver its opinion in the form included in APPENDIX D. Certain legal matters will be passed upon for the Finance Authority by its 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 ("WFG"), Portland, Oregon has acted as municipal advisor to the Finance Authority (the "Municipal Advisor") in connection with its issuance of the Series 2017A Bonds. See "MUNICIPAL ADVISOR."

The Finance Authority's audited financial statements for the fiscal year ended June 30, 2016, included in APPENDIX A, have been audited by REDW, LLC, Certified Public Accountants, Albuquerque, New Mexico. See also "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 2017A Bonds

The Series 2017A 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 2017A Bonds will be delivered to DTC or its agent on or about March 29, 2017. The Series 2017A Bonds will be distributed in the initial offering by Wells Fargo Bank, National Association, Merrill Lynch, Pierce, Fenner & Smith, Incorporated, and Morgan Stanley & Co. LLC (collectively, the "Underwriters"), for which Wells Fargo Bank, National Association 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 2017A Bonds.

THE SERIES 2017A BONDS

General

The Series 2017A Bonds will be dated the date of their initial delivery and interest will accrue on the Series 2017A 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 2017A 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 2017A 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 2017A Bonds through its nominee, Cede & Co. One fully-registered bond in a denomination equal to the principal amount and maturity of the Series 2017A Bonds will be registered in the name of Cede & Co. Individual purchases of Series 2017A Bonds will be made in book-entry only form, and beneficial owners of the Series 2017A 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 2017A Bonds. For a more complete description of the book-entry only system, see "APPENDIX E—BOOK-ENTRY ONLY SYSTEM."

Redemption

Optional Redemption. The Series 2017A Bonds maturing on and after June 1, 2028, are subject to optional redemption at any time on and after June 1, 2027, 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 2017A Bonds to be redeemed, but without premium, plus interest accrued to the redemption date.

Notice of Redemption. In the event any of the Series 2017A 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 2017A 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 2017A 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 2017A Bonds and to at least two national information services that disseminate notices of redemption of obligations such as the Series 2017A 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 2017A 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 2017A Bonds or portions thereof redeemed but who failed to deliver Series 2017A 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 2017A 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 2017A Bonds.

Partially Redeemed Bonds. In case any Series 2017A Bond is redeemed in part, upon the presentation of such Series 2017A 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 2017A Bond or Series 2017A Bonds of the same interest rate and maturity and in an aggregate principal amount equal to the unredeemed portion of such Series 2017A Bond. A portion of any Series 2017A 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 2017A Bonds for redemption, the Trustee will treat each such Series 2017A Bond as representing that number of Series 2017A Bonds of $5,000 denomination which is obtained by dividing the principal amount of such Series 2017A 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 2017A Bonds, are special limited obligations of the Finance Authority payable solely from the Trust Estate. The Series 2017A 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 2017A 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 2017A 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 Agreement, the respective Governmental Unit pledges to the Finance Authority for payment of all amounts due under their respective Agreements (i) revenues of specific enterprise systems 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 2017A Governmental Units and the allocable portions of the Loans financed or refinanced with the proceeds of Series 2017A 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	$ 36,124,388	33.5%
Enterprise System Revenues	26,599,133	24.6%
General Obligation (ad valorem taxes)	18,298,658	17.0%
Local Special Tax	13,853,408	12.8%
State Gross Receipts Tax	6,781,140	6.3%
State Fire Protection Funds	4,107,298	3.8%
Special Assessment	965,922	0.9%
Governmental Gross Receipts Tax - State	700,500	0.6%
Law Enforcement Protection Funds	257,720	0.2%
Mill Levy	263,298	0.2%
Total	$ 107,951,465[(1)]	100.0%[(1)]

(1) Total may not add due to rounding. Assumes that the Loans financed or refinanced with proceeds of the Series 2017A Bonds are executed and delivered.

(Source: The Finance Authority.)

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 41.421% of projected Agreement Revenues for fiscal year 2016-2017.

GOVERNMENTAL UNITS EXPECTED TO GENERATE THE LARGEST AGREEMENT REVENUES

Governmental Unit	FY 2016-2017 Loan Payment	% of Total Pledged Agreement Revenues[(1)(2)]
City of Santa Fe (Gross Receipts Tax)	$ 7,211,457	6.680%
General Services Department (State Gross Receipts Tax)	5,774,886	5.350%
New Mexico Spaceport Authority (Gross Receipts Tax)	5,649,233	5.233%
Albuquerque Bernalillo County Water Utility Authority (Enterprise System Revenues)	5,472,731	5.070%
Department of Health (Local Special Tax)	4,916,971	4.555%
Farmington Schools (Ad Valorem Taxes)	3,881,098	3.595%
City of Albuquerque (Enterprise System Revenues)	3,211,900	2.975%
City of Albuquerque (Gross Receipts Tax)	3,157,610	2.925%
UNM Health Sciences Center (Local Special Tax)	3,100,670	2.872%
Taos County (Gross Receipts Tax)	2,337,971	2.166%
Total[(3)]	$ 44,714,528	41.421%

(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 2017A Bonds are executed and delivered.

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

(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—2017A 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. Such collections are disbursed in monthly installments by the New Mexico Taxation and Revenue Department and received by the Finance Authority two months after the month of collection throughout the Finance Authority's fiscal year. The most recent 12 months of governmental gross receipts tax distribution to the Public Project Revolving Fund through December 31, 2016 totals $29,472,136.

(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 and Subordinated Indenture (as defined below) 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 Finance Authority's debt service coverage or cash flow, as disbursements of such amounts are made after payment of all obligations under the Indenture and the Subordinated Indenture.

Funds and Accounts

The Indenture creates a Revenue Fund, a Program Fund (with separate accounts for each Agreement or Project), a Bond Fund, a Debt Service Fund (with separate accounts for each Agreement), 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 2017A 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 January 31, 2017, the Common Debt Service Reserve Fund was funded in the amount of approximately $30,525,395.

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 2017A Bonds. The Finance Authority covenants pursuant to the Ninety-Fourth 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 2017A Bonds with debt service payable on the Series 2017A Bonds, and (ii) the overall debt service requirements on the Outstanding Bonds and the Series 2017A 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 2017A 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 2017A Bonds from which the Loan relating to the Prepayment was initially funded and which Series 2017A 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 2017A 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[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]	13	3,402,081

(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 2017A 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 December 31, 2016. For information regarding a prepayment to be made on May 1, 2017, see footnote 3 to the table under the heading "–Outstanding Subordinate Lien Bonds."

(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 2017A 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 March 31, 2017:

Series[1]	Original Principal Amount Issued	Aggregate Principal Amount Outstanding as of 3/31/2017[2]
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
2016F	38,575,000	38,575,000
Total	$1,193,815,000	$948,405,000
Total including the Series 2017A Bonds	$1,254,080,000	$1,008,670,000

(1) The official statements for the various Series of Outstanding Parity Bonds are available at the website 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 2017A Bonds.

(2) 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 March 31, 2017:

Series(1)	Original Principal Amount Issued	Aggregate Principal Amount Outstanding as of 3/31/2017(2)
2006C(3)	$ 39,860,000	$ 0
2007A(3)	34,010,000	0
2007B	38,475,000	20,495,000
2007C(3) (4)	131,860,000	46,090,000
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	$199,850,000
Total including the Series 2017B Bonds(5)	$460,150,000	$267,865,000

(1) The official statements for the various series of outstanding Subordinate Lien Bonds are available at the website 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 2017A Bonds.

(2) All series of bonds have maturities on June 15.

(3) The issuance of the Series 2017B Bonds, along with the ABCWUA Prepayment (defined below), is expected to result in the Series 2006C Bonds, the Series 2007A Bonds, and the Series 2007C Bonds being fully redeemed on or before June 15, 2017.

(4) Includes $37,625,000 outstanding principal amount to be redeemed with the proceeds of a prepayment to be made by the Albuquerque Bernalillo County Water Utility Authority on May 1, 2017 in respect of the 2007 New Mexico Finance Authority Public Project Revolving Fund Loan Agreement dated September 26, 2007, as amended (the "ABCWUA Prepayment").

(5) At or about the same time that the Finance Authority issues the Series 2017A Bonds, the Finance Authority expects to issue the Series 2017B Bonds in the principal amount of $68,015,000. The issuance of the Series 2017A Bonds is not contingent upon the issuance of the Series 2017B 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 2017A 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 2017A 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 2017A Governmental Units, the proceeds of which will be or were used to finance or refinance certain Projects for such 2017A Governmental Units, and (ii) paying costs incurred in connection with the issuance of the Series 2017A Bonds. See "INTRODUCTION—Authority and Purpose." See APPENDIX F for a list of the 2017A Governmental Units and the amount of the Loans expected to be financed with proceeds of the Series 2017A 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 2017A Bonds.

Sources of Funds

Principal Amount	$60,265,000.00
Net Original Issue Premium	5,903,799.90
Finance Authority Contribution	90,941.04
Total Sources	$66,259,740.94

Uses of Funds

Deposit to Program Fund Account[1]	$38,595,345.44
Deposit to Public Project Revolving Fund[2]	26,944,531.64
Costs of Issuance[3]	719,863.86
Total Uses	$66,259,740.94

(1) Amounts in the Program Fund Account will be used to fund Loans to certain of the 2017A Governmental Units, which will be used to finance or refinance Projects for such 2017A Governmental Units. See "APPENDIX F—2017A 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 2017A Governmental Units, which have been used to finance Projects for such 2017A Governmental Units and, as applicable, fund an agreement reserve fund. See "APPENDIX F—2017A GOVERNMENTAL UNITS; LARGEST REPAYMENT OBLIGATIONS."

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

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ANNUAL DEBT SERVICE REQUIREMENTS

The following schedule shows the total debt service payable for the Series 2017A 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 2017A Bonds Principal	Series 2017A Bonds Interest	Outstanding Parity Bonds(2)	Total Annual Debt Service
2017	$ 1,440,000	$ 444,001	$ 99,642,479	$ 101,526,480
2018	2,405,000	2,549,269	103,539,526	108,493,795
2019	2,455,000	2,453,069	104,228,551	109,136,619
2020	3,330,000	2,354,869	100,910,976	106,595,845
2021	2,630,000	2,188,369	100,486,190	105,304,559
2022	3,505,000	2,056,869	91,113,466	96,675,335
2023	3,700,000	1,881,619	83,055,359	88,636,978
2024	3,080,000	1,696,619	75,033,570	79,810,189
2025	3,200,000	1,542,619	71,651,171	76,393,790
2026	3,550,000	1,382,619	64,487,750	69,420,368
2027	4,380,000	1,205,119	57,850,745	63,435,864
2028	2,525,000	986,119	56,839,961	60,351,080
2029	2,120,000	859,869	48,676,432	51,656,301
2030	2,225,000	753,869	39,895,634	42,874,503
2031	2,880,000	642,619	36,592,033	40,114,652
2032	3,570,000	556,219	35,777,822	39,904,041
2033	3,090,000	444,656	34,531,974	38,066,631
2034	3,180,000	344,231	31,765,346	35,289,577
2035	3,295,000	240,881	31,609,516	35,145,397
2036	3,705,000	129,675	20,163,510	23,998,185
2037	-	-	10,369,571	10,369,571
2038	-	-	10,324,292	10,324,292
2039	-	-	7,403,736	7,345,213
2040	-	-	7,066,700	7,066,700
2041	-	-	6,672,000	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	$60,265,000	$24,713,176	$1,342,635,109	$1,427,613,285

(1) Assumes the Series 2017A Bonds are issued and Outstanding. Totals may not add due to rounding.
(2) Includes principal and interest.
(Source: WFG.)

The following table shows estimated available Revenues pledged to the payment of the Bonds, total debt service requirements for the Series 2017A 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 December 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—Agreement Revenues," "—Additional Pledged Loans" and "—The Governmental Gross Receipts Tax" for descriptions of the Revenues presented in the tables under the headings "Aggregate Agreement Revenues" and "NMFA Portion of the Governmental Gross Receipts Tax." 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	$ 107,951,466	$ 136,451,466	$ 101,526,480	1.34
2018	28,500,000	115,196,054	143,696,054	108,493,795	1.32
2019	28,500,000	113,652,646	142,152,646	109,136,619	1.30
2020	28,500,000	113,298,098	141,798,098	106,595,845	1.33
2021	28,500,000	108,721,436	137,221,436	105,304,559	1.30
2022	28,500,000	99,227,151	127,727,151	96,675,335	1.32
2023	28,500,000	93,454,120	121,954,120	88,636,978	1.38
2024	28,500,000	84,050,632	112,550,632	79,810,189	1.41
2025	28,500,000	81,443,266	109,943,266	76,393,790	1.44
2026	28,500,000	72,632,394	101,132,394	69,420,368	1.46
2027	28,500,000	67,723,638	96,223,638	63,435,864	1.52
2028	28,500,000	64,921,330	93,421,330	60,351,080	1.55
2029	28,500,000	66,154,432	94,654,432	51,656,301	1.83
2030	28,500,000	47,504,576	76,004,576	42,874,503	1.77
2031	28,500,000	43,242,498	71,742,498	40,114,652	1.79
2032	28,500,000	41,506,647	70,006,647	39,904,041	1.75
2033	28,500,000	40,559,965	69,059,965	38,066,631	1.81
2034	28,500,000	38,240,613	66,740,613	35,289,577	1.89
2035	28,500,000	37,310,704	65,810,704	35,145,397	1.87
2036	28,500,000	25,949,884	54,449,884	23,998,185	2.27
2037	28,500,000	14,493,248	42,993,248	10,369,571	4.15
2038	28,500,000	11,817,267	40,317,267	10,324,292	3.91
2039	28,500,000	8,906,199	37,406,199	7,403,736	5.05
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 2017A 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 December 31, 2016, the Finance Authority projects that governmental gross receipts tax distributions for fiscal year 2016-2017 will be no less than $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 March 31, 2017, including the Loans financed or refinanced with proceeds of the Series 2017A 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 WFG.)

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)(2)	President, McDermott Advisory Services, LLC	01/01/2017
William F. Fulginiti (Vice Chair)(3)	Executive Director, New Mexico Municipal League	not applicable
Ken McQueen (Secretary)(1)(3)	Cabinet Secretary Designate, 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)(2)	Chief Executive Officer, Senior Vice President, Curtis & Curtis, Inc., Clovis, New Mexico	01/01/2016
Matthew Geisel (1)(3)	Cabinet Secretary Designate, Economic Development Department, State of New Mexico	not applicable
Steve Kopelman(3)	Executive Director, New Mexico Association of Counties	not applicable
Duffy Rodriguez(1)(3)	Cabinet Secretary Designate, Department of Finance and Administration	not applicable
Butch Tongate(1)(3)	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) Term has expired but continues to serve until replaced or reappointed.
(3) Ex officio member with voting privileges. An ex officio member may designate an alternate member. Alternate members may attend meetings and vote on all matters considered by the Finance Authority. Ex officio members that are cabinet secretaries are appointed to their cabinet positions by the Governor of the State and serve in those capacities at the pleasure of the Governor.

Presented below is certain information concerning key staff members of the Finance Authority involved in the issuance of the Series 2017A 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 of New Mexico School of Law and his Bachelor of Arts degree in Economics from the University of New Mexico, and is a retired professional baseball player with the Los Angeles Dodgers organization.

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 December 31, 2016, the Finance Authority had made 1,350 PPRF loans totaling approximately $2.9 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 2017A 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 January 31, 2017 the Contingent Liquidity Account was funded to an amount of approximately $30,525,395. 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. However, the Finance Authority reserves the right to draw upon the Wells Fargo Short-Term Borrowing if it is expedient to do so.

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 March 31, 2017.

Program	Project	Original Principal Amount	Outstanding as of 3/31/2017	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 2017A 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 2017A Bonds, or in any way contesting or affecting the validity or enforceability of the Series 2017A 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 2017A Bonds.

UNDERWRITING

Pursuant to a Bond Purchase Agreement dated February 23, 2017 (the "Bond Purchase Agreement") between Wells Fargo Bank, National Association, as representative of the Underwriters, and the Finance Authority, the Underwriters have agreed to purchase the Series 2017A Bonds from the Finance Authority at a purchase price equal to $66,013,760.65 (being the par amount of the Series 2017A Bonds plus a net original issue premium of $5,903,799.90, and less an underwriting discount of $155,039.25). The Bond Purchase Agreement provides that the Underwriters will purchase all of the Series 2017A 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 2017A 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.

Wells Fargo Bank, National Association, acting through its Municipal Products Group ("WFBNA"), the Representative and senior managing underwriter of the Series 2017A Bonds, has entered into an agreement (the "WFA Distribution Agreement") with its affiliate, Wells Fargo Clearing Services, LLC (which uses the trade name "Wells Fargo Advisors") ("WFA"), for the distribution of certain municipal securities offerings, including the Series 2017A 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 2017A 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 2017A 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.

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.

Morgan Stanley, parent company of Morgan Stanley & Co. LLC., an underwriter of the Series 2017A 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 2017A Bonds.

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 is a summary of the material federal and State of New Mexico income tax consequences of holding and disposing of the Series 2017A Bonds. This summary is based upon laws, regulations, rulings and judicial decisions now in effect, all of which are subject to change (possibly on a retroactive basis). This summary does not discuss all aspects of federal income taxation that may be relevant to investors in light of their personal investment circumstances or describe the tax consequences to certain types of owners subject to special treatment under the federal income tax laws (for example, dealers in securities or other persons who do not hold the Series 2017A Bonds as a capital asset, tax-exempt organizations, individual retirement accounts and other tax deferred accounts, and foreign taxpayers), and, except for the income tax laws of the State of New Mexico, does not discuss the consequences to an owner under any state, local or foreign tax laws. The summary does not deal with the tax treatment of persons who purchase the Series 2017A Bonds in the secondary market. Prospective investors are advised to consult their own tax advisors regarding federal, state, local and other tax considerations of holding and disposing of the Series 2017A Bonds.

Opinion of Bond Counsel

In the opinion of Gilmore & Bell, P.C., Bond Counsel, under the law existing as of the issue date of the Series 2017A Bonds:

Federal and State of New Mexico Tax Exemption. The interest on the Series 2017A Bonds (including any original issue discount properly allocable to an owner thereof) is excludable from gross income for federal income tax purposes and is exempt from income taxation by the State of New Mexico.

Alternative Minimum Tax. Interest on the Series 2017A Bonds is not an item of tax preference for purposes of computing the federal alternative minimum tax imposed on individuals and corporations, but is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on certain corporations.

Bond counsel's opinions are provided as of the date of the original issue of the Series 2017A Bonds, subject to the condition that the Finance Authority and the Governmental Units have complied with all requirements of the Code that must be satisfied subsequent to the issuance of the Series 2017A Bonds in order that interest thereon be, or continue to be, excludable from gross income for federal income tax purposes. The Finance Authority and the Governmental Units have covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause the inclusion of interest on the Series 2017A Bonds in gross income for federal and State of New Mexico income tax purposes retroactive to the date of issuance of the Series 2017A Bonds. Bond Counsel is expressing no opinion regarding other federal, state or local tax consequences arising with respect to the Series 2017A Bonds but has reviewed the discussion under the heading "TAX MATTERS."

Other Tax Consequences

Original Issue Discount. For federal income tax purposes, original issue discount ("OID") is the excess of the stated redemption price at maturity of a Series 2017A Bond over its issue price. The issue price of a Series 2017A Bond is the first price at which a substantial amount of the Series 2017A Bonds of that maturity have been sold (ignoring sales to bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents, or wholesalers). Under Section 1288 of the Code, OID on tax-exempt bonds accrues on a compound basis. The amount of OID that accrues to an owner of a Series 2017A Bond during any accrual period generally equals (1) the issue price of that Series 2017A Bond, plus the amount of OID accrued in all prior accrual periods, multiplied by (2) the yield to maturity on that Series 2017A Bond (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period), minus (3) any interest payable on that Series 2017A Bond during that accrual period. The amount of OID accrued in a particular accrual period will be considered to be received ratably on each day of the accrual period, will be excludable from gross income for federal income tax purposes, and will increase the owner's tax basis in that Series 2017A Bond. Prospective investors should consult their own tax advisors concerning the calculation and accrual of OID.

Original Issue Premium. If a Series 2017A Bond is issued at a price that exceeds the stated redemption price at maturity of the Series 2017A Bond, the excess of the purchase price over the stated redemption price at maturity constitutes "premium" on that Series 2017A Bond. Under Section 171 of the Code, the purchaser of that Series 2017A Bond must amortize the premium over the term of the Series 2017A Bond using constant yield principles, based on the purchaser's yield to maturity. As premium is amortized, the owner's basis in the Series 2017A Bond and the amount of tax-exempt interest received will be reduced by the amount of amortizable premium properly allocable to the owner. This will result in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes on sale or disposition of the Series 2017A Bond prior to its maturity. Even though the owner's basis is reduced, no federal income tax deduction is allowed. Prospective investors should consult their own tax advisors concerning the calculation and accrual of bond premium.

Sale, Exchange or Retirement of Bonds. Upon the sale, exchange or retirement (including redemption) of a Series 2017A Bond, an owner of the Series 2017A Bond generally will recognize gain or loss in an amount equal to the difference between the amount of cash and the fair market value of any property received on the sale, exchange or retirement of the Series 2017A Bond (other than in respect of accrued and unpaid interest) and such owner's adjusted tax basis in the Series 2017A Bond. To the extent a Series 2017A Bond is held as a capital asset, such gain or loss will be capital gain or loss and will be long-term capital gain or loss if the Series 2017A Bond has been held for more than 12 months at the time of sale, exchange or retirement.

Reporting Requirements. In general, information reporting requirements will apply to certain payments of principal, interest and premium paid on the Series 2017A Bonds, and to the proceeds paid on the sale of the Series 2017A Bonds, other than certain exempt recipients (such as corporations and foreign entities). A backup withholding tax will apply to such payments if the owner fails to provide a taxpayer identification number or certification of foreign or other exempt status or fails to report in full dividend and interest income. The amount of any backup withholding from a payment to an owner will be allowed as a credit against the owner's federal income tax liability.

Collateral Federal Income Tax Consequences. Prospective purchasers of the Series 2017A Bonds should be aware that ownership of the Series 2017A Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits, certain S corporations with "excess net passive income," foreign corporations subject to the branch profits tax, life insurance companies, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry or have paid or incurred certain expenses allocable to the Series 2017A Bonds. Bond Counsel expresses no opinion regarding these tax consequences. Purchasers of Series 2017A Bonds should consult their tax advisors as to the applicability of these tax consequences and other federal income tax consequences of the purchase, ownership and disposition of the Series 2017A Bonds, including the possible application of state, local, foreign and other tax laws.

LEGAL MATTERS

In connection with the issuance and sale of the Series 2017A Bonds, Gilmore & Bell, P.C., Salt Lake City, Utah, as Bond Counsel to the Finance Authority, will deliver its opinion in substantially the form included in APPENDIX D. Certain legal matters will be passed upon for the Finance Authority by its 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 2017A 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, 2016, 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 November 16, 2016. 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 2017A 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 2017A 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 (in each case, prepared in accordance with generally accepted accounting principles consistently applied, as in effect from time to time) for the Finance Authority, any Governmental Unit meeting the 20% Test and each additional Governmental Unit designated by the Finance Authority, or, if audited financial statements are not available by March 31 of each fiscal year, or the next succeeding business day if March 31 is not a business day, unaudited financial statements and audited financial statements as soon as such audited financial statements become available;

- 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 2017A 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 2017A 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 2017A 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 2017A 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 2017A 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 2017A 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 2017A 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 2017A 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 2017A Bonds may have an adverse effect on the market price of the Series 2017A Bonds. The Municipal Advisor has not undertaken any responsibility to bring to the attention of the owners of the Series 2017A Bonds any proposed revision or withdrawal of the ratings on the Series 2017A 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 2017A 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 2017A 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 2017A 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, 2016

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

Financial Statements, Supplemental Information, Independent Auditor's Report and Single Audit

June 30, 2016 and 2015

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, 2016

Governing Board
John E. McDermott, Chair
William Fulginiti, Vice Chair
David Martin, Secretary
Katherine Ulibarri, Treasurer
Steve Kopelman, Member
Ryan Flynn, Member
Dorothy "Duffy" Rodriguez, Member
Jon Barela, Member
Blake Curtis, Member
Terry White, Member

Chief Executive Officer
Robert P. Coalter

Chief Financial Officer
Vacant

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, 2016 and 2015, 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, 2016 and 2015, and the respective 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 Title 2 U.S. *Code of Federal regulations (CFR) Part 200, Uniform Administration Requirements, Cost Principles and Audit Requirements for Federal Awards,* 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.

The vendor schedule listed in the table of contents as other supplementary information have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 16, 2016, 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
November 16, 2016

New Mexico Finance Authority
Management's Discussion and Analysis
June 30, 2016 and 2015

Overview of the Financial Statements

The financial statements of New Mexico Finance Authority (the "Authority") 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 changes in the net position of the Authority 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 position improved slightly from June 30, 2015 to June 30, 2016. The key indicator is total net position which increased by $5.6 million or 1.1%.
- Unrestricted cash decreased $6.2 million or 28.7%. Restricted cash increased by $21.8 million or 19.2%. Restricted investments increased by $52.0 million or 18.6%.
- The total assets of NMFA increased by $136.5 million or 8.0% as compared against the prior fiscal year. Various reasons account for the increase in assets, which are discussed by management below. The most significant were additional PPRF loan closings and cash generated from additional bonds issuances.
- Loans receivable increased by $82.9 million or 7.0% from previous year.
- Intergovernmental receivables decreased by $16.0 million or 15.1%, primarily as a result of debt payments received in fiscal year 2016.
- Bonds payable increased by $57.5 million or 5.4% in 2016, the result of issuing of $241.7 million in new bonds, principal payments on outstanding bonds of $168.5 million, and amortization of bond premium of $15.7 million.
- Undisbursed loan proceeds increased by $63.7 million or 88.5% during fiscal year 2016 due to the timing of a bond issuance at the end of the fiscal year.

- Appropriation revenue decreased by $4.0 million in fiscal year 2016, representing a decrease of 10.8% from fiscal year 2015. The reduction resulted from lower metro court and health sciences appropriations.
- The Authority experienced a $3.9 million or 120.5% increase in administrative and processing fees revenue from $3.2 million in 2015 to $7.0 million in 2016. This increase is mainly a result of an exit fee received by Finance New Mexico of $3.4 million in FY 2016.
- Expenses increased 15.8% from $108.7 million in 2015 to $125.9 million in 2016, representing an increase of $17.2 million. Bond interest expense increased by $8.0 million or 21.1% mostly to additional bonds outstanding. Loan refinancing pass-through expense increased by $12.5 million due to a greater amount of refinanced loans with associated bond premiums passed through to the borrower.
- Grant revenue and corresponding activity decreased 11.6% or $7.4 million as the Authority experienced decreased grant activity within the Colonias and Drinking Water programs during the year. This includes federal grant revenues and transfers from the State of New Mexico.
- Reversions and transfers increased 319.5% or $14.6 million as the Authority transferred $10.5 million to the New Mexico Economic Development Department for projects pursuant to the Local Economic Development Act. Additionally, the Authority transferred $5.0 million to the New Mexico Economic Development Department of the existing award of $13.2 million from United States Treasury State Small Business Credit Initiative Program.

Statement of Net Position

The following presents condensed, combined statements of net position as of June 30, 2016, 2015, and 2014. The table also includes the dollar and percentage change from June 30, 2015 to June 30, 2016.

	2016	2015	Net Increase/ (Decrease)	Percentage Increase/ (Decrease)	2014
Assets					
Cash and equivalents					
Unrestricted	$ 15,433,532	$ 21,656,317	$ (6,222,785)	-28.7%	$ 19,792,613
Restricted	135,135,587	113,366,876	21,768,711	19.2%	112,880,142
Investments – restricted	332,151,402	280,161,230	51,990,172	18.6%	183,692,467
Loans receivable, net of allowance	1,261,656,387	1,178,795,528	82,860,859	7.0%	1,179,166,365
Intergovernmental receivables	90,088,299	106,092,483	(16,004,184)	-15.1%	118,148,921
Other receivables	9,586,224	7,798,937	1,787,287	22.9%	10,258,000
Capital assets	278,916	4,867	274,049	5630.8%	104,378
Other assets	19,500	19,500	-	0.0%	19,500
Total assets	**1,844,349,847**	**1,707,895,738**	**136,454,109**	8.0%	**1,624,062,386**
Deferred Outflows of Resources					
Deferred loss on refunding	**823,233**	**184,242**	**638,991**	346.8%	**1,191,181**
Total deferred outflows of resources	**823,233**	**184,242**	**638,991**	346.8%	**1,191,181**
Liabilities					
Bonds payable, net	1,114,448,718	1,056,903,674	57,545,044	5.4%	1,048,141,351
Undisbursed loan proceeds	135,624,986	71,940,001	63,684,985	88.5%	28,744,630
Advanced loan payments	83,008,008	74,332,049	8,675,959	11.7%	72,189,707
Accounts payable, accrued payroll and compensated absences	815,948	643,540	172,408	26.8%	657,934
Line of credit	-	-	-	-100.0%	12,006,298
Other liabilities	4,057,878	4,254,194	(196,316)	-4.6%	4,200,346
Total liabilities	**1,337,955,538**	**1,208,073,458**	**129,882,080**	10.8%	**1,165,940,266**
Deferred Inflows of Resources					
Deferred gain on refunding	**1,575,177**	**-**	**1,575,177**	100.0%	**-**
Total deferred inflows of resources	**1,575,177**	**-**	**1,575,177**	100.0%	**-**
Net Position					
Invested in capital assets	278,916	4,867	274,049	5630.8%	104,378
Restricted for program commitments	495,576,466	483,282,743	12,293,723	2.5%	445,061,112
Unrestricted	9,786,983	16,718,912	(6,931,929)	-41.5%	14,147,811
Total net position	**$ 505,642,365**	**$ 500,006,522**	**$ 5,635,843**	1.1%	**$ 459,313,301**

Assets

During FY 2016, Loans receivable increased by $82.9 million or 7.0%. New loans made during the year totaled $199.1 million while loan payments received were $116.3 million.

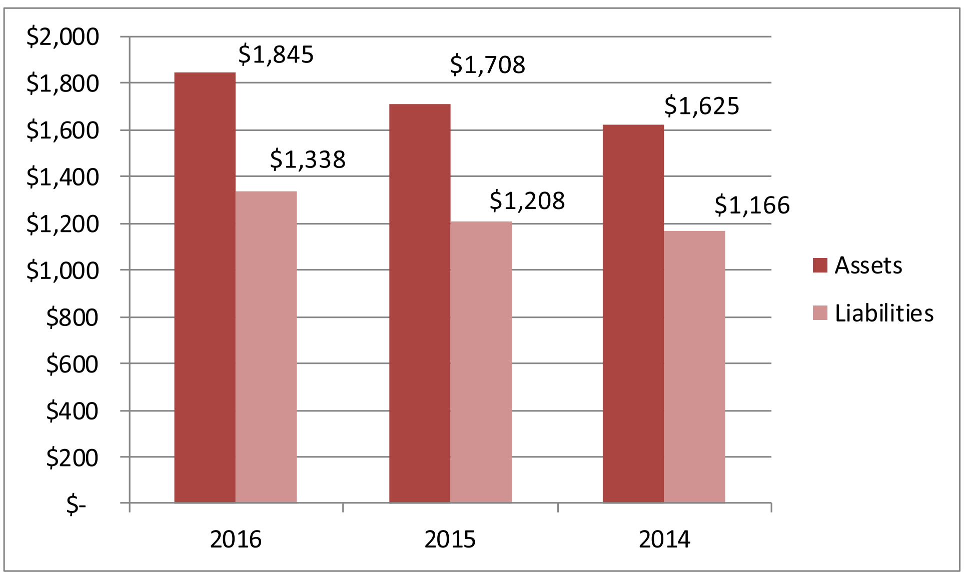
It should be noted that the Statement of Net Position reflects the implementation of GASB 72, which increased investments reported as of June 30, 2016 by $1.3 million. See Note 3 in the notes to the financial statements for more information regarding the disclosures of investments.

Total cash and investments increased 16.3% from $415.2 million in 2015 to $482.7 million in fiscal year 2016 due primarily to timing of a bond closing at the end of the fiscal year.

Liabilities

During FY 2016, bonds payable increased by $57.5 million resulting from the issuance of $241.7 million in new bonds, principal payments and defeasances on outstanding bonds of $168.5 million, and amortization of bond premium of $15.7 million. Undisbursed loan proceeds increased by $63.7 million in FY2016 due to a bond issuance occurring close to the fiscal year end. Advanced loan payments experienced an $8.7 million or 11.7% increase from fiscal year 2015.

The following chart indicates the ratio of assets to liabilities (in millions):



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 2016, 2015, and 2014 fiscal years. The table includes the net change in amount and percentages from the 2015 to 2016 fiscal year.

	2016	2015	Net Increase/ (Decrease)	Percentage Increase/ (Decrease)	2014
Operating Revenues					
Administrative and processing fees	$ 7,049,654	$ 3,197,684	$ 3,851,970	>100%	$ 3,589,843
Interest on loans	51,736,376	48,645,757	3,090,619	6.4%	48,723,703
Interest on investments	2,195,762	925,910	1,269,852	>100%	488,741
Total operating revenues	60,981,792	52,769,351	8,212,441	15.6%	52,802,287
Expenses					
Grants to others	47,888,370	54,240,349	(6,351,979)	-11.7%	50,824,441
Bond interest expense	45,756,067	37,761,525	7,994,542	21.2%	51,356,270
Loan refinancing pass-through	21,455,228	8,945,997	12,509,231	139.8%	2,962,977
Salaries and benefits	4,515,210	4,361,363	153,847	3.5%	4,284,392
Other operating costs	2,466,954	1,632,550	834,404	51.1%	1,757,243
Professional services	2,389,037	2,146,157	242,880	11.3%	2,189,377
Bond issuance costs	1,018,535	1,243,632	(225,097)	-18.1%	674,398
Interest expense	296,138	489,859	(193,721)	-39.5%	298,359
Administrative fees	87,289	134,365	(47,076)	-35.0%	189,383
Provision for loan losses	2,241	(2,370,845)	2,373,086	-100.1%	(822,108)
Depreciation expense	2,193	102,187	(99,994)	-97.9%	116,394
Total operating expenses	125,877,262	108,687,139	17,190,123	15.8%	113,831,126
Net operating loss	(64,895,470)	(55,917,788)	(8,977,682)	16.1%	(61,028,839)
Nonoperating Revenues (Expenses)					
Appropriation revenue	33,127,879	37,157,026	(4,029,147)	-10.8%	43,086,860
Grant revenue	56,602,986	64,031,220	(7,428,234)	-11.6%	55,224,996
Reversions and transfers	(19,199,552)	(4,577,237)	(14,622,315)	>100%	(3,931,693)
	70,531,313	96,611,009	(26,079,696)	-27.0%	94,380,163
Increase in net position	5,635,843	40,693,221	(35,057,378)	-86.2%	33,351,324
Net position, beginning of year, as restated	500,006,522	459,313,301	40,693,221		425,961,977
Net position, end of year	**$ 505,642,365**	**$ 500,006,522**	**$ 5,635,843**	**1.1%**	**$ 459,313,301**

Operating revenue increased to $61.0 million or 15.6% in 2016. Administrative and processing fees increased by $3.9 million or a 120.5% increase in administrative and processing fees revenue from $3.2 million in 2015 to $7.0 million in 2016. This increase is mainly a result of an exit fee received by Finance New Mexico of $3.4 million in FY 2016. During FY 2016, interest on loans increased by $3.1 million or 6.4% due to increased loan activity. Interest on investments increased by 137.1% as compared to 2015 due to the implementation of GASB 72 and increased return on investments.

Overall operating costs increased $17.2 million or 15.8% mainly due to increased debt service interest expense of $8.0 million associated with additional bonds outstanding. Additionally, refinanced loans with correlating bond premiums increased during FY2016. As a result, loan refinancing pass-through expenses increased by $12.5 million.

Grant revenue and corresponding activity decreased 11.6% or $7.4 million as the Authority experienced decreased grant activity within the Colonias and Drinking Water programs. During FY 2016, appropriation revenue decreased by $4.0 million, representing a decrease of 10.8% from fiscal year 2015. The reduction is a result of reduced metro court and health sciences appropriations. Reversions and transfers increased 319.5% or $14.6 million as the Authority transferred $10.5 million to New Mexico Economic Development Department for projects pursuant to Local Economic Development Act. Additionally, the Authority transferred $5.0 million to New Mexico Economic Development Department of the existing award of $13.2 million from United States Treasury State Small Business Credit Initiative Program to the Authority's financial statements.

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 2016, the total amount outstanding was $1.1 billion (excluding the $1.3 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 $241.7 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 (PPRF) is highlighted in the following discussion due to the significance of the program to the Authority's financial statements.

Public Project Revolving Fund

The Authority, established in 1992, was designed as a vehicle to administer the PPRF. The mission of the PPRF is to coordinate 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 entities, including without limitation counties, municipalities and school districts, are eligible to borrow from the PPRF. Since 1993, the PPRF has made 1,295 loans totaling $2.75 billion.

The PPRF makes loans of less than $5 million from funds on hand. The Authority's cash is replenished at a later date by "packaging" the loans as collateral and selling tax-exempt bonds. Loans larger than $5 million are funded through simultaneous closings with a reimbursement bond issue, ensuring a precise matching of loan and bond interest rates.

The Authority operates, in many respects, in the same manner as a bank or other lending institution. Infrastructure finance agencies similar to the Authority 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,

	2016	2015	Net Increase/ (Decrease)	Percentage Increase/ (Decrease)	2014
Assets					
Cash and equivalents					
Unrestricted	$ 15,433,532	$ 21,129,169	$ (5,695,637)	-27.0%	$ 18,662,427
Restricted	84,062,466	74,239,292	9,823,174	13.2%	86,535,872
Restricted investments	281,248,545	231,414,125	49,834,420	21.5%	122,591,262
Accounts receivable and other	8,428,979	6,462,198	1,966,781	30.4%	8,794,009
Loans receivable, net of allowance	1,136,108,419	1,058,275,504	77,832,915	7.4%	1,081,631,189
Due from the State of New Mexico	87,790,000	96,135,000	(8,345,000)	-8.7%	104,525,000
Capital assets	244,840	(29,209)	274,049	-938.2%	70,302
Other assets	14,147,904	7,824,918	6,322,986	80.8%	9,353,716
Total assets	**1,627,464,685**	**1,495,450,997**	**132,013,688**	8.8%	**1,432,163,777**
Deferred Outflows of Resources					
Deferred loss on refunding	823,233	184,242	638,991	346.8%	1,191,181
Total deferred outflows of resources	**823,233**	**184,242**	**638,991**	346.8%	**1,191,181**
Liabilities					
Accounts payable and accrued payroll liabilities	5,505,656	1,445,741	4,059,915	280.8%	2,751,301
Undisbursed loan proceeds	135,562,894	71,877,909	63,684,985	88.6%	28,682,538
Borrowers' debt service and reserve deposits	86,097,863	77,563,762	8,534,101	11.0%	86,969,969
Bonds payable, net	1,113,198,718	1,048,093,351	65,105,367	6.2%	1,036,144,409
Total liabilities	**1,340,365,131**	**1,198,980,763**	**141,384,368**	11.8%	**1,154,548,217**
Deferred Inflows of Resources					
Deferred gain on refunding	1,575,177	-	1,575,177	100.0%	-
Total deferred inflows of resources	**1,575,177**	**-**	**1,575,177**	100.0%	**-**
Net Position					
Invested in capital assets	244,840	(29,209)	274,049	-938.2%	70,302
Restricted for program commitments	270,669,238	276,556,622	(5,887,384)	-2.1%	262,175,614
Unrestricted	15,433,532	20,127,063	(4,693,531)	-23.3%	16,560,825
Total net position	**$ 286,347,610**	**$ 296,654,476**	**$ (10,306,866)**	-3.5%	**$ 278,806,741**

Loan Volume

	FY2016	FY2015	Since Inception
Amount of loans made	$236.9 million	$149.2 million	$2.75 billion
Number of loans made	67	49	1,295
Average loan size	$3.6 million	$3.0 million	$2.1 million
Refunding Loans (included above)	$110.2 million	$88.9 million	

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

	2016	2015	Net Increase/ (Decrease)	Percentage Increase/ (Decrease)	2014
Interest Income					
Loans	$ 49,650,131	$ 46,430,667	$ 3,219,464	6.9%	$ 46,548,780
Investments	1,472,865	504,597	968,268	191.9%	245,422
Total interest income	51,122,996	46,935,264	4,187,732	8.9%	46,794,202
Interest Expense					
Bonds	45,991,088	37,375,570	8,615,518	23.1%	50,809,365
Loan refinancing pass-through	21,455,228	8,945,997	12,509,231	139.8%	2,962,977
Short-term borrowing	190,972	359,592	(168,620)	-46.9%	144,082
Total interest expense	67,637,288	46,681,159	20,956,129	44.9%	53,916,424
Net Interest Income (Loss)					
Interest income (loss) less interest expense	(16,630,378)	254,105	(16,884,483)	-6644.7%	(7,122,222)
Provision for loan losses	58,043	62,215	(4,172)	-6.7%	1,900,656
Net interest loss after provision for loan losses	(16,572,335)	316,320	(16,888,655)	-5339.1%	(5,221,566)
Noninterest Income					
Loan administration fees	1,928,785	1,819,441	109,344	6.0%	1,451,116
Appropriation revenues	28,619,027	24,267,401	4,351,626	17.9%	29,091,277
Total noninterest income	30,547,812	26,086,842	4,460,970	17.1%	30,542,393
Noninterest Expense					
Salaries and benefits	2,358,936	2,322,032	36,904	1.6%	2,179,170
Professional services	982,975	1,048,599	(65,624)	-6.3%	970,669
Bond issuance costs	1,018,535	1,243,632	(225,097)	-18.1%	674,398
Other	1,811,861	908,102	903,759	99.5%	1,561,926
Total noninterest expense	6,172,307	5,522,365	649,942	11.8%	5,386,163
Excess of revenues over expenditures	7,803,170	20,880,797	(13,077,627)	-62.6%	19,934,664
Transfers to other funds or agencies	(18,110,036)	(3,033,062)	(15,076,974)	497.1%	(11,320,043)
Increase (decrease) in net position	**(10,306,866)**	**17,847,735**	**(28,154,601)**	-157.7%	**8,614,621**
Net position, beginning of year, as restated	**296,654,476**	**278,806,741**	**17,847,735**	6.4%	**270,192,120**
Net position, end of year	**$ 286,347,610**	**$ 296,654,476**	**$ (10,306,866)**	**-3.5%**	**$ 278,806,741**

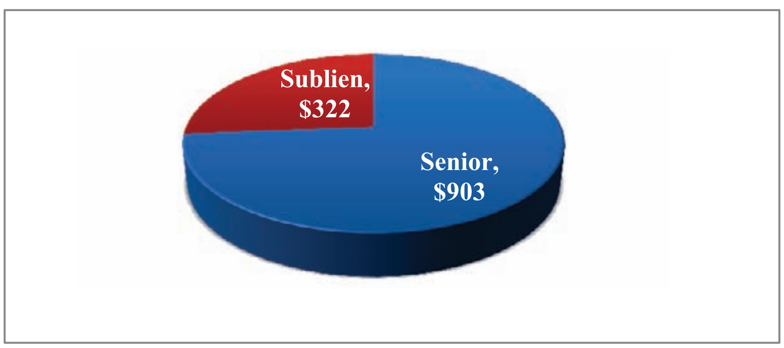
Net Interest Income

As a not-for-profit lender, the Authority attempts to pass on to its borrowers the same rates paid on the bonds issued to provide loaned funds. Therefore, in its planning and management processes, the Authority attempts to achieve a zero net interest income in the PPRF. In fiscal year 2016, the PPRF had net interest loss of $16.5 million, compared to income of $300 thousand in 2015. This is a result of market conditions in which the Authority exercised their early call bond provisions and issued new bonds associated with certain loans. Where the saving on refinancing was passed-through to the borrowers. A major part of the resulting loss, of $16.5 million, is the loan refinancing pass-through expense of $21.5 million during fiscal year 2016.

PPRF Indentures

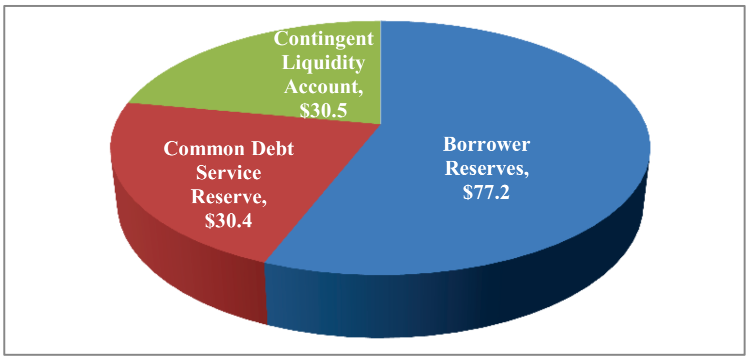
The PPRF maintains a General Indenture of Trust (Senior Lien) and a Subordinated Indenture of Trust (Subordinate Lien). At the end of Fiscal Year 2016, there were 664 loans totaling $1.225 billion outstanding; 74% of those loans are subject to the Senior Lien Indenture and 26% of those loans are subject to the Subordinate Lien Indenture. This is an increase of 6.0% from $1.156 billion in 2015 primarily as a result of increased bond issuances and loan closings to take advantage of historically low interest rates and to match assets with liabilities.

(In millions)



As of October 25, 2016, the Senior Lien is rated AAA and the Subordinate Lien is rated AA by Standard & Poor's and as of October 27, 2016, the Senior Lien is rated Aa1 by Moody's and the Subordinate Lien is rated Aa2. In order to maintain these ratings, 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, and the Contingent Liquidity Account is considered to be held outside the General and Subordinated Indentures of Trust.

As of June 30, 2016
(In millions)



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 $28.1 million in 2016, a $1.6 million increase from the $26.5 million received in 2015. The GGRT funds are used:

- 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, 2016, the relationships were as follows:

	PPRF	Total Authority	% PPRF
Total assets	$1.6 billion	$1.8 billion	88%
Net position	$286.3 million	$505.6 million	57%
Revenues	$81.7million	$94.1 million	87%

There are 23 other programs administered by the Authority, some of which are loan programs and some of which are grant programs. These include the Drinking Water Revolving Loan Fund, Colonias Infrastructure Fund, and economic development programs such as New Market Tax Credits.

The Drinking Water Revolving Loan Fund program experienced a decrease in grant revenues and expenses in Fiscal Year 2016. This decrease was due to the slower rate of requisitions on grant subsidies awarded for qualifying drinking water facility projects in New Mexico. The Authority saw an offsetting increase in the Colonias Infrastructure program grant activity in Fiscal Year 2016. This increase reflected the fact that the program saw an increased number of projects being approved during 2016. As a relatively new program created through the Colonias Infrastructure Act taking effect July 1, 2011, the number of approved projects increases as more funding is available.

Since 2010, a for-profit limited liability company operated by the Authority was awarded a total of $201 million allocation of New Markets Tax Credits by the U.S. Treasury Department. Under this program, the Authority provides federal income tax credits to incentivize businesses to create jobs and otherwise contribute to the economic development of the State. Prior to 2016, the Authority made twelve awards totaling $151.3 million. During Fiscal Year 2016, the Authority made additional awards of $7.75 million. The tax credits have no impact on the financial statements of the Authority as they are held by Finance New Mexico, LLC (FNMLLC). The Authority does incur certain expenses to administer the program and fees charged to applicants and recipients of the credits, which are minimal. In Fiscal Year 2016, the Authority received $3.4 million in an Exit Fee from one of the New Market Tax Credit projects. This income was a one-time event upon the termination of one New Market Tax Credit project. Future exit fees are anticipated.

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, 2016 and 2015

	2016	2015
Assets		
Current assets		
Cash and cash equivalents		
Unrestricted	**$ 15,433,532**	$ 21,656,317
Restricted	**135,135,587**	113,366,876
Interest receivable	**8,505,073**	6,657,501
Grants and other receivables	**890,213**	950,402
Prepaid rent	**19,500**	19,500
Administrative fees receivable	**190,938**	191,034
Loans receivable, net of allowance	**96,915,456**	96,135,492
Intergovernmental receivables	**6,213,814**	6,499,184
Total current assets	**263,304,113**	245,476,306
Noncurrent assets		
Restricted investments	**332,151,402**	280,161,230
Loans receivable, net of allowance	**1,164,740,931**	1,082,660,036
Intergovernmental receivables	**83,874,485**	99,593,299
Capital assets, net of accumulated depreciation	**278,916**	4,867
Total assets	**1,844,349,847**	1,707,895,738
Deferred Outflows of Resources		
Deferred loss on refunding	**823,233**	184,242
Total deferred outflows of resources	**823,233**	184,242
Liabilities		
Current liabilities		
Accounts payable	**307,297**	244,901
Accrued payroll	**176,438**	112,716
Compensated absences	**332,213**	285,923
Bond interest payable	**3,525,287**	3,482,270
Undisbursed loan proceeds	**135,624,986**	71,940,001
Advanced loan payments	**83,008,008**	74,332,049
Bonds payable, net	**78,040,000**	75,943,000
Other liabilities	**532,591**	771,924
Total current liabilities	**301,546,820**	227,112,784
Noncurrent liabilities		
Bonds payable	**1,036,408,718**	980,960,674
Total liabilities	**1,337,955,538**	1,208,073,458
Deferred Inflows of Resources		
Deferred gain on refunding	**1,575,177**	-
Total deferred inflows of resources	**1,575,177**	-
Net Position		
Net investment in capital assets	**278,916**	4,867
Restricted for program commitments	**495,576,466**	483,282,743
Unrestricted	**9,786,983**	16,718,912
Total net position	**$ 505,642,365**	$ 500,006,522

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

	2016	2015
Operating Revenues		
Interest on loans	**$ 51,736,376**	$ 48,645,757
Administrative fees revenue	**7,049,654**	3,197,684
Interest on investments	**2,195,762**	925,910
Total operating revenues	**60,981,792**	52,769,351
Operating Expenses		
Grants to others	**47,888,370**	54,240,349
Bond interest expense	**45,756,067**	37,761,525
Loan refinancing pass-through	**21,455,228**	8,945,997
Salaries and benefits	**4,515,210**	4,361,363
Other operating costs	**2,466,954**	1,632,550
Professional services	**2,389,037**	2,146,157
Bond issuance costs	**1,018,535**	1,243,632
Interest expense	**296,138**	489,859
Administrative fees	**87,289**	134,365
Provision for loan losses	**2,241**	(2,370,845)
Depreciation expense	**2,193**	102,187
Total operating expenses	**125,877,262**	108,687,139
Net operating loss	**(64,895,470)**	(55,917,788)
Nonoperating Revenues (Expenses)		
Appropriation revenue	**33,127,879**	37,157,026
Federal grant revenue	**14,255,306**	24,735,441
Transfers from the State of New Mexico	**42,347,680**	39,295,779
Transfers to the State of New Mexico	**(19,199,552)**	(4,577,237)
Increase in net position	**5,635,843**	40,693,221
Net position, beginning of year	**500,006,522**	459,313,301
Net position, end of year	**$ 505,642,365**	$ 500,006,522

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

New Mexico Finance Authority
Statements of Cash Flows
For the Years Ended June 30

	2016	2015
Cash flows from operating activities		
Cash paid for employee services	**$ (3,687,143)**	$ (4,327,704)
Cash paid to vendors for services	**(5,991,584)**	(3,221,411)
Intergovernmental payments received	**79,524,184**	12,056,839
Loans payments received	**124,937,795**	154,100,150
Loans funded	**(199,124,937)**	(104,764,054)
Grants to local governments	**(47,888,370)**	(54,240,349)
Cash received from federal government for revolving loan funds	**14,255,306**	24,735,441
Interest on loans	**49,888,804**	49,419,453
Proceeds from line of credit	**-**	30,573,802
Payments of line of credit	**-**	(42,580,100)
Administrative fees received	**7,049,750**	3,083,524
Net cash provided by operating activities	**18,963,805**	64,835,591
Cash flows from noncapital financing activities		
Appropriations received from the State of New Mexico	**33,127,879**	37,157,026
Cash transfers from the State of New Mexico	**42,347,680**	39,356,801
Cash transfers to the State of New Mexico	**(19,199,552)**	(4,638,259)
Proceeds from the sale of bonds, including premiums	**241,738,642**	186,584,472
Payment of bonds	**(168,518,000)**	(162,345,000)
Bond issuance costs	**(1,018,535)**	(1,243,632)
Bond interest expense paid	**(60,370,113)**	(52,865,038)
Loan refinancing pass-through to borrowers	**(21,455,228)**	(8,945,997)
Net cash provided by (used in) noncapital financing activities	**46,652,773**	33,060,373
Cash flows from investing activities		
Purchase of investments	**(54,851,115)**	(113,028,816)
Sale of investments	**3,507,809**	16,557,380
Interest received on investments	**1,548,894**	925,910
Capital assets	**(276,240)**	-
Net cash used in investing activities	**(50,070,652)**	(95,545,526)
Net increase (decrease) in cash and cash equivalents	**15,545,926**	2,350,438
Cash and cash equivalents, beginning of year	**135,023,193**	132,672,755
Cash and cash equivalents, end of year	**$ 150,569,119**	$ 135,023,193
Reconciliation of cash and cash equivalents		
Unrestricted cash and cash equivalents	**$ 15,433,532**	$ 21,656,317
Restricted cash and cash equivalents	**135,135,587**	113,366,876
Total cash and cash equivalents	**$ 150,569,119**	$ 135,023,193

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

	2016	2015
Reconciliation of net operating loss to net cash provided by (used in) operating activities		
Net operating loss	**$ (64,895,470)**	$ (55,917,788)
Adjustments to change in net position		
Depreciation	**2,191**	102,187
Amortization on bond premiums	**(15,675,598)**	(15,203,907)
Provision for loan losses	**2,241**	(62,215)
Interest on investments	**(2,195,762)**	(925,909)
Bond interest paid	**61,042,768**	53,093,380
Loan refinancing pass-through to borrowers	**21,455,228**	8,945,997
Bond issuance costs	**1,018,535**	1,243,632
Cash received from federal grants	**14,255,306**	24,735,441
Interest expense	**296,138**	361,913
Changes in assets and liabilities		
Interest receivable	**(1,847,572)**	773,911
Grants and other receivable	**60,189**	1,698,434
Due from other funds	**-**	1,279,769
Administrative fees receivable	**96**	(13,282)
Loans receivable, net of allowance	**(82,852,689)**	433,052
Intergovernmental receivables	**16,004,184**	12,056,438
Accounts payable	**62,396**	(48,053)
Accrued payroll	**63,722**	21,176
Compensated absences	**46,290**	12,483
Due to other funds	**-**	(930,230)
Undisbursed loan proceeds	**63,684,986**	43,195,373
Advanced loan payments	**8,675,959**	2,142,342
Notes payable	**-**	(349,547)
Line of credit	**-**	(12,006,298)
Other liabilities	**(239,333)**	197,292
Net cash provided by operating activities	**$ 18,963,805**	$ 64,835,591

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

	2016	2015
Assets		
Cash held by Trustee		
Program funds	**$ 56,595,544**	$ 88,409,455
Expense funds	**-**	85,820
Revenue funds	**1,046,820**	474,191
Rebate fund	**-**	1,540,906
Bond reserve funds	**476,169**	506,879
Total assets	**$ 58,118,533**	$ 91,017,251
Liabilities		
Accounts payable	**$ -**	$ 1,626,726
Debt service payable	**1,522,990**	981,070
Program funds held for the NM Department of Transportation	**56,595,543**	88,409,455
Total liabilities	**$ 58,118,533**	$ 91,017,251

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 body politic and corporate, separate and apart from the state constituting a governmental instrumentality, organized and existing pursuant to the New Mexico Finance Authority Act (the "Act") 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 funded through a federal capitalization grant where the Environmental Protection Agency (EPA) and the State cost share 83.33% and 16.67%, respectively, all approved budget period costs.

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 FNMLLC, 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 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 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 Oversight 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, 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.
In fiscal year 2016, NMFA implemented GASB No.72, Fair Value Measurement and Application. Fair value is the amount that would be received on the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The statement provides guidance for determining a fair value measurement for financial reporting purposes. The statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.

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.

Loan Refinancing Pass-Through

Loan refinancing pass-through expenses are bond premiums associated with certain refinanced loans passed through by The Authority to the respective borrowers. The refinanced loans were associated with certain bond premiums which reduced the outstanding principal of the associated loans. The reductions resulted in a loan refinancing pass-through expenses to The Authority. For the fiscal years 2016 and 2015, loan refinancing pass-through expenses were $21,455,228 and $8,945,997, respectively.

Compensated Absences

Full-time employees with ten years or less employment with the Authority are entitled to fifteen days' annual vacation leave. Employees with more than ten years' service receive twenty days annual vacation leave. 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 320 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. Historically, the year-end balances are used within one-year thus the compensated absence liability will be recorded as a current liability.

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.

The following program restricting statutes, bond covenants:

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.

Reclassification

Certain comparative amounts in the statement of revenues, expenses and changes in net position have been reclassified to conform with the current year's presentation.

Recently Issued Accounting Standards

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.

In January 2016, GASB issued Statement No. 80, *Blending Requirements for Certain Component Units*—an amendment of GASB Statement No. 14. The objective of this Statement is to improve financial reporting by clarifying the financial statements presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14, *The Financial Reporting Entity, as amended.* The requirements of this Statement are effective for reporting periods beginning after June 15, 2016. The Authority has not completed the process of evaluating the impact of GASB 80 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 dated October 24, 2013. 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's master investment policy and may be amended or supplemented as applied to specific categories of funds by adoption of addenda by the Authority's 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 the Authority's 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.

FNMLLC cash balances are maintained in several accounts in several banks. At times, these balances may exceed the federal insurance limits; however, FNMLLC has not experienced any losses with respect to its bank balances in excess of government provided insurance. Management believes that no significant concentration of credit risk exists with respect to these cash balances at June 30, 2016 and 2015.

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, 2016 and 2015.

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 2016 totaled $927,896, representing less than 1% of total Authority funds.

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.

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, 2016 and 2015 were as follows:

Description	Balance at June 30, 2016	Rated	Percentage of Authority Funds [1]
Bank deposits	$ 279,043	N/A	<1%
Finance New Mexico LLC cash equivalents	4,471,961	N/A	<1%
Wells Fargo deposit account	428,167	N/A	<1%
Wells Fargo Repurchase agreement -fully secured[2]	271,882	N/A	<1%
Government money market funds	144,190,170	AAA	30%
Primary Care Capital Program funds held with the State Treasurer Fund Investment Pool	927,896	N/A	<1%
Total cash and equivalents	$ 150,569,119		
Cash held in agency fund	$ 58,118,533[3]		

Description	Balance at June 30, 2015	Rated	Percentage of Authority Funds [4]
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[5]	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[6]		

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.

[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] Limits described in the "permitted investments" section above do not apply to cash invested by trustee per bond indenture.
[5] 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.
[6] All cash held as agent by the Authority is fully collateralized by securities held in the name of the Authority.

Investments consist of bond proceeds which are restricted to uses specified in the related bond indentures. Such restricted investments at June 30, 2016 and 2015 are comprised of the following:

Description	Fair Value at June 30, 2016	Average Years to Maturity	Percentage of Authority Funds
U.S. treasury notes	$ 332,151,402	1.06	69%
Total restricted investments	$ 332,151,402		

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	55,033,305	0.50	13%
Total restricted investments	$ 280,161,230		

Fair Value Measurement

NMFA's investments measured and reported at fair value are classified according to the following hierarchy:

Level 1—Investments reflect prices quoted in active markets.

Level 2—Investments reflect prices that are based on a similar observable asset either directly or indirectly, which may include inputs in markets that are not considered to be active.

Level 3—Investments reflect prices based upon unobservable sources.

The categorization of investments within the hierarchy is based upon the pricing transparency of the instrument and should not be perceived as the particular investment's risk.

Debt, equities, and investment derivatives classified in Level 1 of the fair value hierarchy are valued directly from a predetermined primary external pricing vendor. Assets classified in Level 2 are subject to pricing by an alternative pricing source due to lack of information available by the primary vendor. Assets classified in Level 3, due to lack of an independent pricing source, are valued using an internal fair value as provided by the investment manager.

		Fair Value Measurement Using		
	Fair Value	Level 1 inputs	Level 2 inputs	Level 3 inputs
Debt securities				
U.S. treasury notes	$ 332,151,402	$ 332,151,402	$ -	$ -
Total debt securities	$ 332,151,402	$ 332,151,402	$ -	$ -

4) Loans Receivable

Loans receivable activity for the fiscal year ending June 30, 2016 and 2015, respectively, were as follows:

Program Description	Term (Years)	Rates	2015	Increases	Decreases	2016
Public Projects Revolving Loan Fund	1 to 30	0% to 6%	$ 1,059,287,717	$ 181,732,159	$ 103,841,199	$ 1,137,178,677
Drinking Water State Revolving Loans	1 to 30	0% to 4%	81,627,122	9,618,985	6,379,347	84,866,760
Drinking Water State Revolving Loans-ARRA	1 to 20	1%	1,235,615	-	67,084	1,168,531
Primary Care Capital Fund Loans	10 to 20	3%	3,879,778	-	377,930	3,501,848
Water Projects Fund Loan Grants	10 to 20	0%	24,930,441	5,810,763	3,239,529	27,501,675
Smart Money Participation Loans	3 to 20	2% to 5%.	3,852,811	-	66,757	3,786,054
Behavioral Health Care Loan	15	3%	-	-	-	-
Cigarette Tax - Behavioral Health Care Capital Loans	15	3%	973,309	-	61,239	912,070
Pooled Equipment Certificates of Participation Loans	5 to 20	4% to 6.4%	28,000	-	28,000	-
Colinias Infrastructure Fund Loans	10 to 20	3%	1,550,806	986,461	264,999	2,272,268
SSBCI Loans	10 to 20	3%	4,527,971	976,568	1,929,210	3,575,329
Child Care Revolving Loans	8	3%	13,460	-	6,542	6,918
			1,181,907,030	199,124,936	116,261,836	1,264,770,130
Less allowance for loan losses			(3,111,502)	-	2,241	(3,113,743)
Totals			$ 1,178,795,528	$ 199,124,936	$ 116,264,077	$ 1,261,656,387

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	$ 149,924,260	$ 1,178,795,528

The following is a summary of scheduled payments to be collected on loans receivable as of June 30, 2016:

	Principal	Interest	Total
Fiscal year ending June 30			
2017	$ 96,915,456	$ 43,513,624	$ 140,429,080
2018	96,696,964	40,975,896	137,672,860
2019	102,108,856	38,207,893	140,316,749
2020	86,306,709	34,543,226	120,849,935
2021	84,311,190	32,800,009	117,111,199
2022-2026	361,196,186	125,507,121	486,703,307
2027-2031	252,098,806	63,983,124	316,081,930
2032-2036	146,930,386	23,735,563	170,665,949
2037-2041	25,523,847	3,937,732	29,461,579
2042-2046	12,661,606	1,076,281	13,737,887
2047-2051	20,124	-	20,124
Subtotals	1,264,770,130	$ 408,280,469	$ 1,673,050,599
Less allowance for loan losses	(3,113,743)		
Loans receivable, net	$ 1,261,656,387		

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, 2016 and 2015, respectively, were as follows:

2016

State Entity	Revenue Pledge	Rates	Maturity	2015	Increases	Decreases	2016	Due in One Year
Administrative Office of the Courts	Court Facilities fees	1.25% to 5.0%	6/15/2025	$ 30,195,000	$ -	$ 2,390,000	$ 27,805,000	$ 2,480,000
University of New Mexico Health Sciences Center	Cigarette excise tax	3.88% to 5.00%	6/15/2025	23,320,000	-	23,320,000	-	-
General Services Department - State of New Mexico	State Gross Receipts tax	4.25% to 5.00%	6/1/2036	42,620,000	-	42,620,000	-	-
University of New Mexico Health Sciences Center	Cigarette excise tax	-	-	-	26,200,000	2,720,000	23,480,000	2,010,000
General Services Department - State of New Mexico	State Gross Receipts tax	-	-	-	37,320,000	815,000	36,505,000	960,000
University of New Mexico Health Sciences Center	Cigarette excise tax	2.25% to 5.00%	4/1/2019	6,895,000	-	6,895,000	-	-
University of New Mexico Health Sciences Center	Cigarette excise tax	2.13% to 3.94%	4/1/2019	3,062,483	-	764,184	2,298,299	763,814
			Totals	$ 106,092,483	$ 63,520,000	$ 79,524,184	$ 90,088,299	$ 6,213,814

2015

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

The following is a summary of scheduled payments to be collected on the receivables from state entities as of June 30, 2016:

	Principal	Interest	Total
Fiscal year ending June 30			
2017	$ 6,213,814	$ 4,169,042	$ 10,382,856
2018	6,310,443	3,935,947	10,246,390
2019	6,564,042	3,657,225	10,221,267
2020	6,875,000	3,334,395	10,209,395
2021	7,090,000	2,987,720	10,077,720
2022-2026	33,480,000	9,269,485	42,749,485
2027-2031	10,675,000	3,891,400	14,566,400
2032-2036	12,880,000	1,587,600	14,467,600
Intergovernmental receivables	$ 90,088,299	$ 32,832,814	$ 122,921,113

6) Capital Assets

A summary of changes in capital assets during the fiscal year 2016 and 2015, respectively, was as follows:

	Balance at June 30, 2015	Increases	Decreases	Balance at June 30, 2016
Capital assets not being depreciated				
Construction in progress	$ -	$ 276,240	$ -	$ 276,240
Capital assets being depreciated				
Furniture and fixtures	28,665	-	-	28,665
Computer hardware and software	734,293	-	-	734,293
Leasehold improvement	8,241	-	-	8,241
	771,199	276,240	-	1,047,439
Accumulated depreciation				
Furniture and fixtures	(28,665)	-	-	(28,665)
Computer hardware and software	(729,426)	(2,191)	-	(731,617)
Leasehold improvement	(8,241)	-	-	(8,241)
	(766,332)	(2,191)	-	(768,523)
Net total	$ 4,867	$ 274,049	$ -	$ 278,916

	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

Depreciation expense for the fiscal year ending June 30, 2016 and 2015, respectively, was $2,191 and $102,186.

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, 2016 and 2015:

Bond Series	Rate	Maturities	Original Amount	Outstanding Amount June 30, 2016	Outstanding Amount June 30, 2015
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
2005 B	3.500% to 4.500%	June 1, 2013 to June 1, 2020	13,500,000	-	3,490,000
2006 B	4.000% to 5.000%	June 1, 2013 to June 1, 2036	38,260,000	22,730,000	24,440,000
2006 D	4.250% to 5.000%	June 1, 2013 to June 1, 2036	56,400,000	-	44,975,000
2007 E	4.000% to 5.000%	June 1, 2013 to June 1, 2032	61,945,000	34,085,000	37,085,000
2008 A	3.250% to 5.000%	June 1, 2013 to June 1, 2038	158,965,000	119,080,000	124,400,000
2008 B	4.000% to 5.000%	June 1, 2013 to June 1, 2035	36,545,000	22,520,000	24,195,000
2008 C	3.250% to 6.000%	June 1, 2013 to June 1, 2033	29,130,000	11,490,000	19,385,000
2009 A	2.000% to 5.000%	June 1, 2013 to June 1, 2038	18,435,000	12,310,000	13,265,000
2009 C	2.500% to 5.000%	June 1, 2013 to June 1, 2029	55,810,000	41,355,000	43,630,000
2009 D-1	3.000% to 4.000%	June 1, 2013 to June 1, 2030	13,570,000	7,430,000	8,385,000
2009 D-2	1.810% to 6.070%	June 1, 2013 to June 1, 2036	38,845,000	34,890,000	35,605,000
2009 E	3.000% to 4.500%	June 1, 2013 to June 1, 2019	35,155,000	12,585,000	16,480,000
2010 A-1	2.000% to 4.500%	June 1, 2013 to June 1, 2034	13,795,000	5,670,000	13,795,000
2010 A-2	3.777% to 5.880%	June 1, 2016 to June 1, 2039	15,170,000	12,990,000	6,110,000
2010 B-1	2.000% to 5.000%	June 1, 2013 to June 1, 2035	38,610,000	23,795,000	26,035,000
2010 B-2	2.230% to 4.740%	June 1, 2013 to June 1, 2035	17,600,000	16,950,000	17,120,000
2011 A	2.000% to 4.000%	June 1, 2013 to June 1, 2016	15,375,000	-	3,270,000
2011 B-1	0.220% to 4.000%	June 1, 2013 to June 1, 2036	42,735,000	25,905,000	28,850,000
2011 B-2	2.000% to 4.450%	June 1, 2013 to June 1, 2031	14,545,000	10,630,000	11,435,000
2011 C	3.000% to 5.000%	June 1, 2013 to June 1, 2036	53,400,000	39,410,000	42,800,000
2012 A	1.500% to 5.500%	June 1, 2013 to June 1, 2038	24,340,000	20,015,000	21,265,000
2013 A	2.000% to 5.000%	June 1, 2013 to June 1, 2038	44,285,000	34,570,000	37,910,000
2013 B	2.000% to 5.000%	June 1, 2014 to June 1, 2036	16,360,000	12,925,000	14,175,000
2014 B	2.000% to 5.000%	June 1, 2016 to June 1, 2035	58,235,000	50,080,000	54,970,000
2015 B	2.250% to 5.000%	June 1, 2016 to June 1, 2045	45,325,000	42,595,000	45,325,000
2015 C	3.000% to 5.000%	June 1, 2016 to June 1, 2035	45,475,000	45,300,000	-
2016 A	2.500% to 5.000%	June 1, 2016 to June 1, 2036	52,070,000	49,170,000	-
2016 C	2.000% to 5.000%	June 1, 2016 to June 1, 2046	67,540,000	66,725,000	-
			1,140,435,000	775,205,000	724,190,000

New Mexico Finance Authority
Notes to Financial Statements
June 30, 2016 and 2015

Bond Series	Rate	Maturities	Original Amount	Outstanding Amount June 30, 2016	Outstanding Amount June 30, 2015
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	-	-
2005 E	3.875% to 5.000%	June 15, 2013 to June 15, 2025	23,320,000	-	23,320,000
2005 F	4.000% to 5.000%	June 15, 2013 to June 15, 2025	21,950,000	-	-
2006 A	4.000% to 5.000%	June 15, 2013 to June 15, 2035	49,545,000	-	2,040,000
2006 C	4.000% to 5.000%	June 15, 2013 to June 15, 2026	39,860,000	24,330,000	26,135,000
2007 A	4.000% to 5.000%	June 15, 2013 to June 15, 2027	34,010,000	13,115,000	15,680,000
2007 B	4.000% to 5.000%	June 15, 2013 to June 15, 2034	38,475,000	20,495,000	22,340,000
2007 C	4.250% to 5.250%	June 15, 2013 to June 15, 2027	131,860,000	82,485,000	89,445,000
2013 C-1	2.000% to 4.000%	June 15, 2014 to June 15, 2028	3,745,000	2,890,000	3,050,000
2013 C-2	.950% to 5.000%	June 15, 2014 to June 15, 2029	10,550,000	8,020,000	8,520,000
2014 A-1	2.000% to 5.000%	June 15, 2014 to June 15, 2033	15,135,000	14,055,000	14,605,000
2014 A-2	.250% to 4.491%	June 15, 2014 to June 15, 2034	16,805,000	13,775,000	15,295,000
2015 A	3.000% to 5.000%	June 15, 2016 to June 15, 2035	63,390,000	59,940,000	62,355,000
2015 D	4.000% to 5.000%	June 15, 2016 to June 15, 2027	29,355,000	27,170,000	-
2016 B	5.00%	June 15, 2016 to June 15, 2035	8,950,000	7,415,000	-
			537,345,000	273,690,000	282,785,000
		Subtotal - PPRF Bonds	1,677,780,000	1,048,895,000	1,006,975,000
Pooled Equipment Certificates of Participants					
1995 A	6.30%	October 1, 2015	4,288,000	-	19,000
1996 A	5.80%	April 1, 2016	1,458,000	-	9,000
			5,746,000	-	28,000
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
Cigarette Tax Revenue Bonds - Behavioral Health Projects					
2006	5.51%	May 1, 2012 to May 1, 2026	2,500,000	1,250,000	1,375,000
Total bonds outstanding			$ 1,725,061,000	1,050,145,000	1,015,273,000
Add net unamortized premium				64,303,718	41,630,674
Total bonds payable, net				1,114,448,718	1,056,903,674
Less current portion of bonds payable				(78,040,000)	(75,943,000)
Noncurrent portion of bonds payable				$ 1,036,408,718	$ 980,960,674

Maturities of bonds payable and interest are as follows:

	Principal	Interest	Total
Fiscal year ending June 30,			
2017	$ 78,040,000	$ 48,478,193	$ 126,518,193
2018	79,640,000	45,094,935	124,734,935
2019	81,180,000	41,568,050	122,748,050
2020	71,715,000	37,981,112	109,696,112
2021	75,105,000	34,643,297	109,748,297
2022-2026	329,145,000	121,821,706	450,966,706
2027-2031	183,005,000	56,958,402	239,963,402
2032-2036	124,075,000	20,980,162	145,055,162
2037-2041	16,400,000	3,399,899	19,799,899
2042-2046	11,840,000	1,106,800	12,946,800
	1,050,145,000	$ 412,032,556	$ 1,462,177,556
Add unamortized premium	64,303,718		
Bonds payable, net	$ 1,114,448,718		

The bonds payable activity for the fiscal years were as follows:

Activity for Fiscal Year 2016

	Balance at June 30, 2015	Increases	Decreases	Balance at June 30, 2016	Due within One Year
Bonds payable	$ 1,015,273,000	$ 203,390,000	$ (168,518,000)	$ 1,050,145,000	$ 78,040,000
Add unamortized premium	41,630,674	38,348,642	(15,675,598)	64,303,718	-
Total	$ 1,056,903,674	$ 241,738,642	$ (184,193,598)	$ 1,114,448,718	$ 78,040,000

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

Current and Advance Refunding of Debt

The PPRF Revenue Refunding Bonds Senior Lien 2016C series, issued in the total par amount of $67,540,000, refunded the outstanding portions of the PPRF Revenue Bonds Senior Lien 2006D series in the amount of $45,045,908. The refunding resulted in debt service savings over 15 to 20 years of $12,603,391 and a Net Present Value (NPV) savings to the State of New Mexico of $9,337,876 for the State Building Projects.

The PPRF Revenue Refunding Bonds Senior Lien 2016A series, issued in the total par amount of $52,070,000 refunded the outstanding portions of the 2004A Cigarette Tax Bonds and the PPRF Revenue Bonds 2005E series in the amount of $31,396,723. The refunding resulted in debt service savings over the remaining 10 to 15 years of $5,505,790, converted for comparison purposes to a NPV savings of $5,002,352.

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 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 $83,008,008 and $74,332,049 at June 30, 2016 and 2015.

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, 2016, was .154. The Authority pays a 15 basis point fee on the unused portion of the facility. For fiscal year ended June 30, 2016, the line of credit has no activity and the balance at year-end was zero. A summary of changes for fiscal year ended June 30, 2015 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)	$ -	$ -

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, 2016 and 2015, were $328,004 and $316,250. Future minimum lease payments are as follows:

Fiscal year ending June 30	
2017	$ 368,896
2018	376,274
2019	383,800
2020	259,255
2021	-
Total	$ 1,388,225

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, 2016 and 2015 were \$487,766 and \$484,916, respectively. Additionally, employee contributions for the retirement plan for the years ended June 30, 2016 and 2015, respectively, were \$151,004 and \$149,634. 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. 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, 2016 and 2015.

12) Compensated Absences

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

Balance at June 30, 2015	$	285,923
Additions		315,644
Deletions		(269,354)
Balance at June 30, 2016		332,213
Due within one year	$	332,213

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

13) Agency Transactions

The Authority was authorized in 2003 to issue bonds as agent for the New Mexico Department of Transportation (NMDOT). Approximately $1.3 billion and $1.4 billion of such bonds are outstanding at June 30, 2016 and 2015, respectively.

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
During the period 2004 to 2008, including PPRF series bonds 2004A through 2008A, loans of less than $25,000,000 contained provisions allowing for prepayment after one year whereas the related bonds used to fund the loans contained ten-year call provisions. 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 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 no longer exists after June 2018. The loans containing the shortened call provision total approximately $97 million and the related bonds total approximately $316 million as of June 30, 2016. Loans exercising this call provision pre-paid $61.2 million in principal during FY2016 and $18.6 million in FY2015. Loans exercising this call provision in the original loan

amount of $7.4 million reached their maturity date in FY2016 while loans in the original amount of $22.1 million reached their maturity date in FY2015.

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 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 reevaluated 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 years ended June 30, 2016 and 2015 were as follows:

	2016	2015
Statements of Net Position		
Assets		
Cash	**$ 4,471,961**	$ 657,456
Due from affiliates	**844,694**	935,345
Investment in limited liability companies	**14,819**	13,506
Total assets	**$ 5,331,474**	$ 1,606,307
Liabilities		
Accounts payable	**$ 90,095**	$ 59,078
Due to affiliate	**1,279,941**	647,193
Total liabilities	**1,370,036**	706,271
Net Position		
Restricted	**3,961,438**	900,036
Total liabilities and net position	**$ 5,331,474**	$ 1,606,307

Statements Revenues, Expenses and Changes in Net Position	2016	2015
Operating Income		
Interest income	$ 372	$ 114
Sponsor fee income	232,500	-
Exit fee	3,382,250	-
Asset management fee income	666,409	629,603
Total operating income	4,281,531	629,717
Operating Expense		
Sponsor fee expense	213,173	-
Management fee expense	584,795	372,729
Professional fees	59,900	162,460
Gross receipt tax	352,913	45,555
Miscellaneous administrative expenses	9,479	8,972
Total operating expenses	1,220,260	589,716
Net operating income	3,061,271	40,001
Nonoperating Income		
Share of income from investment in limited liability companies	131	123
Increase in net position	3,061,402	40,124
Net position, beginning of year	900,036	859,912
Net position, end of year	$ 3,961,438	$ 900,036

Statement of Cash Flows	2016	2015
Cash flows from operating activities		
Increase in net position	$ 3,061,402	$ 40,124
Adjustments to reconcile net income to net cash provided by operating activities		
Share of income from investment in limited liability companies	(131)	(123)
Increase in assets		
Due from affiliate	90,651	(96,608)
Increase in liabilities		
Accounts payable	31,017	28,322
Due to affiliate	632,748	153,255
Net cash provided by operating activities	3,815,687	124,970
Cash flows from investing activities		
Investment in limited liability companies	(3,960)	-
Return of capital from limited liability companies	1,051	-
Distributions from limited liability companies	1,727	186
Net cash provided by investing activities	(1,182)	186
Net increase in cash	3,814,505	125,156
Cash, beginning of year	657,456	532,300
Cash, end of year	$ 4,471,961	$ 657,456

17) Subsequent Event

On October 19, 2016, the Legislature of the State of New Mexico 52nd Legislature, 2nd Special Session enacted the transfer of $15,500,000 from PPRF to the New Mexico State General Fund, provided that, except as otherwise provided in the Tax Administration Act, the amount transferred is from the fiscal year 2017 portion of the governmental gross receipts tax distributed to the public project revolving fund pursuant to Section 7-1-6.38 NMSA 1978 and that is not otherwise pledged for payment of obligations of the Authority.

The Authority has evaluated subsequent events through November 14, 2016, the date which the financial statements were available to be issued.

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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 2017A Bonds, copies of the Indenture will be available at the principal office of the Municipal Advisor. Subsequent to the offering of the Series 2017A 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 2017A Bonds, $5,000 or any integral multiple thereof and means, with respect to the Loans that are subject to the Ninety-Fourth 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 2017A Bonds, any person entitled to receive payment of principal of, premium, if any, and interest on Series 2017A Bonds and otherwise exercise ownership rights with respect to Series 2017A 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 2017A 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 2017A 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 2017A 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 2017A 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 2017A Bonds as Securities Depository.

"Paying Agent," when used with respect to the Series 2017A Bonds, means the person or persons authorized by the NMFA to pay the principal of, premium, if any, and interest on, the Series 2017A 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 2017A 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 2017A 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 2017A Bonds" means the New Mexico Finance Authority Senior Lien Public Project Revolving Fund Revenue Bonds, Series 2017A.

"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 $30,525,395 (as of January 31, 2017). 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.

<u>Amendment of Agreements and Security Documents</u>.

(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 2017A 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 2017A 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 December 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.

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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

	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	157,130	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: April 20, 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	$59,578,677	$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.)

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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	$30,364	$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

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

__________, 2017

New Mexico Finance Authority
Santa Fe, New Mexico

Re: $60,265,000 New Mexico Finance Authority Senior Lien Public Project Revolving Fund Revenue Bonds, Series 2017A

We have acted as bond counsel to the New Mexico Finance Authority (the "Finance Authority") in connection with the issuance of its Senior Lien Public Project Revolving Fund Revenue Bonds, Series 2017A in the aggregate principal amount of $60,265,000 (the "Series 2017A Bonds"). The Series 2017A 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 "2017A 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 2017A 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 2017A 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-Fourth Supplemental Indenture of Trust dated as of March 1, 2017 (the "Ninety-Fourth 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 2017A 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 2017A 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 2017A Bonds constitute special limited obligations of the Finance Authority, payable solely from the Trust Estate and do not constitute a general obligation or other indebtedness of the State of New Mexico or any Governmental Unit within the meaning of any constitutional or statutory debt limitation.

4. The interest on the Series 2017A Bonds (including any original issue discount properly allocable to an owner thereof) (i) is excludable from gross income for federal income tax purposes, (ii) is exempt from income taxation by the State of New Mexico, and (iii) is not an item of tax preference for purposes of computing the federal alternative minimum tax imposed on individuals and corporations, but is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on certain corporations. The opinions set forth in this paragraph are subject to the condition that the Finance Authority and the 2017A Governmental Units comply with all requirements of the Internal Revenue Code of 1986 that must be satisfied subsequent to the issuance of the Series 2017A Bonds in order that interest thereon be, or continue to be, excludable from gross income for federal income tax purposes. The Finance Authority and the 2017A Governmental Units have covenanted to comply with all of these requirements. Failure to comply with certain of these requirements may cause the interest on the Series 2017A Bonds to be included in gross income for federal and State of New Mexico income tax purposes retroactive to the date of issuance of the Series 2017A Bonds.

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

(a) the rights of the holders of the Series 2017A 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 2017A 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 2017A 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 2017A Bonds, payment of principal, premium, if any, interest on the Series 2017A Bonds to DTC Participants or Beneficial Owners, confirmation and transfers of beneficial ownership interests in the Series 2017A 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 2017A Bonds. The Series 2017A 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 2017A Bond certificate will be issued for each maturity of the Series 2017A 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 2017A Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2017A Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2017A 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 2017A 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 2017A Bonds, except in the event that use of the book-entry system for the Series 2017A Bonds is discontinued.

To facilitate subsequent transfers, all Series 2017A 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 2017A 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 2017A Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2017A 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 2017A 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 2017A 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 2017A 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 2017A 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 2017A 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 2017A Bonds; (c) the selection of the Beneficial Owners to receive payment in the event of any partial redemption of the Series 2017A 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 2017A Bonds.

APPENDIX F

2017A GOVERNMENTAL UNITS; LARGEST REPAYMENT OBLIGATIONS

2017A Governmental Units

As previously stated, a portion of the proceeds of the Series 2017A Bonds is being used to finance or refinance Loans to be made to the 2017A Governmental Units or to reimburse the Finance Authority, in whole or in part, for Loans made to 2017A Governmental Units. The 2017A 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
Otero County, James Canyon VFD (Fire Protection Funds)	$ 149,925	$ -	05/01/26
Otero County, Sixteen Springs VFD (Fire Protection Funds)	120,907	-	05/01/27
Mountainair PSD (Ad Valorem Taxes)	1,500,000	-	10/15/36
San Miguel County (Gross Receipts Tax)	4,563,082	-	05/01/28
Torrance County (Ad Valorem Taxes)	2,400,000	-	08/01/31
Otero County, Jack Rabbit Flats VFD (Fire Protection Funds)	352,645	-	05/01/27
Rio Communities, City of (Fire Protection Funds)	261,488	-	05/01/22
Las Cruces (State Shared Gross Receipts Tax)	3,203,527	-	06/01/23
Rio Rancho, City of (Local Special Tax (Water Rights Acquisition Fee))	8,515,407	851,451	05/01/36
Mesa Vista Schools (Ad Valorem Taxes)	805,000	-	09/01/37
Gallup, City of (Ad Valorem Taxes)	5,365,000	-	08/01/31
Santa Fe, City of (Environmental Services Enterprise Fund)	1,300,582	-	05/01/23
Socorro County (Fire Protection Funds)	473,250	47,325	05/01/27
Moriarty, City of (Fire Protection Funds)	503,779	-	05/01/32
San Juan County (County Local Option Gross Receipts Tax)	11,145,000	-	06/01/26
Lincoln County Medical Center (Ad Valorem Taxes)	23,150,000	-	05/01/25
Total	$63,809,592	$898,776	

(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 March 31, 2017 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. As of March 31, 2017, 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 March 31, 2017, 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 senior lien obligations with the City of Rio Rancho (“Rio Rancho”) of which 19 are still outstanding in an original issue amount of $100,186,660. As of March 31, 2017, these 19 loans will be outstanding in the amount of $88,716,433. The senior lien obligations are secured by revenue pledges of State Fire Protection Funds, State Gross Receipts Tax, Law Enforcement Protection Funds, Local Special Tax (Water Rights Acquisition Fee), Special Assessment and Enterprise System Revenues. The Rio Rancho loan pledged to the Series 2017A Bonds will be one of four Rio Rancho loans secured by Local Special Tax (Water Rights Acquisition Fee) issued in the total amount of $29,142,599. Enterprise System Revenue is Rio Rancho’s largest senior lien revenue pledge with three loans issued and still outstanding in the amount of $53,805,000.

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 31, 2017, the outstanding principal amount of the ABCWUA Loan Agreements is projected to be $39,410,000.

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NEW MEXICO FINANCE AUTHORITY • SENIOR LIEN PUBLIC PROJECT REVOLVING FUND REVENUE BONDS, SERIES 2017A

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 Gilmore & Bell, P.C., Bond Counsel to the Finance Authority, under existing law and assuming continued compliance with certain requirements of the Internal Revenue Code of 1986, as amended, (1) the interest on the Series 2017C Bonds (including any original issue discount properly allocable to an owner thereof) is excludable from gross income for federal income tax purposes, and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations and (2) the interest on the Series 2017C Bonds is exempt from income taxation by the State of New Mexico. See "TAX MATTERS" herein.

New Mexico FINANCE AUTHORITY

$37,675,000
NEW MEXICO FINANCE AUTHORITY
SENIOR LIEN PUBLIC PROJECT REVOLVING FUND REVENUE AND REFUNDING BONDS, SERIES 2017C

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 2017C (the "Series 2017C 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 2017C Bonds through its nominee, Cede & Co. One fully registered bond in a denomination equal to the principal amount of each maturity of the Series 2017C Bonds will be registered in the name of Cede & Co. Individual purchases of Series 2017C Bonds will be made in book-entry form only, and beneficial owners of the Series 2017C 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 2017C Bonds.

The Series 2017C Bonds will be issued under and secured by the Indenture (as defined herein). Interest on the Series 2017C Bonds accrues from the date of initial delivery of the Series 2017C Bonds and is payable on June 1 and December 1 of each year, commencing December 1, 2017. Principal of the Series 2017C 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 2017C Bonds are subject to optional redemption prior to maturity.

Proceeds of the Series 2017C 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 hereinafter defined) to achieve debt service savings and (iii) paying costs incurred in connection with the issuance of the Series 2017C Bonds. The principal of and premium, if any, and interest on the Series 2017C 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 additional parity bonds and other obligations pursuant to the Indenture.

The Series 2017C 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 2017C 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 2017C 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 2017C 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 2017C Bonds will be passed on by Gilmore & Bell, P.C., Salt Lake City, Utah, Bond Counsel to the Finance Authority. Certain legal matters will be passed upon by the 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 2017C Bonds. It is expected that a single certificate for each maturity of the Series 2017C Bonds will be delivered to DTC or its agent on or about June 14, 2017.

This Official Statement is dated May 25, 2017, and the information contained herein speaks only as of that date.

J.P. Morgan

RBC Capital Markets **Wells Fargo Securities**

$37,675,000
NEW MEXICO FINANCE AUTHORITY
SENIOR LIEN PUBLIC PROJECT REVOLVING FUND
REVENUE AND REFUNDING BONDS, SERIES 2017C

MATURITY SCHEDULE

Year (June 1)	Principal Amount	Interest Rate	Initial Yield	CUSIP No.†
2018	$ 5,240,000	5.000%	0.850%	64711NT88
2019	3,980,000	5.000%	0.970%	64711NT96
2020	4,235,000	5.000%	1.090%	64711NU29
2021	3,605,000	5.000%	1.210%	64711NU37
2022	2,115,000	5.000%	1.360%	64711NU45
2023	2,255,000	5.000%	1.530%	64711NU52
2024	2,365,000	5.000%	1.670%	64711NU60
2025	2,520,000	5.000%	1.870%	64711NU78
2026	2,645,000	5.000%	2.040%	64711NU86
2027	2,785,000	5.000%	2.150%	64711NU94
2028	2,860,000	3.000%	2.350%(c)	64711NV28
2029	2,680,000	3.000%	2.500%(c)	64711NV36
2030	390,000	5.000%	2.480%(c)	64711NV44

(c) Yield to first Optional Call on June 1, 2027.

† 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 2017C 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 2017C Bonds or as indicated above. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Series 2017C 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 2017C 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 2017C 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 2017C Bonds may engage in transactions that stabilize, maintain or otherwise affect market yields or prices of the Series 2017C 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 2017C 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 2017C 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 2017C 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
Ken McQueen, 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

Gilmore & Bell, P.C.
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

$37,675,000

NEW MEXICO FINANCE AUTHORITY
SENIOR LIEN PUBLIC PROJECT REVOLVING FUND
REVENUE AND REFUNDING BONDS, SERIES 2017C

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 New Mexico Finance Authority $37,675,000 Senior Lien Public Project Revolving Fund Revenue and Refunding Bonds, Series 2017C (the "Series 2017C Bonds") being issued by the New Mexico Finance Authority (the "Finance Authority" or the "NMFA"). The Series 2017C 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-Fifth Supplemental Indenture of Trust, dated as of June 1, 2017 (the "Ninety-Fifth 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, 2016 included as APPENDIX A hereto. See "FINANCIAL STATEMENTS."

Authority and Purpose

The Series 2017C 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 2017C 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 2007E, maturing on or after June 1, 2018 in the aggregate principal amount of $31,035,000 (the "Refunded Obligations") to achieve debt service savings and (iii) paying costs incurred in connection with the issuance of the Series 2017C Bonds. See "THE PLAN OF FINANCING" for more information with respect to the sources and uses of proceeds of the Series 2017C Bonds, "SCHEDULE I – SCHEDULE OF REFUNDED OBLIGATIONS" for more information regarding the Refunded Obligations, 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 2017C Bonds. Such Governmental Units whose Loans are being financed or refinanced with proceeds of the Series 2017C Bonds are sometimes referred to herein as the "2017C Governmental Units."

Parity Obligations

Obligations, including the Bonds, with a lien on the Trust Estate on a parity with the lien of the Series 2017C 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 2017C Bonds

The Series 2017C Bonds will be dated the date of their initial delivery. Interest on the Series 2017C Bonds is payable on June 1 and December 1 of each year, commencing December 1, 2017. The Series 2017C 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 2017C 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 2017C 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 2017C 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 2017C Bonds, all as more fully described in APPENDIX E. In reading this Official Statement, it should be understood that while the Series 2017C 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 2017C 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 2017C Bonds are subject to optional redemption prior to maturity. See "THE SERIES 2017C BONDS—Redemption."

Security and Sources of Payment for the Bonds

Trust Estate. The Bonds, including the Series 2017C 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 2017C 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 2017C 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 30, 2017, the Common Debt Service Reserve Fund was funded in the amount of approximately $30,556,585. 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 Parity Bonds ("Additional Bonds") on a parity with the Series 2017C 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 2017C Bond Owners that, so long as the Series 2017C 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 Gilmore & Bell, P.C., Bond Counsel to the Finance Authority, under existing law and assuming continued compliance with certain requirements of the Internal Revenue Code of 1986, as amended, (1) the interest on the Series 2017C Bonds (including any original issue discount properly allocable to an owner thereof) is excludable from gross income for federal income tax purposes, and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations and (2) the interest on the Series 2017C Bonds is exempt from income taxation by the State of New Mexico. See "TAX MATTERS" herein.

Professionals Involved in the Offering

At the time of the issuance and sale of the Series 2017C Bonds, Gilmore & Bell, P.C., Salt Lake City, Utah, as Bond Counsel to the Finance Authority, will deliver its opinion in the form included in APPENDIX D. Certain legal matters will be passed upon for the Finance Authority by its 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 ("WFG"), Portland, Oregon has acted as municipal advisor to the Finance Authority (the "Municipal Advisor") in connection with its issuance of the Series 2017C Bonds. See "MUNICIPAL ADVISOR."

The Finance Authority's audited financial statements for the fiscal year ended June 30, 2016, included in APPENDIX A, have been audited by REDW, LLC, Certified Public Accountants, Albuquerque, New Mexico. See also "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 2017C Bonds

The Series 2017C 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 2017C Bonds will be delivered to DTC or its agent on or about June 14, 2017. The Series 2017C Bonds will be distributed in the initial offering by J.P. Morgan Securities LLC, RBC Capital Markets, LLC, and Wells Fargo Bank, National Association (collectively, the "Underwriters"), for which J.P. Morgan Securities 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 2017C Bonds.

THE SERIES 2017C BONDS

General

The Series 2017C Bonds will be dated the date of their initial delivery and interest will accrue on the Series 2017C 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, 2017. The Series 2017C 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 2017C 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 2017C Bonds through its nominee, Cede & Co. One fully-registered bond in a denomination equal to the principal amount and maturity of the Series 2017C Bonds will be registered in the name of Cede & Co. Individual purchases of Series 2017C Bonds will be made in book-entry only form, and beneficial owners of the Series 2017C 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 2017C Bonds. For a more complete description of the book-entry only system, see "APPENDIX E—BOOK-ENTRY ONLY SYSTEM."

Redemption

Optional Redemption. The Series 2017C Bonds maturing on and after June 1, 2028, are subject to optional redemption at any time on and after June 1, 2027, 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 2017C Bonds to be redeemed, but without premium, plus interest accrued to the redemption date.

Notice of Redemption. In the event any of the Series 2017C 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 2017C 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 2017C 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 2017C Bonds and to at least two national information services that disseminate notices of redemption of obligations such as the Series 2017C 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 2017C 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 2017C Bonds or portions thereof redeemed but who failed to deliver Series 2017C 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 2017C 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 2017C Bonds.

Partially Redeemed Bonds. In case any Series 2017C Bond is redeemed in part, upon the presentation of such Series 2017C 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 2017C Bond or Series 2017C Bonds of the same interest rate and maturity and in an aggregate principal amount equal to the unredeemed portion of such Series 2017C Bond. A portion of any Series 2017C 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 2017C Bonds for redemption, the Trustee will treat each such Series 2017C Bond as representing that number of Series 2017C Bonds of $5,000 denomination which is obtained by dividing the principal amount of such Series 2017C 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 2017C Bonds, are special limited obligations of the Finance Authority payable solely from the Trust Estate. The Series 2017C 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 2017C 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 2017C 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 Agreement, the respective Governmental Unit pledges to the Finance Authority for payment of all amounts due under their respective Agreements (i) revenues of specific enterprise systems 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 2017C Governmental Units and the allocable portions of the Loans financed or refinanced with the proceeds of Series 2017C 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 2017-2018. The table also lists the amounts of those revenues and the percentage of the total Agreement Revenues of those revenues.

Type of Revenue	FY 2017-2018 Amounts	% of Total Agreement Revenues
Gross Receipts Tax	$ 39,648,331	33.8%
Enterprise System Revenues	26,504,208	22.6%
General Obligation (ad valorem taxes)	23,577,416	20.1%
Local Special Tax	13,871,788	11.8%
State Gross Receipts Tax	6,037,432	5.1%
State Fire Protection Funds	4,551,054	3.9%
Special Assessment	1,884,659	1.6%
Governmental Gross Receipts Tax - State	701,884	0.6%
Mill Levy	268,910	0.2%
Law Enforcement Protection Funds	246,164	0.2%
Total	$ 117,269,332(1)	100.0%(1)

(1) Total may not add due to rounding. Assumes that the Loans financed or refinanced with proceeds of the Series 2017C Bonds are executed and delivered.

(Source: The Finance Authority.)

The following table lists the ten Governmental Units (by revenue pledged) that, based on scheduled payments in fiscal year 2017-2018 and assuming no further prepayments of any Agreements, are expected to provide the largest amount of Agreement Revenues in fiscal year 2017-2018. The Agreement Revenues generated from such Agreements account for 34.687% of projected Agreement Revenues for fiscal year 2017-2018.

GOVERNMENTAL UNITS EXPECTED TO GENERATE THE LARGEST AGREEMENT REVENUES

Governmental Unit	FY 2017-2018 Loan Payment(1)	% of Total Pledged Agreement Revenues(2)(3)
City of Santa Fe (Gross Receipts Tax)	$ 7,469,655	6.370%
General Services Department (State Gross Receipts Tax)	5,776,530	4.926%
New Mexico Spaceport Authority (Gross Receipts Tax)	5,646,672	4.815%
Albuquerque Bernalillo County Water Utility Authority (Enterprise System Revenues)	5,474,981	4.669%
City of Albuquerque (Enterprise System Revenues)	3,192,475	2.722%
City of Albuquerque (Gross Receipts Tax)	3,092,223	2.637%
UNM Health Sciences Center (Local Special Tax)	2,997,380	2.556%
Las Vegas City Schools (Ad Valorem Taxes)	2,350,747	2.005%
Taos County (Gross Receipts Tax)	2,340,410	1.996%
City of Las Cruces (Gross Receipts Tax)	2,336,486	1.992%
Total	$ 40,677,558	34.687%

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

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

(3) Assumes that the Loans financed or refinanced with proceeds of the Series 2017C 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—2017C 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	$36,396,929	$35,287,521	$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. Such collections are disbursed in monthly installments by the New Mexico Taxation and Revenue Department and received by the Finance Authority two months after the month of collection throughout the Finance Authority's fiscal year. The most recent 12 months of governmental gross receipts tax distribution to the Public Project Revolving Fund through March 31, 2017 totals $29,291,797.

(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 and Subordinated Indenture (as defined below) 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 Finance Authority's debt service coverage or cash flow, as disbursements of such amounts are made after payment of all obligations under the Indenture and the Subordinated Indenture.

Funds and Accounts

The Indenture creates a Revenue Fund, a Program Fund (with separate accounts for each Agreement or Project), a Bond Fund, a Debt Service Fund (with separate accounts for each Agreement), 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 2017C 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.

<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 April 30, 2017, the Common Debt Service Reserve Fund was funded in the amount of approximately $30,556,585.

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 2017C Bonds. The Finance Authority covenants pursuant to the Ninety-Fifth 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 2017C Bonds with debt service payable on the Series 2017C Bonds, and (ii) the overall debt service requirements on the Outstanding Bonds and the Series 2017C 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 2017C 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 2017C Bonds from which the Loan relating to the Prepayment was initially funded and which Series 2017C 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 2017C 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[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]	20	42,764,880

(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 2017C 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 April 1, 2017, as well as a previously scheduled $37,625,000 prepayment made by the Albuquerque Bernalillo County Water Utility Authority on May 1, 2017.

(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 2017C 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 July 1, 2017:

Series[(1)]	Original Principal Amount Issued	Aggregate Principal Amount Outstanding as of 7/1/2017[(2)]
2008A	$ 158,965,000	$ 113,065,000
2008B	36,545,000	20,725,000
2008C	29,130,000	10,305,000
2009A	18,435,000	11,370,000
2009C	55,810,000	38,975,000
2009D-1	13,570,000	6,455,000
2009D-2	38,845,000	34,145,000
2009E	35,155,000	8,610,000
2010A-1	15,170,000	5,060,000
2010A-2	13,795,000	12,145,000
2010B-1	38,610,000	21,540,000
2010B-2	17,600,000	16,775,000
2011B-1	42,735,000	23,065,000
2011B-2	14,545,000	9,800,000
2011C	53,400,000	35,855,000
2012A	24,340,000	18,780,000
2013A	44,285,000	31,200,000
2013B	16,360,000	11,865,000
2014B	58,235,000	45,535,000
2015B	45,325,000	39,905,000
2015C	45,475,000	44,945,000
2016A	52,070,000	45,290,000
2016C	67,540,000	65,415,000
2016D	116,485,000	112,820,000
2016E	40,870,000	36,525,000
2016F	38,575,000	38,330,000
2017A	60,265,000	58,825,000
Total	$1,192,135,000	$917,325,000
Total including the Series 2017C Bonds	$1,229,810,000	$955,000,000

(1) The official statements for the various Series of Outstanding Parity Bonds are available at the website 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 2017C Bonds.

(2) All series of bonds have maturities on June 1. Assumes the Series 2017C Bonds are issued and Outstanding and the Refunded Obligations are defeased.

(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 2017-2018 and assuming no further prepayment, expected to generate the highest percentages of estimated annual Revenues in fiscal year 2017-2018.

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. At its meeting on April 27, 2017, the Finance Authority Board of Directors (the "Board") authorized actions to effect changes to the PPRF debt management policy to provide for the creation of a new reserve fund: the SCRF (as defined herein). Subject to Board approval of the final policy revisions at a subsequent Board meeting, the PPRF debt management policy is expected to provide that funds in the SCRF will be held by the Trustee pursuant to the Subordinated Indenture and pledged to the payment of the Subordinate Lien Bonds. See "NEW MEXICO FINANCE AUTHORITY—The Public Project Revolving Fund Program—Contingent Liquidity Account."

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, 2017:

Series[1]	Original Principal Amount Issued	Aggregate Principal Amount Outstanding as of 7/1/2017[2]
2007B	$ 38,475,000	$ 18,195,000
2013C-1	3,745,000	2,540,000
2013C-2	10,550,000	6,915,000
2014A-1	15,135,000	13,490,000
2014A-2	16,805,000	12,240,000
2015A	63,390,000	56,325,000
2015D	29,355,000	25,440,000
2016B	8,950,000	6,045,000
2017B	68,015,000	62,240,000
Total	$254,420,000	$203,430,000

(1) The official statements for the various series of outstanding Subordinate Lien Bonds are available at the website 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 2017C 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 2017C 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 2017C 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 2017C Governmental Units, the proceeds of which will be or were used to finance or refinance certain Projects for such 2017C 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 2017C Bonds. See "INTRODUCTION—Authority and Purpose," "SCHEDULE I – SCHEDULE OF REFUNDED OBLIGATIONS" for more information regarding the Refunded Obligations, and APPENDIX F for a list of the 2017C Governmental Units and the amount of the Loans expected to be financed with proceeds of the Series 2017C Bonds.

Bonds to be Refunded

Upon the delivery of the Series 2017C Bonds, the Finance Authority will deposit funds, including a portion of the proceeds of the sale of the Series 2017C Bonds, to the Refunded Obligations Redemption Account with the Trustee, in an amount sufficient to pay all unpaid principal of and interest on the Refunded Obligations. Upon the delivery of the Series 2017C Bonds, the Refunded Obligations 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 Obligations Redemption Account held by the Trustee.

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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 2017C Bonds.

Sources of Funds

Principal Amount	$37,675,000.00
Original Issue Premium/Discount	5,152,651.20
Total Sources	$42,827,651.20

Uses of Funds

Deposit to Public Project Revolving Fund[1]	$11,426,349.73
Deposit to Refunded Obligations Redemption Account[2]	31,087,937.81
Costs of Issuance[3]	313,363.66
Total Uses	$42,827,651.20

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(1) Amounts deposited in the Public Project Revolving Fund will be used to reimburse the Finance Authority for Loans previously made to the 2017C Governmental Units, which have been used to finance Projects for such 2017C Governmental Units and, as applicable, fund an agreement reserve fund. See "APPENDIX F—2017C GOVERNMENTAL UNITS; LARGEST REPAYMENT OBLIGATIONS."

(2) A portion of the proceeds of the Series 2017C Bonds will be held in a segregated account by the Trustee and applied to redeem the Refunded Obligations as described herein. See "Bonds to be Refunded," "INTRODUCTION—Authority and Purpose," and "SCHEDULE I – SCHEDULE OF REFUNDED OBLIGATIONS."

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

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ANNUAL DEBT SERVICE REQUIREMENTS

The following schedule shows the total debt service payable for the Series 2017C 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 2017C Bonds Principal	Interest	Outstanding Parity Bonds[2]	Total Annual Debt Service
2018	$ 5,240,000	$ 1,708,927	$ 103,732,825	$ 110,681,751
2019	3,980,000	1,510,950	105,102,449	110,593,399
2020	4,235,000	1,311,950	102,536,675	108,083,625
2021	3,605,000	1,100,200	101,345,509	106,050,709
2022	2,115,000	919,950	94,345,285	97,380,235
2023	2,255,000	814,200	86,301,678	89,370,878
2024	2,365,000	701,450	77,473,389	80,539,839
2025	2,520,000	583,200	74,054,240	77,157,440
2026	2,645,000	457,200	67,077,068	70,179,268
2027	2,785,000	324,950	61,088,064	64,198,014
2028	2,860,000	185,700	58,058,280	61,103,980
2029	2,680,000	99,900	49,360,251	52,140,151
2030	390,000	19,500	40,699,953	41,109,453
2031	-	-	37,935,827	37,935,827
2032	-	-	37,719,991	37,719,991
2033	-	-	38,066,631	38,066,631
2034	-	-	35,289,577	35,289,577
2035	-	-	35,145,397	35,145,397
2036	-	-	23,998,185	23,998,185
2037	-	-	10,369,571	10,369,571
2038	-	-	10,324,292	10,324,292
2039	-	-	7,403,736	7,403,736
2040	-	-	7,066,700	7,066,700
2041	-	-	6,672,000	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	$37,675,000	$9,738,077	$1,284,114,370	$1,331,527,447

(1) Assumes the Series 2017C Bonds are issued and Outstanding and the Refunded Obligations are defeased. Totals may not add due to rounding.

(2) Includes principal and interest on Bonds outstanding as of July 1, 2017. Excludes debt service payments on the Refunded Obligations.

(Source: WFG.)

The following table shows estimated available Revenues pledged to the payment of the Bonds, total debt service requirements for the Series 2017C 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 March 31, 2017, 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—Agreement Revenues," "—Additional Pledged Loans" and "—The Governmental Gross Receipts Tax" for descriptions of the Revenues presented in the tables under the headings "Aggregate Agreement Revenues" and "NMFA Portion of the Governmental Gross Receipts Tax." 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
2018	$ 29,000,000	$ 117,269,333	$ 146,269,333	$ 110,681,751	1.32
2019	29,000,000	115,291,610	144,291,610	110,593,399	1.30
2020	29,000,000	114,864,046	143,864,046	108,083,625	1.33
2021	29,000,000	109,642,520	138,642,520	106,050,709	1.31
2022	29,000,000	100,103,717	129,103,717	97,380,235	1.33
2023	29,000,000	94,350,214	123,350,214	89,370,878	1.38
2024	29,000,000	84,926,393	113,926,393	80,539,839	1.41
2025	29,000,000	82,351,593	111,351,593	77,157,440	1.44
2026	29,000,000	73,519,385	102,519,385	70,179,268	1.46
2027	29,000,000	68,615,068	97,615,068	64,198,014	1.52
2028	29,000,000	65,836,643	94,836,643	61,103,980	1.55
2029	29,000,000	66,951,301	95,951,301	52,140,151	1.84
2030	29,000,000	48,177,974	77,177,974	41,109,453	1.88
2031	29,000,000	43,263,668	72,263,668	37,935,827	1.90
2032	29,000,000	40,550,967	69,550,967	37,719,991	1.84
2033	29,000,000	39,945,541	68,945,541	38,066,631	1.81
2034	29,000,000	37,622,336	66,622,336	35,289,577	1.89
2035	29,000,000	36,674,379	65,674,379	35,145,397	1.87
2036	29,000,000	25,092,554	54,092,554	23,998,185	2.25
2037	29,000,000	15,435,590	44,435,590	10,369,571	4.29
2038	29,000,000	11,940,947	40,940,947	10,324,292	3.97
2039	29,000,000	8,965,284	37,965,284	7,403,736	5.13
2040	29,000,000	7,667,215	36,667,215	7,066,700	5.19
2041	29,000,000	6,926,436	35,926,436	6,672,000	5.38
2042	29,000,000	3,360,563	32,360,563	2,788,950	11.60
2043	29,000,000	3,078,324	32,078,324	2,784,650	11.52
2044	29,000,000	3,079,644	32,079,644	2,782,850	11.53
2045	29,000,000	2,932,418	31,932,418	2,633,350	12.13
2046	29,000,000	2,253,358	31,253,358	1,957,000	15.97

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(1) Assumes the Series 2017C Bonds are issued and Outstanding and the Refunded Obligations are defeased. 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 March 31, 2017, the Finance Authority projects that governmental gross receipts tax distributions for fiscal year 2016-2017 will be no less than $29,000,000. 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 July 1, 2017, including the Loans financed or refinanced with proceeds of the Series 2017C 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 WFG.)

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)(2)]	President, McDermott Advisory Services, LLC	01/01/2017
William F. Fulginiti (Vice Chair)[(3)]	Executive Director, New Mexico Municipal League	not applicable
Ken McQueen (Secretary)[(1)(3)]	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)(2)]	Chief Executive Officer, Senior Vice President, Curtis & Curtis, Inc., Clovis, New Mexico	01/01/2016
Matthew Geisel [(1)(3)]	Cabinet Secretary, Economic Development Department, State of New Mexico	not applicable
Steve Kopelman[(3)]	Executive Director, New Mexico Association of Counties	not applicable
Duffy Rodriguez[(1)(3)]	Cabinet Secretary, Department of Finance and Administration	not applicable
Butch Tongate[(1)(3)]	Cabinet Secretary, 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) Term has expired but continues to serve until replaced or reappointed.
(3) Ex officio member with voting privileges. An ex officio member may designate an alternate member. Alternate members may attend meetings and vote on all matters considered by the Finance Authority. Ex officio members that are cabinet secretaries are appointed to their cabinet positions by the Governor of the State and serve in those capacities at the pleasure of the Governor.

Presented below is certain information concerning key staff members of the Finance Authority involved in the issuance of the Series 2017C 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 of New Mexico School of Law and his Bachelor of Arts degree in Economics from the University of New Mexico, and is a retired professional baseball player with the Los Angeles Dodgers organization.

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 December 31, 2016, the Finance Authority had made 1,370 PPRF loans totaling approximately $3.0 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 has established a contingency account (the "Contingent Liquidity Account"). Although it is not pledged to any 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. As of April 30, 2017 the Contingent Liquidity Account was funded to an amount of approximately $30,556,585, an amount equal to the Common Debt Service Reserve Fund. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Flow of Funds—Common Debt Service Reserve Fund."

At its meeting on April 27, 2017, the Board authorized actions to effect changes to the PPRF debt management policy to provide for the creation of the Supplemental Credit Reserve Fund ("SCRF"). Subject to Board approval of the final policy revisions at a subsequent Board meeting, the PPRF debt management policy is expected to provide that the SCRF will serve multiple purposes, including but not limited to, being held by the Trustee pursuant to the Subordinated Indenture and pledged to the payment of the Subordinate Lien Bonds. Such purposes may also include serving as an added source of liquidity for Loans that may be impacted by House Bill 4 ("HB 4"), which the New Mexico Governor signed into law on January 31, 2017. HB 4 affects disbursements from the State Fire Protection Fund and State Law Enforcement Protection Fund (together, the "State Fire and Police Funds") in fiscal year 2017-2018 and beyond, including disbursements made to the Finance Authority under certain Loan Agreements held as part of the Trust Estate. While, pursuant to the terms of HB 4, state and local officials are still evaluating how HB 4 will be implemented, it is expected that HB 4 will alter the timing of disbursements from the State Fire and Police Funds, but will not alter the total amount of disbursements in any given fiscal year.

It is anticipated that the Board will approve the final form of amendments to the PPRF debt management policy and to the Subordinated Indenture at a subsequent Board meeting.

The SCRF is expected to be funded at a level equal to the Common Debt Service Reserve Fund. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Flow of Funds—Common Debt Service Reserve Fund." The Board has authorized transferring funds from the Contingent Liquidity Account to the SCRF at the start of fiscal year 2017-2018 (on July 1, 2017), at which time the Contingent Liquidity Account will be defunded and deactivated.

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. 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, 2017.

Program	Project	Original Principal Amount	Outstanding as of 7/1/2017	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 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	375,225,000	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	169,975,000	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 2017C 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 2017C Bonds, or in any way contesting or affecting the validity or enforceability of the Series 2017C 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 2017C Bonds.

UNDERWRITING

Pursuant to a Bond Purchase Agreement dated May 25, 2017 (the "Bond Purchase Agreement") between J.P. Morgan Securities LLC, as representative of the Underwriters, and the Finance Authority, the Underwriters have agreed to purchase the Series 2017C Bonds from the Finance Authority at a purchase price equal to $42,726,787.54 (being the par amount of the Series 2017C Bonds plus an original issue premium of $5,152,651.20, and less an underwriting discount of $100,863.66). The Bond Purchase Agreement provides that the Underwriters will purchase all of the Series 2017C 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 2017C 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"), the representative and senior managing Underwriter of the Series 2017C 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 2017C Bonds from JPMS at the original issue price less a negotiated portion of the selling concession applicable to any Series 2017C Bonds that such firm sells.

Wells Fargo Bank, National Association, acting through its Municipal Products Group ("WFBNA"), one of the Underwriters of the Series 2017C Bonds, has entered into an agreement (the "WFA Distribution Agreement") with its affiliate, Wells Fargo Clearing Services, LLC (which uses the trade name "Wells Fargo Advisors") ("WFA"), for the distribution of certain municipal securities offerings, including the Series 2017C 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 2017C 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 2017C 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.

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.

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 is a summary of the material federal and State of New Mexico income tax consequences of holding and disposing of the Series 2017C Bonds. This summary is based upon laws, regulations, rulings and judicial decisions now in effect, all of which are subject to change (possibly on a retroactive basis). This summary does not discuss all aspects of federal income taxation that may be relevant to investors in light of their personal investment circumstances or describe the tax consequences to certain types of owners subject to special treatment under the federal income tax laws (for example, dealers in securities or other persons who do not hold the Series 2017C Bonds as a capital asset, tax-exempt organizations, individual retirement accounts and other tax deferred accounts, and foreign taxpayers), and, except for the income tax laws of the State of New Mexico, does not discuss the consequences to an owner under any state, local or foreign tax laws. The summary does not deal with the tax treatment of persons who purchase the Series 2017C Bonds in the secondary market. Prospective investors are advised to consult their own tax advisors regarding federal, state, local and other tax considerations of holding and disposing of the Series 2017C Bonds.

Opinion of Bond Counsel

In the opinion of Gilmore & Bell, P.C., Bond Counsel, under the law existing as of the issue date of the Series 2017C Bonds:

Federal and State of New Mexico Tax Exemption. The interest on the Series 2017C Bonds (including any original issue discount properly allocable to an owner thereof) is excludable from gross income for federal income tax purposes. The interest on the Series 2017C Bonds is also exempt from income taxation by the State of New Mexico.

Alternative Minimum Tax. Interest on the Series 2017C Bonds is not an item of tax preference for purposes of computing the federal alternative minimum tax imposed on individuals and corporations, but is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on certain corporations.

Bond counsel's opinions are provided as of the date of the original issue of the Series 2017C Bonds, subject to the condition that the Finance Authority and the Governmental Units have complied with all requirements of the Internal Revenue Code of 1986, as amended (the "Code"), that must be satisfied subsequent to the issuance of the Series 2017C Bonds in order that interest thereon be, or continue to be, excludable from gross income for federal income tax purposes. The Finance Authority and the Governmental Units have covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause the inclusion of interest on the Series 2017C Bonds in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2017C Bonds. Bond Counsel is expressing no opinion regarding other federal, state or local tax consequences arising with respect to the Series 2017C Bonds but has reviewed the discussion under the heading "TAX MATTERS."

Other Tax Consequences

Original Issue Premium. If a Series 2017C Bond is issued at a price that exceeds the stated redemption price at maturity of the Series 2017C Bond, the excess of the purchase price over the stated redemption price at maturity constitutes "premium" on that Series 2017C Bond. Under Section 171 of the Code, the purchaser of that Series 2017C Bond must amortize the premium over the term of the Series 2017C Bond using constant yield principles, based on the purchaser's yield to maturity. As premium is amortized, the owner's basis in the Series 2017C Bond and the amount of tax-exempt interest received will be reduced by the amount of amortizable premium properly allocable to the owner. This will result in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes on sale or disposition of the Series 2017C Bond prior to its maturity. Even though the owner's basis is reduced, no federal income tax deduction is allowed. Prospective investors should consult their own tax advisors concerning the calculation and accrual of bond premium.

Sale, Exchange or Retirement of Bonds. Upon the sale, exchange or retirement (including redemption) of a Series 2017C Bond, an owner of the Series 2017C Bond generally will recognize gain or loss in an amount equal to the difference between the amount of cash and the fair market value of any property received on the sale, exchange or retirement of the Series 2017C Bond (other than in respect of accrued and unpaid interest) and such owner's adjusted tax basis in the Series 2017C Bond. To the extent a Series 2017C Bond is held as a capital asset, such gain or loss will be capital gain or loss and will be long-term capital gain or loss if the Series 2017C Bond has been held for more than 12 months at the time of sale, exchange or retirement.

Reporting Requirements. In general, information reporting requirements will apply to certain payments of principal, interest and premium paid on the Series 2017C Bonds, and to the proceeds paid on the sale of the Series 2017C Bonds, other than certain exempt recipients (such as corporations and foreign entities). A backup withholding tax will apply to such payments if the owner fails to provide a taxpayer identification number or certification of foreign or other exempt status or fails to report in full dividend and interest income. The amount of any backup withholding from a payment to an owner will be allowed as a credit against the owner's federal income tax liability.

Collateral Federal Income Tax Consequences. Prospective purchasers of the Series 2017C Bonds should be aware that ownership of the Series 2017C Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits, certain S corporations with "excess net passive income," foreign corporations subject to the branch profits tax, life insurance companies, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry or have paid or incurred certain expenses allocable to the Series 2017C Bonds. Bond Counsel expresses no opinion regarding these tax consequences. Purchasers of Series 2017C Bonds should consult their tax advisors as to the applicability of these tax consequences and other federal income tax consequences of the purchase, ownership and disposition of the Series 2017C Bonds, including the possible application of state, local, foreign and other tax laws.

LEGAL MATTERS

In connection with the issuance and sale of the Series 2017C Bonds, Gilmore & Bell, P.C., Salt Lake City, Utah, as Bond Counsel to the Finance Authority, will deliver its opinion in substantially the form included in APPENDIX D. Certain legal matters will be passed upon for the Finance Authority by its 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 2017C 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, 2016, 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 November 16, 2016. 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 2017C 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 2017C 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 (in each case, prepared in accordance with generally accepted accounting principles consistently applied, as in effect from time to time) for the Finance Authority, any Governmental Unit meeting the 20% Test and each additional Governmental Unit designated by the Finance Authority, or, if audited financial statements are not available by March 31 of each fiscal year, or the next succeeding business day if March 31 is not a business day, unaudited financial statements and audited financial statements as soon as such audited financial statements become available;

- 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 2017C 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 2017C 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 2017C 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 2017C 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 2017C 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 2017C 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 2017C 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 2017C 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 2017C Bonds may have an adverse effect on the market price of the Series 2017C Bonds. The Municipal Advisor has not undertaken any responsibility to bring to the attention of the owners of the Series 2017C Bonds any proposed revision or withdrawal of the ratings on the Series 2017C 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 2017C 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 2017C 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 2017C 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

SCHEDULE I

SCHEDULE OF REFUNDED OBLIGATIONS

Description	Maturity Date	Interest Rate	Principal Amount	Call Date	Call Price
Senior Lien Public Project Revolving Fund Revenue Bonds, Series 2007E	6/1/2018	4.000%	$ 3,295,000	6/14/2017	100%
	6/1/2019	5.000%	2,700,000	6/14/2017	100%
	6/1/2020	4.200%	2,860,000	6/14/2017	100%
	6/1/2021	5.000%	2,880,000	6/14/2017	100%
	6/1/2025(1)	5.000%	6,035,000	6/14/2017	100%
	6/1/2029(1)	5.000%	7,275,000	6/14/2017	100%
	6/1/2032(1)	4.500%	5,990,000	6/14/2017	100%

(1) Final maturity of a term bond.

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APPENDIX A

AUDITED FINANCIAL STATEMENTS OF THE FINANCE AUTHORITY
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

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

Financial Statements, Supplemental Information,
Independent Auditor's Report and Single Audit

June 30, 2016 and 2015

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, 2016

Governing Board
John E. McDermott, Chair
William Fulginiti, Vice Chair
David Martin, Secretary
Katherine Ulibarri, Treasurer
Steve Kopelman, Member
Ryan Flynn, Member
Dorothy "Duffy" Rodriguez, Member
Jon Barela, Member
Blake Curtis, Member
Terry White, Member

Chief Executive Officer
Robert P. Coalter

Chief Financial Officer
Vacant

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, 2016 and 2015, 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, 2016 and 2015, and the respective 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 Title 2 U.S. *Code of Federal regulations (CFR) Part 200, Uniform Administration Requirements, Cost Principles and Audit Requirements for Federal Awards,* 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.

The vendor schedule listed in the table of contents as other supplementary information have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 16, 2016, 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
November 16, 2016

New Mexico Finance Authority
Management's Discussion and Analysis
June 30, 2016 and 2015

Overview of the Financial Statements

The financial statements of New Mexico Finance Authority (the "Authority") 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 changes in the net position of the Authority 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 position improved slightly from June 30, 2015 to June 30, 2016. The key indicator is total net position which increased by $5.6 million or 1.1%.
- Unrestricted cash decreased $6.2 million or 28.7%. Restricted cash increased by $21.8 million or 19.2%. Restricted investments increased by $52.0 million or 18.6%.
- The total assets of NMFA increased by $136.5 million or 8.0% as compared against the prior fiscal year. Various reasons account for the increase in assets, which are discussed by management below. The most significant were additional PPRF loan closings and cash generated from additional bonds issuances.
- Loans receivable increased by $82.9 million or 7.0% from previous year.
- Intergovernmental receivables decreased by $16.0 million or 15.1%, primarily as a result of debt payments received in fiscal year 2016.
- Bonds payable increased by $57.5 million or 5.4% in 2016, the result of issuing of $241.7 million in new bonds, principal payments on outstanding bonds of $168.5 million, and amortization of bond premium of $15.7 million.
- Undisbursed loan proceeds increased by $63.7 million or 88.5% during fiscal year 2016 due to the timing of a bond issuance at the end of the fiscal year.

- Appropriation revenue decreased by $4.0 million in fiscal year 2016, representing a decrease of 10.8% from fiscal year 2015. The reduction resulted from lower metro court and health sciences appropriations.
- The Authority experienced a $3.9 million or 120.5% increase in administrative and processing fees revenue from $3.2 million in 2015 to $7.0 million in 2016. This increase is mainly a result of an exit fee received by Finance New Mexico of $3.4 million in FY 2016.
- Expenses increased 15.8% from $108.7 million in 2015 to $125.9 million in 2016, representing an increase of $17.2 million. Bond interest expense increased by $8.0 million or 21.1% mostly to additional bonds outstanding. Loan refinancing pass-through expense increased by $12.5 million due to a greater amount of refinanced loans with associated bond premiums passed through to the borrower.
- Grant revenue and corresponding activity decreased 11.6% or $7.4 million as the Authority experienced decreased grant activity within the Colonias and Drinking Water programs during the year. This includes federal grant revenues and transfers from the State of New Mexico.
- Reversions and transfers increased 319.5% or $14.6 million as the Authority transferred $10.5 million to the New Mexico Economic Development Department for projects pursuant to the Local Economic Development Act. Additionally, the Authority transferred $5.0 million to the New Mexico Economic Development Department of the existing award of $13.2 million from United States Treasury State Small Business Credit Initiative Program.

Statement of Net Position

The following presents condensed, combined statements of net position as of June 30, 2016, 2015, and 2014. The table also includes the dollar and percentage change from June 30, 2015 to June 30, 2016.

New Mexico Finance Authority
Management's Discussion and Analysis
June 30, 2016 and 2015

	2016	2015	Net Increase/ (Decrease)	Percentage Increase/ (Decrease)	2014
Assets					
Cash and equivalents					
Unrestricted	$ 15,433,532	$ 21,656,317	$ (6,222,785)	-28.7%	$ 19,792,613
Restricted	135,135,587	113,366,876	21,768,711	19.2%	112,880,142
Investments – restricted	332,151,402	280,161,230	51,990,172	18.6%	183,692,467
Loans receivable, net of allowance	1,261,656,387	1,178,795,528	82,860,859	7.0%	1,179,166,365
Intergovernmental receivables	90,088,299	106,092,483	(16,004,184)	-15.1%	118,148,921
Other receivables	9,586,224	7,798,937	1,787,287	22.9%	10,258,000
Capital assets	278,916	4,867	274,049	5630.8%	104,378
Other assets	19,500	19,500	-	0.0%	19,500
Total assets	**1,844,349,847**	**1,707,895,738**	**136,454,109**	8.0%	**1,624,062,386**
Deferred Outflows of Resources					
Deferred loss on refunding	**823,233**	**184,242**	**638,991**	346.8%	**1,191,181**
Total deferred outflows of resources	**823,233**	**184,242**	**638,991**	346.8%	**1,191,181**
Liabilities					
Bonds payable, net	1,114,448,718	1,056,903,674	57,545,044	5.4%	1,048,141,351
Undisbursed loan proceeds	135,624,986	71,940,001	63,684,985	88.5%	28,744,630
Advanced loan payments	83,008,008	74,332,049	8,675,959	11.7%	72,189,707
Accounts payable, accrued payroll and compensated absences	815,948	643,540	172,408	26.8%	657,934
Line of credit	-	-	-	-100.0%	12,006,298
Other liabilities	4,057,878	4,254,194	(196,316)	-4.6%	4,200,346
Total liabilities	**1,337,955,538**	**1,208,073,458**	**129,882,080**	10.8%	**1,165,940,266**
Deferred Inflows of Resources					
Deferred gain on refunding	**1,575,177**	**-**	**1,575,177**	100.0%	**-**
Total deferred inflows of resources	**1,575,177**	**-**	**1,575,177**	100.0%	**-**
Net Position					
Invested in capital assets	278,916	4,867	274,049	5630.8%	104,378
Restricted for program commitments	495,576,466	483,282,743	12,293,723	2.5%	445,061,112
Unrestricted	9,786,983	16,718,912	(6,931,929)	-41.5%	14,147,811
Total net position	**$ 505,642,365**	**$ 500,006,522**	**$ 5,635,843**	1.1%	**$ 459,313,301**

Assets

During FY 2016, Loans receivable increased by $82.9 million or 7.0%. New loans made during the year totaled $199.1 million while loan payments received were $116.3 million.

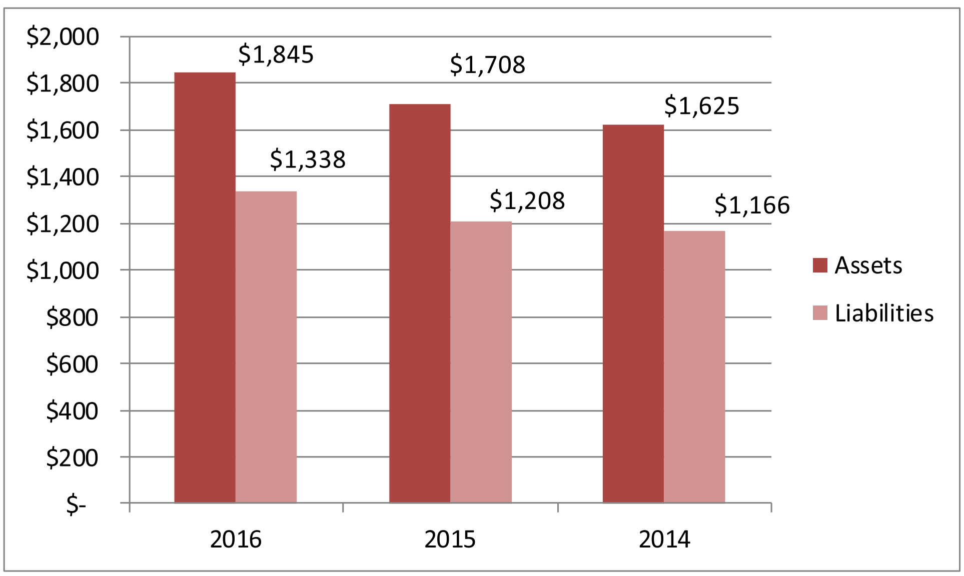
It should be noted that the Statement of Net Position reflects the implementation of GASB 72, which increased investments reported as of June 30, 2016 by $1.3 million. See Note 3 in the notes to the financial statements for more information regarding the disclosures of investments.

Total cash and investments increased 16.3% from $415.2 million in 2015 to $482.7 million in fiscal year 2016 due primarily to timing of a bond closing at the end of the fiscal year.

Liabilities

During FY 2016, bonds payable increased by $57.5 million resulting from the issuance of $241.7 million in new bonds, principal payments and defeasances on outstanding bonds of $168.5 million, and amortization of bond premium of $15.7 million. Undisbursed loan proceeds increased by $63.7 million in FY2016 due to a bond issuance occurring close to the fiscal year end. Advanced loan payments experienced an $8.7 million or 11.7% increase from fiscal year 2015.

The following chart indicates the ratio of assets to liabilities (in millions):



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 2016, 2015, and 2014 fiscal years. The table includes the net change in amount and percentages from the 2015 to 2016 fiscal year.

	2016	2015	Net Increase/ (Decrease)	Percentage Increase/ (Decrease)	2014
Operating Revenues					
Administrative and processing fees	$ 7,049,654	$ 3,197,684	$ 3,851,970	>100%	$ 3,589,843
Interest on loans	51,736,376	48,645,757	3,090,619	6.4%	48,723,703
Interest on investments	2,195,762	925,910	1,269,852	>100%	488,741
Total operating revenues	60,981,792	52,769,351	8,212,441	15.6%	52,802,287
Expenses					
Grants to others	47,888,370	54,240,349	(6,351,979)	-11.7%	50,824,441
Bond interest expense	45,756,067	37,761,525	7,994,542	21.2%	51,356,270
Loan refinancing pass-through	21,455,228	8,945,997	12,509,231	139.8%	2,962,977
Salaries and benefits	4,515,210	4,361,363	153,847	3.5%	4,284,392
Other operating costs	2,466,954	1,632,550	834,404	51.1%	1,757,243
Professional services	2,389,037	2,146,157	242,880	11.3%	2,189,377
Bond issuance costs	1,018,535	1,243,632	(225,097)	-18.1%	674,398
Interest expense	296,138	489,859	(193,721)	-39.5%	298,359
Administrative fees	87,289	134,365	(47,076)	-35.0%	189,383
Provision for loan losses	2,241	(2,370,845)	2,373,086	-100.1%	(822,108)
Depreciation expense	2,193	102,187	(99,994)	-97.9%	116,394
Total operating expenses	125,877,262	108,687,139	17,190,123	15.8%	113,831,126
Net operating loss	(64,895,470)	(55,917,788)	(8,977,682)	16.1%	(61,028,839)
Nonoperating Revenues (Expenses)					
Appropriation revenue	33,127,879	37,157,026	(4,029,147)	-10.8%	43,086,860
Grant revenue	56,602,986	64,031,220	(7,428,234)	-11.6%	55,224,996
Reversions and transfers	(19,199,552)	(4,577,237)	(14,622,315)	>100%	(3,931,693)
	70,531,313	96,611,009	(26,079,696)	-27.0%	94,380,163
Increase in net position	5,635,843	40,693,221	(35,057,378)	-86.2%	33,351,324
Net position, beginning of year, as restated	500,006,522	459,313,301	40,693,221		425,961,977
Net position, end of year	**$ 505,642,365**	**$ 500,006,522**	**$ 5,635,843**	**1.1%**	**$ 459,313,301**

Operating revenue increased to $61.0 million or 15.6% in 2016. Administrative and processing fees increased by $3.9 million or a 120.5% increase in administrative and processing fees revenue from $3.2 million in 2015 to $7.0 million in 2016. This increase is mainly a result of an exit fee received by Finance New Mexico of $3.4 million in FY 2016. During FY 2016, interest on loans increased by $3.1 million or 6.4% due to increased loan activity. Interest on investments increased by 137.1% as compared to 2015 due to the implementation of GASB 72 and increased return on investments.

Overall operating costs increased $17.2 million or 15.8% mainly due to increased debt service interest expense of $8.0 million associated with additional bonds outstanding. Additionally, refinanced loans with correlating bond premiums increased during FY2016. As a result, loan refinancing pass-through expenses increased by $12.5 million.

Grant revenue and corresponding activity decreased 11.6% or $7.4 million as the Authority experienced decreased grant activity within the Colonias and Drinking Water programs. During FY 2016, appropriation revenue decreased by $4.0 million, representing a decrease of 10.8% from fiscal year 2015. The reduction is a result of reduced metro court and health sciences appropriations. Reversions and transfers increased 319.5% or $14.6 million as the Authority transferred $10.5 million to New Mexico Economic Development Department for projects pursuant to Local Economic Development Act. Additionally, the Authority transferred $5.0 million to New Mexico Economic Development Department of the existing award of $13.2 million from United States Treasury State Small Business Credit Initiative Program to the Authority's financial statements.

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 2016, the total amount outstanding was $1.1 billion (excluding the $1.3 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 $241.7 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 (PPRF) is highlighted in the following discussion due to the significance of the program to the Authority's financial statements.

Public Project Revolving Fund

The Authority, established in 1992, was designed as a vehicle to administer the PPRF. The mission of the PPRF is to coordinate 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 entities, including without limitation counties, municipalities and school districts, are eligible to borrow from the PPRF. Since 1993, the PPRF has made 1,295 loans totaling $2.75 billion.

New Mexico Finance Authority
Management's Discussion and Analysis
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The PPRF makes loans of less than $5 million from funds on hand. The Authority's cash is replenished at a later date by "packaging" the loans as collateral and selling tax-exempt bonds. Loans larger than $5 million are funded through simultaneous closings with a reimbursement bond issue, ensuring a precise matching of loan and bond interest rates.

The Authority operates, in many respects, in the same manner as a bank or other lending institution. Infrastructure finance agencies similar to the Authority 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,

	2016	2015	Net Increase/ (Decrease)	Percentage Increase/ (Decrease)	2014
Assets					
Cash and equivalents					
Unrestricted	$ 15,433,532	$ 21,129,169	$ (5,695,637)	-27.0%	$ 18,662,427
Restricted	84,062,466	74,239,292	9,823,174	13.2%	86,535,872
Restricted investments	281,248,545	231,414,125	49,834,420	21.5%	122,591,262
Accounts receivable and other	8,428,979	6,462,198	1,966,781	30.4%	8,794,009
Loans receivable, net of allowance	1,136,108,419	1,058,275,504	77,832,915	7.4%	1,081,631,189
Due from the State of New Mexico	87,790,000	96,135,000	(8,345,000)	-8.7%	104,525,000
Capital assets	244,840	(29,209)	274,049	-938.2%	70,302
Other assets	14,147,904	7,824,918	6,322,986	80.8%	9,353,716
Total assets	**1,627,464,685**	**1,495,450,997**	**132,013,688**	8.8%	**1,432,163,777**
Deferred Outflows of Resources					
Deferred loss on refunding	823,233	184,242	638,991	346.8%	1,191,181
Total deferred outflows of resources	**823,233**	**184,242**	**638,991**	346.8%	**1,191,181**
Liabilities					
Accounts payable and accrued payroll liabilities	5,505,656	1,445,741	4,059,915	280.8%	2,751,301
Undisbursed loan proceeds	135,562,894	71,877,909	63,684,985	88.6%	28,682,538
Borrowers' debt service and reserve deposits	86,097,863	77,563,762	8,534,101	11.0%	86,969,969
Bonds payable, net	1,113,198,718	1,048,093,351	65,105,367	6.2%	1,036,144,409
Total liabilities	**1,340,365,131**	**1,198,980,763**	**141,384,368**	11.8%	**1,154,548,217**
Deferred Inflows of Resources					
Deferred gain on refunding	1,575,177	-	1,575,177	100.0%	-
Total deferred inflows of resources	**1,575,177**	**-**	**1,575,177**	100.0%	**-**
Net Position					
Invested in capital assets	244,840	(29,209)	274,049	-938.2%	70,302
Restricted for program commitments	270,669,238	276,556,622	(5,887,384)	-2.1%	262,175,614
Unrestricted	15,433,532	20,127,063	(4,693,531)	-23.3%	16,560,825
Total net position	**$ 286,347,610**	**$ 296,654,476**	**$ (10,306,866)**	-3.5%	**$ 278,806,741**

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Loan Volume

	FY2016	FY2015	Since Inception
Amount of loans made	$236.9 million	$149.2 million	$2.75 billion
Number of loans made	67	49	1,295
Average loan size	$3.6 million	$3.0 million	$2.1 million
Refunding Loans (included above)	$110.2 million	$88.9 million	

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

	2016	2015	Net Increase/ (Decrease)	Percentage Increase/ (Decrease)	2014
Interest Income					
Loans	$ 49,650,131	$ 46,430,667	$ 3,219,464	6.9%	$ 46,548,780
Investments	1,472,865	504,597	968,268	191.9%	245,422
Total interest income	51,122,996	46,935,264	4,187,732	8.9%	46,794,202
Interest Expense					
Bonds	45,991,088	37,375,570	8,615,518	23.1%	50,809,365
Loan refinancing pass-through	21,455,228	8,945,997	12,509,231	139.8%	2,962,977
Short-term borrowing	190,972	359,592	(168,620)	-46.9%	144,082
Total interest expense	67,637,288	46,681,159	20,956,129	44.9%	53,916,424
Net Interest Income (Loss)					
Interest income (loss) less interest expense	(16,630,378)	254,105	(16,884,483)	-6644.7%	(7,122,222)
Provision for loan losses	58,043	62,215	(4,172)	-6.7%	1,900,656
Net interest loss after provision for loan losses	(16,572,335)	316,320	(16,888,655)	-5339.1%	(5,221,566)
Noninterest Income					
Loan administration fees	1,928,785	1,819,441	109,344	6.0%	1,451,116
Appropriation revenues	28,619,027	24,267,401	4,351,626	17.9%	29,091,277
Total noninterest income	30,547,812	26,086,842	4,460,970	17.1%	30,542,393
Noninterest Expense					
Salaries and benefits	2,358,936	2,322,032	36,904	1.6%	2,179,170
Professional services	982,975	1,048,599	(65,624)	-6.3%	970,669
Bond issuance costs	1,018,535	1,243,632	(225,097)	-18.1%	674,398
Other	1,811,861	908,102	903,759	99.5%	1,561,926
Total noninterest expense	6,172,307	5,522,365	649,942	11.8%	5,386,163
Excess of revenues over expenditures	7,803,170	20,880,797	(13,077,627)	-62.6%	19,934,664
Transfers to other funds or agencies	(18,110,036)	(3,033,062)	(15,076,974)	497.1%	(11,320,043)
Increase (decrease) in net position	**(10,306,866)**	**17,847,735**	**(28,154,601)**	-157.7%	**8,614,621**
Net position, beginning of year, as restated	**296,654,476**	**278,806,741**	**17,847,735**	6.4%	**270,192,120**
Net position, end of year	**$ 286,347,610**	**$ 296,654,476**	**$ (10,306,866)**	**-3.5%**	**$ 278,806,741**

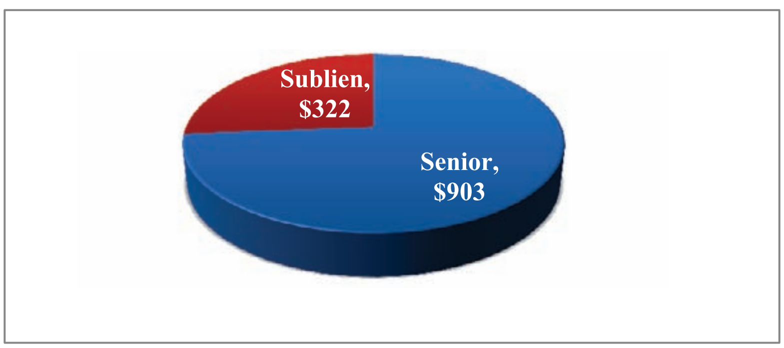
Net Interest Income

As a not-for-profit lender, the Authority attempts to pass on to its borrowers the same rates paid on the bonds issued to provide loaned funds. Therefore, in its planning and management processes, the Authority attempts to achieve a zero net interest income in the PPRF. In fiscal year 2016, the PPRF had net interest loss of $16.5 million, compared to income of $300 thousand in 2015. This is a result of market conditions in which the Authority exercised their early call bond provisions and issued new bonds associated with certain loans. Where the saving on refinancing was passed-through to the borrowers. A major part of the resulting loss, of $16.5 million, is the loan refinancing pass-through expense of $21.5 million during fiscal year 2016.

PPRF Indentures

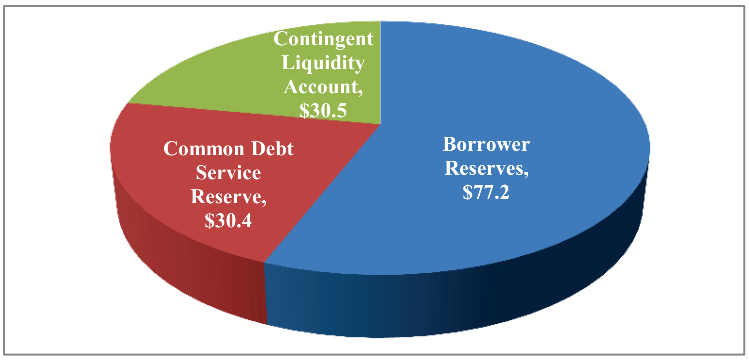
The PPRF maintains a General Indenture of Trust (Senior Lien) and a Subordinated Indenture of Trust (Subordinate Lien). At the end of Fiscal Year 2016, there were 664 loans totaling $1.225 billion outstanding; 74% of those loans are subject to the Senior Lien Indenture and 26% of those loans are subject to the Subordinate Lien Indenture. This is an increase of 6.0% from $1.156 billion in 2015 primarily as a result of increased bond issuances and loan closings to take advantage of historically low interest rates and to match assets with liabilities.

(In millions)



As of October 25, 2016, the Senior Lien is rated AAA and the Subordinate Lien is rated AA by Standard & Poor's and as of October 27, 2016, the Senior Lien is rated Aa1 by Moody's and the Subordinate Lien is rated Aa2. In order to maintain these ratings, 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, and the Contingent Liquidity Account is considered to be held outside the General and Subordinated Indentures of Trust.

As of June 30, 2016
(In millions)



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 $28.1 million in 2016, a $1.6 million increase from the $26.5 million received in 2015. The GGRT funds are used:

- 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, 2016, the relationships were as follows:

	PPRF	Total Authority	% PPRF
Total assets	$1.6 billion	$1.8 billion	88%
Net position	$286.3 million	$505.6 million	57%
Revenues	$81.7million	$94.1 million	87%

There are 23 other programs administered by the Authority, some of which are loan programs and some of which are grant programs. These include the Drinking Water Revolving Loan Fund, Colonias Infrastructure Fund, and economic development programs such as New Market Tax Credits.

The Drinking Water Revolving Loan Fund program experienced a decrease in grant revenues and expenses in Fiscal Year 2016. This decrease was due to the slower rate of requisitions on grant subsidies awarded for qualifying drinking water facility projects in New Mexico. The Authority saw an offsetting increase in the Colonias Infrastructure program grant activity in Fiscal Year 2016. This increase reflected the fact that the program saw an increased number of projects being approved during 2016. As a relatively new program created through the Colonias Infrastructure Act taking effect July 1, 2011, the number of approved projects increases as more funding is available.

Since 2010, a for-profit limited liability company operated by the Authority was awarded a total of $201 million allocation of New Markets Tax Credits by the U.S. Treasury Department. Under this program, the Authority provides federal income tax credits to incentivize businesses to create jobs and otherwise contribute to the economic development of the State. Prior to 2016, the Authority made twelve awards totaling $151.3 million. During Fiscal Year 2016, the Authority made additional awards of $7.75 million. The tax credits have no impact on the financial statements of the Authority as they are held by Finance New Mexico, LLC (FNMLLC). The Authority does incur certain expenses to administer the program and fees charged to applicants and recipients of the credits, which are minimal. In Fiscal Year 2016, the Authority received $3.4 million in an Exit Fee from one of the New Market Tax Credit projects. This income was a one-time event upon the termination of one New Market Tax Credit project. Future exit fees are anticipated.

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, 2016 and 2015

	2016	2015
Assets		
Current assets		
Cash and cash equivalents		
Unrestricted	**$ 15,433,532**	$ 21,656,317
Restricted	**135,135,587**	113,366,876
Interest receivable	**8,505,073**	6,657,501
Grants and other receivables	**890,213**	950,402
Prepaid rent	**19,500**	19,500
Administrative fees receivable	**190,938**	191,034
Loans receivable, net of allowance	**96,915,456**	96,135,492
Intergovernmental receivables	**6,213,814**	6,499,184
Total current assets	**263,304,113**	245,476,306
Noncurrent assets		
Restricted investments	**332,151,402**	280,161,230
Loans receivable, net of allowance	**1,164,740,931**	1,082,660,036
Intergovernmental receivables	**83,874,485**	99,593,299
Capital assets, net of accumulated depreciation	**278,916**	4,867
Total assets	**1,844,349,847**	1,707,895,738
Deferred Outflows of Resources		
Deferred loss on refunding	**823,233**	184,242
Total deferred outflows of resources	**823,233**	184,242
Liabilities		
Current liabilities		
Accounts payable	**307,297**	244,901
Accrued payroll	**176,438**	112,716
Compensated absences	**332,213**	285,923
Bond interest payable	**3,525,287**	3,482,270
Undisbursed loan proceeds	**135,624,986**	71,940,001
Advanced loan payments	**83,008,008**	74,332,049
Bonds payable, net	**78,040,000**	75,943,000
Other liabilities	**532,591**	771,924
Total current liabilities	**301,546,820**	227,112,784
Noncurrent liabilities		
Bonds payable	**1,036,408,718**	980,960,674
Total liabilities	**1,337,955,538**	1,208,073,458
Deferred Inflows of Resources		
Deferred gain on refunding	**1,575,177**	-
Total deferred inflows of resources	**1,575,177**	-
Net Position		
Net investment in capital assets	**278,916**	4,867
Restricted for program commitments	**495,576,466**	483,282,743
Unrestricted	**9,786,983**	16,718,912
Total net position	**$ 505,642,365**	$ 500,006,522

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

	2016	2015
Operating Revenues		
Interest on loans	**$ 51,736,376**	$ 48,645,757
Administrative fees revenue	**7,049,654**	3,197,684
Interest on investments	**2,195,762**	925,910
Total operating revenues	**60,981,792**	52,769,351
Operating Expenses		
Grants to others	**47,888,370**	54,240,349
Bond interest expense	**45,756,067**	37,761,525
Loan refinancing pass-through	**21,455,228**	8,945,997
Salaries and benefits	**4,515,210**	4,361,363
Other operating costs	**2,466,954**	1,632,550
Professional services	**2,389,037**	2,146,157
Bond issuance costs	**1,018,535**	1,243,632
Interest expense	**296,138**	489,859
Administrative fees	**87,289**	134,365
Provision for loan losses	**2,241**	(2,370,845)
Depreciation expense	**2,193**	102,187
Total operating expenses	**125,877,262**	108,687,139
Net operating loss	**(64,895,470)**	(55,917,788)
Nonoperating Revenues (Expenses)		
Appropriation revenue	**33,127,879**	37,157,026
Federal grant revenue	**14,255,306**	24,735,441
Transfers from the State of New Mexico	**42,347,680**	39,295,779
Transfers to the State of New Mexico	**(19,199,552)**	(4,577,237)
Increase in net position	**5,635,843**	40,693,221
Net position, beginning of year	**500,006,522**	459,313,301
Net position, end of year	**$ 505,642,365**	$ 500,006,522

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

New Mexico Finance Authority
Statements of Cash Flows
For the Years Ended June 30

	2016	2015
Cash flows from operating activities		
Cash paid for employee services	**$ (3,687,143)**	$ (4,327,704)
Cash paid to vendors for services	**(5,991,584)**	(3,221,411)
Intergovernmental payments received	**79,524,184**	12,056,839
Loans payments received	**124,937,795**	154,100,150
Loans funded	**(199,124,937)**	(104,764,054)
Grants to local governments	**(47,888,370)**	(54,240,349)
Cash received from federal government for revolving loan funds	**14,255,306**	24,735,441
Interest on loans	**49,888,804**	49,419,453
Proceeds from line of credit	**-**	30,573,802
Payments of line of credit	**-**	(42,580,100)
Administrative fees received	**7,049,750**	3,083,524
Net cash provided by operating activities	**18,963,805**	64,835,591
Cash flows from noncapital financing activities		
Appropriations received from the State of New Mexico	**33,127,879**	37,157,026
Cash transfers from the State of New Mexico	**42,347,680**	39,356,801
Cash transfers to the State of New Mexico	**(19,199,552)**	(4,638,259)
Proceeds from the sale of bonds, including premiums	**241,738,642**	186,584,472
Payment of bonds	**(168,518,000)**	(162,345,000)
Bond issuance costs	**(1,018,535)**	(1,243,632)
Bond interest expense paid	**(60,370,113)**	(52,865,038)
Loan refinancing pass-through to borrowers	**(21,455,228)**	(8,945,997)
Net cash provided by (used in) noncapital financing activities	**46,652,773**	33,060,373
Cash flows from investing activities		
Purchase of investments	**(54,851,115)**	(113,028,816)
Sale of investments	**3,507,809**	16,557,380
Interest received on investments	**1,548,894**	925,910
Capital assets	**(276,240)**	-
Net cash used in investing activities	**(50,070,652)**	(95,545,526)
Net increase (decrease) in cash and cash equivalents	**15,545,926**	2,350,438
Cash and cash equivalents, beginning of year	**135,023,193**	132,672,755
Cash and cash equivalents, end of year	**$ 150,569,119**	$ 135,023,193
Reconciliation of cash and cash equivalents		
Unrestricted cash and cash equivalents	**$ 15,433,532**	$ 21,656,317
Restricted cash and cash equivalents	**135,135,587**	113,366,876
Total cash and cash equivalents	**$ 150,569,119**	$ 135,023,193

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

	2016	2015
Reconciliation of net operating loss to net cash provided by (used in) operating activities		
Net operating loss	$ (64,895,470)	$ (55,917,788)
Adjustments to change in net position		
Depreciation	2,191	102,187
Amortization on bond premiums	(15,675,598)	(15,203,907)
Provision for loan losses	2,241	(62,215)
Interest on investments	(2,195,762)	(925,909)
Bond interest paid	61,042,768	53,093,380
Loan refinancing pass-through to borrowers	21,455,228	8,945,997
Bond issuance costs	1,018,535	1,243,632
Cash received from federal grants	14,255,306	24,735,441
Interest expense	296,138	361,913
Changes in assets and liabilities		
Interest receivable	(1,847,572)	773,911
Grants and other receivable	60,189	1,698,434
Due from other funds	-	1,279,769
Administrative fees receivable	96	(13,282)
Loans receivable, net of allowance	(82,852,689)	433,052
Intergovernmental receivables	16,004,184	12,056,438
Accounts payable	62,396	(48,053)
Accrued payroll	63,722	21,176
Compensated absences	46,290	12,483
Due to other funds	-	(930,230)
Undisbursed loan proceeds	63,684,986	43,195,373
Advanced loan payments	8,675,959	2,142,342
Notes payable	-	(349,547)
Line of credit	-	(12,006,298)
Other liabilities	(239,333)	197,292
Net cash provided by operating activities	$ 18,963,805	$ 64,835,591

	2016	2015
Assets		
Cash held by Trustee		
Program funds	**$ 56,595,544**	$ 88,409,455
Expense funds	**-**	85,820
Revenue funds	**1,046,820**	474,191
Rebate fund	**-**	1,540,906
Bond reserve funds	**476,169**	506,879
Total assets	**$ 58,118,533**	$ 91,017,251
Liabilities		
Accounts payable	**$ -**	$ 1,626,726
Debt service payable	**1,522,990**	981,070
Program funds held for the NM Department of Transportation	**56,595,543**	88,409,455
Total liabilities	**$ 58,118,533**	$ 91,017,251

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 body politic and corporate, separate and apart from the state constituting a governmental instrumentality, organized and existing pursuant to the New Mexico Finance Authority Act (the "Act") 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 funded through a federal capitalization grant where the Environmental Protection Agency (EPA) and the State cost share 83.33% and 16.67%, respectively, all approved budget period costs.

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 FNMLLC, 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 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 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 Oversight 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, 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.
In fiscal year 2016, NMFA implemented GASB No.72, Fair Value Measurement and Application. Fair value is the amount that would be received on the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The statement provides guidance for determining a fair value measurement for financial reporting purposes. The statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.

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.

Loan Refinancing Pass-Through
Loan refinancing pass-through expenses are bond premiums associated with certain refinanced loans passed through by The Authority to the respective borrowers. The refinanced loans were associated with certain bond premiums which reduced the outstanding principal of the associated loans. The reductions resulted in a loan refinancing pass-through expenses to The Authority. For the fiscal years 2016 and 2015, loan refinancing pass-through expenses were $21,455,228 and $8,945,997, respectively.

Compensated Absences
Full-time employees with ten years or less employment with the Authority are entitled to fifteen days' annual vacation leave. Employees with more than ten years' service receive twenty days annual vacation leave. 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 320 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. Historically, the year-end balances are used within one-year thus the compensated absence liability will be recorded as a current liability.

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.

The following program restricting statutes, bond covenants:

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.

Reclassification
Certain comparative amounts in the statement of revenues, expenses and changes in net position have been reclassified to conform with the current year's presentation.

Recently Issued Accounting Standards
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.

In January 2016, GASB issued Statement No. 80, *Blending Requirements for Certain Component Units*—an amendment of GASB Statement No. 14. The objective of this Statement is to improve financial reporting by clarifying the financial statements presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14, *The Financial Reporting Entity, as amended.* The requirements of this Statement are effective for reporting periods beginning after June 15, 2016. The Authority has not completed the process of evaluating the impact of GASB 80 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 dated October 24, 2013. 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's master investment policy and may be amended or supplemented as applied to specific categories of funds by adoption of addenda by the Authority's 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 the Authority's 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.

FNMLLC cash balances are maintained in several accounts in several banks. At times, these balances may exceed the federal insurance limits; however, FNMLLC has not experienced any losses with respect to its bank balances in excess of government provided insurance. Management believes that no significant concentration of credit risk exists with respect to these cash balances at June 30, 2016 and 2015.

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, 2016 and 2015.

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 2016 totaled $927,896, representing less than 1% of total Authority funds.

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.

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, 2016 and 2015 were as follows:

Description	Balance at June 30, 2016	Rated	Percentage of Authority Funds [1]
Bank deposits	$ 279,043	N/A	<1%
Finance New Mexico LLC cash equivalents	4,471,961	N/A	<1%
Wells Fargo deposit account	428,167	N/A	<1%
Wells Fargo Repurchase agreement -fully secured[2]	271,882	N/A	<1%
Government money market funds	144,190,170	AAA	30%
Primary Care Capital Program funds held with the State Treasurer Fund Investment Pool	927,896	N/A	<1%
Total cash and equivalents	$ 150,569,119		
Cash held in agency fund	$ 58,118,533[3]		

Description	Balance at June 30, 2015	Rated	Percentage of Authority Funds [4]
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[5]	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[6]		

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.

[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] Limits described in the "permitted investments" section above do not apply to cash invested by trustee per bond indenture.
[5] 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.
[6] All cash held as agent by the Authority is fully collateralized by securities held in the name of the Authority.

Investments consist of bond proceeds which are restricted to uses specified in the related bond indentures. Such restricted investments at June 30, 2016 and 2015 are comprised of the following:

Description	Fair Value at June 30, 2016	Average Years to Maturity	Percentage of Authority Funds
U.S. treasury notes	$ 332,151,402	1.06	69%
Total restricted investments	$ 332,151,402		

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	55,033,305	0.50	13%
Total restricted investments	$ 280,161,230		

Fair Value Measurement

NMFA's investments measured and reported at fair value are classified according to the following hierarchy:

Level 1—Investments reflect prices quoted in active markets.

Level 2—Investments reflect prices that are based on a similar observable asset either directly or indirectly, which may include inputs in markets that are not considered to be active.

Level 3—Investments reflect prices based upon unobservable sources.

The categorization of investments within the hierarchy is based upon the pricing transparency of the instrument and should not be perceived as the particular investment's risk.

Debt, equities, and investment derivatives classified in Level 1 of the fair value hierarchy are valued directly from a predetermined primary external pricing vendor. Assets classified in Level 2 are subject to pricing by an alternative pricing source due to lack of information available by the primary vendor. Assets classified in Level 3, due to lack of an independent pricing source, are valued using an internal fair value as provided by the investment manager.

	Fair Value	Fair Value Measurement Using Level 1 inputs	Level 2 inputs	Level 3 inputs
Debt securities				
U.S. treasury notes	$ 332,151,402	$ 332,151,402	$ -	$ -
Total debt securities	$ 332,151,402	$ 332,151,402	$ -	$ -

4) Loans Receivable

Loans receivable activity for the fiscal year ending June 30, 2016 and 2015, respectively, were as follows:

Program Description	Term (Years)	Rates	2015	Increases	Decreases	2016
Public Projects Revolving Loan Fund	1 to 30	0% to 6%	$ 1,059,287,717	$ 181,732,159	$ 103,841,199	$ 1,137,178,677
Drinking Water State Revolving Loans	1 to 30	0% to 4%	81,627,122	9,618,985	6,379,347	84,866,760
Drinking Water State Revolving Loans-ARRA	1 to 20	1%	1,235,615	-	67,084	1,168,531
Primary Care Capital Fund Loans	10 to 20	3%	3,879,778	-	377,930	3,501,848
Water Projects Fund Loan Grants	10 to 20	0%	24,930,441	5,810,763	3,239,529	27,501,675
Smart Money Participation Loans	3 to 20	2% to 5%.	3,852,811	-	66,757	3,786,054
Behavioral Health Care Loan	15	3%	-	-	-	-
Cigarette Tax - Behavioral Health Care Capital Loans	15	3%	973,309	-	61,239	912,070
Pooled Equipment Certificates of Participation Loans	5 to 20	4% to 6.4%	28,000	-	28,000	-
Colinias Infrastructure Fund Loans	10 to 20	3%	1,550,806	986,461	264,999	2,272,268
SSBCI Loans	10 to 20	3%	4,527,971	976,568	1,929,210	3,575,329
Child Care Revolving Loans	8	3%	13,460	-	6,542	6,918
			1,181,907,030	199,124,936	116,261,836	1,264,770,130
Less allowance for loan losses			(3,111,502)	-	2,241	(3,113,743)
Totals			$ 1,178,795,528	$ 199,124,936	$ 116,264,077	$ 1,261,656,387

New Mexico Finance Authority
Notes to Financial Statements
June 30, 2016 and 2015

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	$ 149,924,260	$ 1,178,795,528

The following is a summary of scheduled payments to be collected on loans receivable as of June 30, 2016:

	Principal	Interest	Total
Fiscal year ending June 30			
2017	$ 96,915,456	$ 43,513,624	$ 140,429,080
2018	96,696,964	40,975,896	137,672,860
2019	102,108,856	38,207,893	140,316,749
2020	86,306,709	34,543,226	120,849,935
2021	84,311,190	32,800,009	117,111,199
2022-2026	361,196,186	125,507,121	486,703,307
2027-2031	252,098,806	63,983,124	316,081,930
2032-2036	146,930,386	23,735,563	170,665,949
2037-2041	25,523,847	3,937,732	29,461,579
2042-2046	12,661,606	1,076,281	13,737,887
2047-2051	20,124	-	20,124
Subtotals	1,264,770,130	$ 408,280,469	$ 1,673,050,599
Less allowance for loan losses	(3,113,743)		
Loans receivable, net	$ 1,261,656,387		

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, 2016 and 2015, respectively, were as follows:

2016

State Entity	Revenue Pledge	Rates	Maturity	2015	Increases	Decreases	2016	Due in One Year
Administrative Office of the Courts	Court Facilities fees	1.25% to 5.0%	6/15/2025	$ 30,195,000	$ -	$ 2,390,000	$ 27,805,000	$ 2,480,000
University of New Mexico Health Sciences Center	Cigarette excise tax	3.88% to 5.00%	6/15/2025	23,320,000	-	23,320,000	-	-
General Services Department - State of New Mexico	State Gross Receipts tax	4.25% to 5.00%	6/1/2036	42,620,000	-	42,620,000	-	-
University of New Mexico Health Sciences Center	Cigarette excise tax	-	-	-	26,200,000	2,720,000	23,480,000	2,010,000
General Services Department - State of New Mexico	State Gross Receipts tax	-	-	-	37,320,000	815,000	36,505,000	960,000
University of New Mexico Health Sciences Center	Cigarette excise tax	2.25% to 5.00%	4/1/2019	6,895,000	-	6,895,000	-	-
University of New Mexico Health Sciences Center	Cigarette excise tax	2.13% to 3.94%	4/1/2019	3,062,483	-	764,184	2,298,299	763,814
			Totals	$ 106,092,483	$ 63,520,000	$ 79,524,184	$ 90,088,299	$ 6,213,814

2015

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

The following is a summary of scheduled payments to be collected on the receivables from state entities as of June 30, 2016:

	Principal	Interest	Total
Fiscal year ending June 30			
2017	$ 6,213,814	$ 4,169,042	$ 10,382,856
2018	6,310,443	3,935,947	10,246,390
2019	6,564,042	3,657,225	10,221,267
2020	6,875,000	3,334,395	10,209,395
2021	7,090,000	2,987,720	10,077,720
2022-2026	33,480,000	9,269,485	42,749,485
2027-2031	10,675,000	3,891,400	14,566,400
2032-2036	12,880,000	1,587,600	14,467,600
Intergovernmental receivables	$ 90,088,299	$ 32,832,814	$ 122,921,113

6) Capital Assets

A summary of changes in capital assets during the fiscal year 2016 and 2015, respectively, was as follows:

	Balance at June 30, 2015	Increases	Decreases	Balance at June 30, 2016
Capital assets not being depreciated				
Construction in progress	$ -	$ 276,240	$ -	$ 276,240
Capital assets being depreciated				
Furniture and fixtures	28,665	-	-	28,665
Computer hardware and software	734,293	-	-	734,293
Leasehold improvement	8,241	-	-	8,241
	771,199	276,240	-	1,047,439
Accumulated depreciation				
Furniture and fixtures	(28,665)	-	-	(28,665)
Computer hardware and software	(729,426)	(2,191)	-	(731,617)
Leasehold improvement	(8,241)	-	-	(8,241)
	(766,332)	(2,191)	-	(768,523)
Net total	$ 4,867	$ 274,049	$ -	$ 278,916

	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

Depreciation expense for the fiscal year ending June 30, 2016 and 2015, respectively, was $2,191 and $102,186.

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, 2016 and 2015:

Bond Series	Rate	Maturities	Original Amount	Outstanding Amount June 30, 2016	Outstanding Amount June 30, 2015
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
2005 B	3.500% to 4.500%	June 1, 2013 to June 1, 2020	13,500,000	-	3,490,000
2006 B	4.000% to 5.000%	June 1, 2013 to June 1, 2036	38,260,000	22,730,000	24,440,000
2006 D	4.250% to 5.000%	June 1, 2013 to June 1, 2036	56,400,000	-	44,975,000
2007 E	4.000% to 5.000%	June 1, 2013 to June 1, 2032	61,945,000	34,085,000	37,085,000
2008 A	3.250% to 5.000%	June 1, 2013 to June 1, 2038	158,965,000	119,080,000	124,400,000
2008 B	4.000% to 5.000%	June 1, 2013 to June 1, 2035	36,545,000	22,520,000	24,195,000
2008 C	3.250% to 6.000%	June 1, 2013 to June 1, 2033	29,130,000	11,490,000	19,385,000
2009 A	2.000% to 5.000%	June 1, 2013 to June 1, 2038	18,435,000	12,310,000	13,265,000
2009 C	2.500% to 5.000%	June 1, 2013 to June 1, 2029	55,810,000	41,355,000	43,630,000
2009 D-1	3.000% to 4.000%	June 1, 2013 to June 1, 2030	13,570,000	7,430,000	8,385,000
2009 D-2	1.810% to 6.070%	June 1, 2013 to June 1, 2036	38,845,000	34,890,000	35,605,000
2009 E	3.000% to 4.500%	June 1, 2013 to June 1, 2019	35,155,000	12,585,000	16,480,000
2010 A-1	2.000% to 4.500%	June 1, 2013 to June 1, 2034	13,795,000	5,670,000	13,795,000
2010 A-2	3.777% to 5.880%	June 1, 2016 to June 1, 2039	15,170,000	12,990,000	6,110,000
2010 B-1	2.000% to 5.000%	June 1, 2013 to June 1, 2035	38,610,000	23,795,000	26,035,000
2010 B-2	2.230% to 4.740%	June 1, 2013 to June 1, 2035	17,600,000	16,950,000	17,120,000
2011 A	2.000% to 4.000%	June 1, 2013 to June 1, 2016	15,375,000	-	3,270,000
2011 B-1	0.220% to 4.000%	June 1, 2013 to June 1, 2036	42,735,000	25,905,000	28,850,000
2011 B-2	2.000% to 4.450%	June 1, 2013 to June 1, 2031	14,545,000	10,630,000	11,435,000
2011 C	3.000% to 5.000%	June 1, 2013 to June 1, 2036	53,400,000	39,410,000	42,800,000
2012 A	1.500% to 5.500%	June 1, 2013 to June 1, 2038	24,340,000	20,015,000	21,265,000
2013 A	2.000% to 5.000%	June 1, 2013 to June 1, 2038	44,285,000	34,570,000	37,910,000
2013 B	2.000% to 5.000%	June 1, 2014 to June 1, 2036	16,360,000	12,925,000	14,175,000
2014 B	2.000% to 5.000%	June 1, 2016 to June 1, 2035	58,235,000	50,080,000	54,970,000
2015 B	2.250% to 5.000%	June 1, 2016 to June 1, 2045	45,325,000	42,595,000	45,325,000
2015 C	3.000% to 5.000%	June 1, 2016 to June 1, 2035	45,475,000	45,300,000	-
2016 A	2.500% to 5.000%	June 1, 2016 to June 1, 2036	52,070,000	49,170,000	-
2016 C	2.000% to 5.000%	June 1, 2016 to June 1, 2046	67,540,000	66,725,000	-
			1,140,435,000	775,205,000	724,190,000

Bond Series	Rate	Maturities	Original Amount	Outstanding Amount June 30, 2016	Outstanding Amount June 30, 2015
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	-	-
2005 E	3.875% to 5.000%	June 15, 2013 to June 15, 2025	23,320,000	-	23,320,000
2005 F	4.000% to 5.000%	June 15, 2013 to June 15, 2025	21,950,000	-	-
2006 A	4.000% to 5.000%	June 15, 2013 to June 15, 2035	49,545,000	-	2,040,000
2006 C	4.000% to 5.000%	June 15, 2013 to June 15, 2026	39,860,000	24,330,000	26,135,000
2007 A	4.000% to 5.000%	June 15, 2013 to June 15, 2027	34,010,000	13,115,000	15,680,000
2007 B	4.000% to 5.000%	June 15, 2013 to June 15, 2034	38,475,000	20,495,000	22,340,000
2007 C	4.250% to 5.250%	June 15, 2013 to June 15, 2027	131,860,000	82,485,000	89,445,000
2013 C-1	2.000% to 4.000%	June 15, 2014 to June 15, 2028	3,745,000	2,890,000	3,050,000
2013 C-2	.950% to 5.000%	June 15, 2014 to June 15, 2029	10,550,000	8,020,000	8,520,000
2014 A-1	2.000% to 5.000%	June 15, 2014 to June 15, 2033	15,135,000	14,055,000	14,605,000
2014 A-2	.250% to 4.491%	June 15, 2014 to June 15, 2034	16,805,000	13,775,000	15,295,000
2015 A	3.000% to 5.000%	June 15, 2016 to June 15, 2035	63,390,000	59,940,000	62,355,000
2015 D	4.000% to 5.000%	June 15, 2016 to June 15, 2027	29,355,000	27,170,000	-
2016 B	5.00%	June 15, 2016 to June 15, 2035	8,950,000	7,415,000	-
			537,345,000	273,690,000	282,785,000
		Subtotal - PPRF Bonds	1,677,780,000	1,048,895,000	1,006,975,000
Pooled Equipment Certificates of Participants					
1995 A	6.30%	October 1, 2015	4,288,000	-	19,000
1996 A	5.80%	April 1, 2016	1,458,000	-	9,000
			5,746,000	-	28,000
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
Cigarette Tax Revenue Bonds - Behavioral Health Projects					
2006	5.51%	May 1, 2012 to May 1, 2026	2,500,000	1,250,000	1,375,000
Total bonds outstanding			$ 1,725,061,000	1,050,145,000	1,015,273,000
Add net unamortized premium				64,303,718	41,630,674
Total bonds payable, net				1,114,448,718	1,056,903,674
Less current portion of bonds payable				(78,040,000)	(75,943,000)
Noncurrent portion of bonds payable				$ 1,036,408,718	$ 980,960,674

Maturities of bonds payable and interest are as follows:

	Principal	Interest	Total
Fiscal year ending June 30,			
2017	$ 78,040,000	$ 48,478,193	$ 126,518,193
2018	79,640,000	45,094,935	124,734,935
2019	81,180,000	41,568,050	122,748,050
2020	71,715,000	37,981,112	109,696,112
2021	75,105,000	34,643,297	109,748,297
2022-2026	329,145,000	121,821,706	450,966,706
2027-2031	183,005,000	56,958,402	239,963,402
2032-2036	124,075,000	20,980,162	145,055,162
2037-2041	16,400,000	3,399,899	19,799,899
2042-2046	11,840,000	1,106,800	12,946,800
	1,050,145,000	$ 412,032,556	$ 1,462,177,556
Add unamortized premium	64,303,718		
Bonds payable, net	$ 1,114,448,718		

The bonds payable activity for the fiscal years were as follows:

Activity for Fiscal Year 2016

	Balance at June 30, 2015	Increases	Decreases	Balance at June 30, 2016	Due within One Year
Bonds payable	$ 1,015,273,000	$ 203,390,000	$ (168,518,000)	$ 1,050,145,000	$ 78,040,000
Add unamortized premium	41,630,674	38,348,642	(15,675,598)	64,303,718	-
Total	$ 1,056,903,674	$ 241,738,642	$ (184,193,598)	$ 1,114,448,718	$ 78,040,000

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

Current and Advance Refunding of Debt

The PPRF Revenue Refunding Bonds Senior Lien 2016C series, issued in the total par amount of $67,540,000, refunded the outstanding portions of the PPRF Revenue Bonds Senior Lien 2006D series in the amount of $45,045,908. The refunding resulted in debt service savings over 15 to 20 years of $12,603,391 and a Net Present Value (NPV) savings to the State of New Mexico of $9,337,876 for the State Building Projects.

The PPRF Revenue Refunding Bonds Senior Lien 2016A series, issued in the total par amount of $52,070,000 refunded the outstanding portions of the 2004A Cigarette Tax Bonds and the PPRF Revenue Bonds 2005E series in the amount of $31,396,723. The refunding resulted in debt service savings over the remaining 10 to 15 years of $5,505,790, converted for comparison purposes to a NPV savings of $5,002,352.

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 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 $83,008,008 and $74,332,049 at June 30, 2016 and 2015.

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, 2016, was .154. The Authority pays a 15 basis point fee on the unused portion of the facility. For fiscal year ended June 30, 2016, the line of credit has no activity and the balance at year-end was zero. A summary of changes for fiscal year ended June 30, 2015 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)	$ -	$ -

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, 2016 and 2015, were $328,004 and $316,250. Future minimum lease payments are as follows:

Fiscal year ending June 30	
2017	$ 368,896
2018	376,274
2019	383,800
2020	259,255
2021	-
Total	$ 1,388,225

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, 2016 and 2015 were $487,766 and $484,916, respectively. Additionally, employee contributions for the retirement plan for the years ended June 30, 2016 and 2015, respectively, were $151,004 and $149,634. 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. 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, 2016 and 2015.

12) Compensated Absences

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

Balance at June 30, 2015	$	285,923
Additions		315,644
Deletions		(269,354)
Balance at June 30, 2016		332,213
Due within one year	$	332,213

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

13) Agency Transactions

The Authority was authorized in 2003 to issue bonds as agent for the New Mexico Department of Transportation (NMDOT). Approximately $1.3 billion and $1.4 billion of such bonds are outstanding at June 30, 2016 and 2015, respectively.

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
During the period 2004 to 2008, including PPRF series bonds 2004A through 2008A, loans of less than $25,000,000 contained provisions allowing for prepayment after one year whereas the related bonds used to fund the loans contained ten-year call provisions. 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 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 no longer exists after June 2018. The loans containing the shortened call provision total approximately $97 million and the related bonds total approximately $316 million as of June 30, 2016. Loans exercising this call provision pre-paid $61.2 million in principal during FY2016 and $18.6 million in FY2015. Loans exercising this call provision in the original loan

amount of $7.4 million reached their maturity date in FY2016 while loans in the original amount of $22.1 million reached their maturity date in FY2015.

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 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 reevaluated 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 years ended June 30, 2016 and 2015 were as follows:

	2016	2015
Statements of Net Position		
Assets		
Cash	**$ 4,471,961**	$ 657,456
Due from affiliates	**844,694**	935,345
Investment in limited liability companies	**14,819**	13,506
Total assets	**$ 5,331,474**	$ 1,606,307
Liabilities		
Accounts payable	**$ 90,095**	$ 59,078
Due to affiliate	**1,279,941**	647,193
Total liabilities	**1,370,036**	706,271
Net Position		
Restricted	**3,961,438**	900,036
Total liabilities and net position	**$ 5,331,474**	$ 1,606,307

New Mexico Finance Authority
Notes to Financial Statements
June 30, 2016 and 2015

Statements Revenues, Expenses and Changes in Net Position	2016	2015
Operating Income		
Interest income	**$ 372**	$ 114
Sponsor fee income	**232,500**	-
Exit fee	**3,382,250**	-
Asset management fee income	**666,409**	629,603
Total operating income	**4,281,531**	629,717
Operating Expense		
Sponsor fee expense	**213,173**	-
Management fee expense	**584,795**	372,729
Professional fees	**59,900**	162,460
Gross receipt tax	**352,913**	45,555
Miscellaneous administrative expenses	**9,479**	8,972
Total operating expenses	**1,220,260**	589,716
Net operating income	**3,061,271**	40,001
Nonoperating Income		
Share of income from investment in limited liability companies	**131**	123
Increase in net position	**3,061,402**	40,124
Net position, beginning of year	**900,036**	859,912
Net position, end of year	**$ 3,961,438**	$ 900,036

Statement of Cash Flows	2016	2015
Cash flows from operating activities		
Increase in net position	**$ 3,061,402**	$ 40,124
Adjustments to reconcile net income to net cash provided by operating activities		
Share of income from investment in limited liability companies	**(131)**	(123)
Increase in assets		
Due from affiliate	**90,651**	(96,608)
Increase in liabilities		
Accounts payable	**31,017**	28,322
Due to affiliate	**632,748**	153,255
Net cash provided by operating activities	**3,815,687**	124,970
Cash flows from investing activities		
Investment in limited liability companies	**(3,960)**	-
Return of capital from limited liability companies	**1,051**	-
Distributions from limited liability companies	**1,727**	186
Net cash provided by investing activities	**(1,182)**	186
Net increase in cash	**3,814,505**	125,156
Cash, beginning of year	**657,456**	532,300
Cash, end of year	**$ 4,471,961**	$ 657,456

17) Subsequent Event

On October 19, 2016, the Legislature of the State of New Mexico 52nd Legislature, 2nd Special Session enacted the transfer of $15,500,000 from PPRF to the New Mexico State General Fund, provided that, except as otherwise provided in the Tax Administration Act, the amount transferred is from the fiscal year 2017 portion of the governmental gross receipts tax distributed to the public project revolving fund pursuant to Section 7-1-6.38 NMSA 1978 and that is not otherwise pledged for payment of obligations of the Authority.

The Authority has evaluated subsequent events through November 14, 2016, the date which the financial statements were available to be issued.

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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 2017C Bonds, copies of the Indenture will be available at the principal office of the Municipal Advisor. Subsequent to the offering of the Series 2017C 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 2017C Bonds, $5,000 or any integral multiple thereof and means, with respect to the Loans that are subject to the Ninety-Fifth 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 2017C Bonds, any person entitled to receive payment of principal of, premium, if any, and interest on Series 2017C Bonds and otherwise exercise ownership rights with respect to Series 2017C 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 2017C 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 2017C 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 2017C Bonds, each June 1 and December 1, commencing December 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 2017C 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 2017C Bonds as Securities Depository.

"Paying Agent," when used with respect to the Series 2017C Bonds, means the person or persons authorized by the NMFA to pay the principal of, premium, if any, and interest on, the Series 2017C 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 2017C 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 2017C 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 2017C Bonds" means the New Mexico Finance Authority Senior Lien Public Project Revolving Fund Revenue and Refunding Bonds, Series 2017C.

"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 Bonds 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 $30,556,585 (as of April 30, 2017). 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 2017C 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 2017C 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 2016 population of the State was 2,081,015. 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, 2016 was 2,081,015.

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
2007-2016

	Population		Annual Percentage Change	
Year	New Mexico	United States	New Mexico(1)	United States
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(2)	2,077,756	311,663,358	0.9	1.0
2012(2)	2,083,784	313,998,379	0.3	0.8
2013(2)	2,085,193	316,204,908	0.1	0.7
2014(2)	2,083,024	318,563,456	(0.1)	0.8
2015(2)	2,080,328	320,896,618	(0.1)	0.7
2016(2)	2,081,015	323,127,513	–	0.7

(1) Dash (–) represents zero or rounds to zero.
(2) Estimate as of July 1.
(Source: U.S. Census Bureau, Population Division. Last revised December 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.

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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
2007-2016

	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
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
2016	934[2]	159,187	874	151,436	6.4	4.9	131

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(1) Figures rounded to nearest thousand.
(2) Preliminary estimate.

(Sources: U.S. Bureau of Labor and Statistics (Last updated: February 8, 2017) and Bureau of Business and Economic Research, University of New Mexico (Last updated: March 16, 2017).)

PERSONAL INCOME
NEW MEXICO AND THE UNITED STATES
2007-2016

	Personal Income (000)		Annual Percentage Change	
Year	New Mexico	United States	New Mexico	United States
2007	$63,091,733	$11,995,419,000	n/a	n/a
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
2016	80,758,305	16,017,781,445	2.1	3.6

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(Source: U.S. Department of Commerce, Bureau of Economic Analysis, Regional Data. Last updated: March 28, 2017.)

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PER CAPITA PERSONAL INCOME
NEW MEXICO AND THE UNITED STATES
2007-2016

	Per Capita Income			Annual Percentage Change	
Year	New Mexico	United States	N.M. as a % of U.S.	New Mexico	United States
2007	$31,703	$39,821	80%	n/a	n/a
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	34,737	42,461	82	4.9	5.4
2012	35,427	44,282	80	2.0	4.3
2013	34,752	44,493	78	(1.9)	0.5
2014	36,701	46,464	79	5.6	4.4
2015	38,025	48,190	79	3.6	3.7
2016	38,807	49,571	78	2.1	2.9

(Sources: U.S. Department of Commerce, Bureau of Economic Analysis, Regional Data. Last revised: March 28, 2017-- new estimates for 2016; revised estimates for 2010-2015.)

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WAGES AND SALARIES BY INDUSTRY SECTOR
2007-2016

NAICS Earnings by Place of Work (1) Applicable to 2007-2016	New Mexico (Thousands of Dollars)(2)		United States (Thousands of Dollars)(2)		Cumulative Annual Percent Change 2007-2016		Distribution of 2016 Wages & Salaries	
	2016	2007	2016	2007	N.M.	U.S.	N.M.	U.S.
Farm Wages and Salary	$ 261,658	$ 237,828	$ 26,933,009	$ 21,140,000	10.0%	27.4%	0.7%	0.3%
Non-farm Wages and Salary	37,729,371	32,275,240	8,157,244,410	6,370,091,000	16.9	28.1	99.3	99.7
Private Non-farm Wages and Salary	27,716,318	23,787,691	6,864,030,137	5,295,743,000	16.5	29.6	73.0	83.9
Forestry, Fishing, and related activities	93,309	56,902	19,260,255	12,714,000	64.0	51.5	0.2	0.2
Mining, Quarrying, and Oil and Gas Extraction	1,480,564	1,231,157	63,920,005	53,796,000	20.3	18.8	3.9	0.8
Utilities	381,749	288,206	59,813,506	46,137,000	32.5	29.6	1.0	0.7
Construction	2,017,340	2,272,432	411,409,757	369,434,000	(11.2)	11.4	5.3	5.0
Manufacturing	1,596,154	1,787,469	829,367,759	751,699,000	(10.7)	10.3	4.2	10.1
Durable Goods Manufacturing	1,073,490	1,364,199	547,702,256	501,563,000	(21.3)	9.2	2.8	6.7
Nondurable Goods Manufacturing	522,664	423,270	281,665,503	250,136,000	23.5	12.6	1.4	3.4
Wholesale Trade	1,164,496	1,130,627	449,085,005	371,534,000	3.0	20.9	3.1	5.5
Retail Trade	2,761,113	2,463,083	500,757,261	419,554,000	12.1	19.4	7.3	6.1
Transportation and Warehousing	987,896	911,541	269,015,517	204,993,000	8.4	31.2	2.6	3.3
Information	686,392	639,615	286,330,510	214,372,000	7.3	33.6	1.8	3.5
Finance and Insurance	1,491,091	1,148,191	636,077,753	526,381,000	29.9	20.8	3.9	7.8
Real Estate and Rental and Leasing	396,257	374,929	122,945,007	97,418,000	5.7	26.2	1.0	1.5
Professional, Scientific, and Technical Services	4,353,981	3,687,572	829,422,505	564,006,000	18.1	47.1	11.5	10.1
Management of Companies and Enterprises	367,817	320,850	270,537,758	182,461,000	14.6	48.3	1.0	3.3
Administrative and Waste Services	1,483,253	1,421,070	355,394,257	266,170,000	4.4	33.5	3.9	4.3
Educational Services	361,445	282,168	149,401,757	100,922,000	28.1	48.0	1.0	1.8
Health Care and Social Assistance	5,033,490	3,382,610	952,662,509	638,278,000	48.8	49.3	13.2	11.6
Arts, Entertainment, and Recreation	232,828	182,421	91,914,254	66,325,000	27.6	38.6	0.6	1.1
Accommodations and Food Services	1,721,007	1,247,042	309,534,754	212,277,000	38.0	45.8	4.5	3.8
Other Services, Except Public Administration	1,106,136	959,806	257,180,008	197,272,000	15.2	30.4	2.9	3.1
Government and Government Enterprises	10,013,053	8,487,549	1,293,214,273	1,074,348,000	18.0	20.4	26.4	15.8
Federal, Civilian	2,168,513	1,913,104	229,609,756	181,958,000	13.4	26.2	5.7	2.8
Military	884,825	664,056	93,198,259	86,762,000	33.2	7.4	2.3	1.1
State and Local	6,959,715	5,910,389	970,406,258	805,628,000	17.8	20.5	18.3	11.9

(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 28, 2017-- new estimate for 2016.)

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APPENDIX D

FORM OF OPINION OF BOND COUNSEL

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

__________, 2017

New Mexico Finance Authority
Santa Fe, New Mexico

Re: $37,675,000 New Mexico Finance Authority Senior Lien Public Project Revolving Fund Revenue and Refunding Bonds, Series 2017C

We have acted as bond counsel to the New Mexico Finance Authority (the "Finance Authority") in connection with the issuance of its Senior Lien Public Project Revolving Fund Revenue and Refunding Bonds, Series 2017C in the aggregate principal amount of $37,675,000 (the "Series 2017C Bonds"). The Series 2017C 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 "2017C Governmental Unit"), which loans or securities are used to finance or refinance a public project for the use and benefit of the respective 2017C Governmental Unit; (ii) refund the Refunded Obligations (as defined in the Indenture), the proceeds of which were used to 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 "Previous Governmental Unit," and collectively with the "2017C Governmental Units," "Governmental Units"), which loans or securities are used to finance or refinance a public project for the use and benefit of the respective Governmental Unit; and (iii) pay costs of issuance associated with the Series 2017C 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 2017C 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-Fifth Supplemental Indenture of Trust dated as of June 1, 2017 (the "Ninety-Fifth 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 2017C 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 2017C 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 2017C Bonds constitute special limited obligations of the Finance Authority, payable solely from the Trust Estate and do not constitute a general obligation or other indebtedness of the State of New Mexico or any Governmental Unit within the meaning of any constitutional or statutory debt limitation.

4. The interest on the Series 2017C Bonds (including any original issue discount properly allocable to an owner thereof) (i) is excludable from gross income for federal income tax purposes and (ii) is not an item of tax preference for purposes of computing the federal alternative minimum tax imposed on individuals and corporations, but is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on certain corporations. The opinions set forth in this paragraph are subject to the condition that the Finance Authority and the Governmental Units comply with all requirements of the Internal Revenue Code of 1986 that must be satisfied subsequent to the issuance of the Series 2017C Bonds in order that interest thereon be, or continue to be, excludable from gross income for federal income tax purposes. The Finance Authority and the Governmental Units have covenanted to comply with all of these requirements. Failure to comply with certain of these requirements may cause the interest on the Series 2017C Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2017C Bonds.

5. The interest on the Series 2017C Bonds is exempt from income taxation by the State of New Mexico.

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

(a) the rights of the holders of the Series 2017C 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 2017C 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 2017C 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 2017C Bonds, payment of principal, premium, if any, interest on the Series 2017C Bonds to DTC Participants or Beneficial Owners, confirmation and transfers of beneficial ownership interests in the Series 2017C 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 2017C Bonds. The Series 2017C 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 2017C Bond certificate will be issued for each maturity of the Series 2017C 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 2017C Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2017C Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2017C 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 2017C 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 2017C Bonds, except in the event that use of the book-entry system for the Series 2017C Bonds is discontinued.

To facilitate subsequent transfers, all Series 2017C 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 2017C 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 2017C Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2017C 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 2017C 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 2017C 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 2017C 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 2017C 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 2017C 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 2017C Bonds; (c) the selection of the Beneficial Owners to receive payment in the event of any partial redemption of the Series 2017C 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 2017C Bonds.

APPENDIX F

2017C GOVERNMENTAL UNITS; LARGEST REPAYMENT OBLIGATIONS

2017C Governmental Units

As previously stated, a portion of the proceeds of the Series 2017C Bonds is being used to finance or refinance Loans to be made to the 2017C Governmental Units or to reimburse the Finance Authority, in whole or in part, for Loans made to 2017C Governmental Units. The 2017C 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 (Ad Valorem Taxes)	$ 1,900,000	$ -	08/01/28
Dexter Consolidated School District (Ad Valorem Taxes)	1,500,000	-	08/01/29
Clayton Municipal School District (Ad Valorem Taxes)	4,000,000	-	01/15/32
Las Cruces, City of (Gross Receipts Tax)	5,115,000	-	06/01/31
Total	$12,515,000	$ -	

(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 July 1, 2017 the GSD Bonds are projected to be outstanding in the aggregate principal amount of $72,721,455 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. As of July 1, 2017, the Santa Fe Gross Receipts Tax Obligations are projected to be outstanding in the principal amount of $68,391,373 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 July 1, 2017, the Spaceport Authority Securities are projected to be outstanding in the aggregate principal amount of $55,835,000 and are scheduled to mature on June 1, 2029.

City of Rio Rancho

The Finance Authority has previously entered into various senior lien obligations with the City of Rio Rancho ("Rio Rancho") of which 19 are still outstanding in an original issue amount of $100,186,660. As of July 1, 2017, these 19 loans will be outstanding in the amount of $86,076,196. The senior lien obligations are secured by revenue pledges of State Fire Protection Funds, State Gross Receipts Tax, Law Enforcement Protection Funds, Local Special Tax (Water Rights Acquisition Fee), Special Assessment and Enterprise System Revenues. Enterprise System Revenue is Rio Rancho's largest senior lien revenue pledge with three loans issued and still outstanding in the amount of $53,370,000.

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, 2017, the outstanding principal amount of the ABCWUA Loan Agreements is projected to be $35,855,000.

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New Mexico FINANCE AUTHORITY

NEW MEXICO FINANCE AUTHORITY • SENIOR LIEN PUBLIC PROJECT REVOLVING FUND REVENUE AND REFUNDING BONDS, SERIES 2017C

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Moody's "Aa1"
(See "RATINGS" herein.)

In the opinion of Gilmore & Bell, P.C., Bond Counsel to the Finance Authority, under existing law and assuming continued compliance with certain requirements of the Internal Revenue Code of 1986, as amended, the interest on the Series 2017E Bonds (including any original issue discount properly allocable to an owner thereof) is excludable from gross income for federal income tax purposes, and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. Bond Counsel is also of the opinion that the interest on the Series 2017E Bonds is exempt from income taxation by the State of New Mexico. See "TAX MATTERS" herein.

New Mexico FINANCE AUTHORITY

$40,190,000
NEW MEXICO FINANCE AUTHORITY
SENIOR LIEN PUBLIC PROJECT REVOLVING FUND REVENUE BONDS, SERIES 2017E

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 2017E (the "Series 2017E 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 2017E Bonds through its nominee, Cede & Co. One fully registered bond in a denomination equal to the principal amount of each maturity of the Series 2017E Bonds will be registered in the name of Cede & Co. Individual purchases of Series 2017E Bonds will be made in book-entry form only, and beneficial owners of the Series 2017E 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 2017E Bonds.

The Series 2017E Bonds will be issued under and secured by the Indenture (as defined herein). Interest on the Series 2017E Bonds accrues from the date of initial delivery of the Series 2017E Bonds and is payable on June 1 and December 1 of each year, commencing June 1, 2018. Principal of the Series 2017E 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 2017E Bonds are subject to optional redemption prior to maturity.

Proceeds of the Series 2017E 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) paying amounts owing under a line of credit, and (iii) paying costs incurred in connection with the issuance of the Series 2017E Bonds. The principal of and premium, if any, and interest on the Series 2017E 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 additional parity bonds and other obligations pursuant to the Indenture.

The Series 2017E 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 2017E 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 2017E 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 2017E 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 2017E Bonds will be passed on by Gilmore & Bell, P.C., Salt Lake City, Utah, Bond Counsel to the Finance Authority. Certain legal matters will be passed upon by the 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 2017E Bonds. It is expected that a single certificate for each maturity of the Series 2017E Bonds will be delivered to DTC or its agent on or about November 30, 2017.

This Official Statement is dated November 8, 2017, and the information contained herein speaks only as of that date.

Morgan Stanley

RBC Capital Markets **Wells Fargo Securities**

$40,190,000
NEW MEXICO FINANCE AUTHORITY
SENIOR LIEN PUBLIC PROJECT REVOLVING FUND
REVENUE BONDS, SERIES 2017E

MATURITY SCHEDULE

Year (June 1)	Principal Amount	Interest Rate	Initial Yield	CUSIP No.†
2018	$ 450,000	4.000%	1.010%	64711NZ32
2019	4,030,000	5.000%	1.150%	64711NZ40
2020	3,130,000	5.000%	1.240%	64711NZ57
2021	3,120,000	5.000%	1.340%	64711NZ65
2022	3,000,000	5.000%	1.440%	64711NZ73
2023	2,155,000	5.000%	1.580%	64711NZ81
2024	1,990,000	5.000%	1.680%	64711NZ99
2025	2,070,000	5.000%	1.790%	64711N2A2
2026	2,120,000	5.000%	1.910%	64711N2B0
2027	3,005,000	5.000%	2.020%	64711N2C8
2028	2,695,000	5.000%	2.150%(c)	64711N2D6
2029	1,520,000	5.000%	2.220%(c)	64711N2E4
2030	1,950,000	5.000%	2.300%(c)	64711N2F1
2031	1,825,000	5.000%	2.360%(c)	64711N2G9
2032	1,815,000	5.000%	2.410%(c)	64711N2H7
2033	1,775,000	5.000%	2.460%(c)	64711N2J3
2034	725,000	5.000%	2.510%(c)	64711N2K0
2035	670,000	5.000%	2.560%(c)	64711N2L8
2036	705,000	5.000%	2.600%(c)	64711N2M6
2037	715,000	5.000%	2.630%(c)	64711N2N4
2038	725,000	5.000%	2.650%(c)	64711N2P9

(c) Yield shown to first optional call date on June 1, 2027.

† 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 2017E 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 2017E Bonds or as indicated above. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Series 2017E 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 2017E 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 2017E 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 2017E Bonds may engage in transactions that stabilize, maintain or otherwise affect market yields or prices of the Series 2017E 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 2017E 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 2017E 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 2017E 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
Ken McQueen, 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

Gilmore & Bell, P.C.
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

$40,190,000

NEW MEXICO FINANCE AUTHORITY
SENIOR LIEN PUBLIC PROJECT REVOLVING FUND
REVENUE BONDS, SERIES 2017E

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 $40,190,000 New Mexico Finance Authority Senior Lien Public Project Revolving Fund Revenue Bonds, Series 2017E (the "Series 2017E Bonds") being issued by the New Mexico Finance Authority (the "Finance Authority" or the "NMFA"). The Series 2017E 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-Sixth Supplemental Indenture of Trust, dated as of November 1, 2017 (the "Ninety-Sixth 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, 2016 included as APPENDIX A hereto. See "FINANCIAL STATEMENTS."

Authority and Purpose

The Series 2017E 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 2017E 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) paying amounts owing under a line of credit, and (iii) paying costs incurred in connection with the issuance of the Series 2017E Bonds. See "THE PLAN OF FINANCING" for more information with respect to the sources and uses of proceeds of the Series 2017E 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 2017E Bonds. Such Governmental Units whose Loans are being financed or refinanced with proceeds of the Series 2017E Bonds are sometimes referred to herein as the "2017E Governmental Units."

Parity Obligations

Obligations, including the Bonds, with a lien on the Trust Estate on a parity with the lien of the Series 2017E 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."

At or about the same time that the Finance Authority issues the Series 2017E Bonds, the Finance Authority expects to issue its New Mexico Finance Authority Subordinate Lien Public Project Revolving Fund Revenue Bonds, Taxable Series 2017F in the principal amount of $19,315,000 (the "Series 2017F Bonds"). The issuance of the Series 2017E Bonds is not contingent upon the issuance of the Series 2017F Bonds.

The Series 2017E Bonds

The Series 2017E Bonds will be dated the date of their initial delivery. Interest on the Series 2017E Bonds is payable on June 1 and December 1 of each year, commencing June 1, 2018. The Series 2017E 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 2017E 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 2017E 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 2017E 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 2017E Bonds, all as more fully described in APPENDIX E. In reading this Official Statement, it should be understood that while the Series 2017E 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 2017E 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 2017E Bonds are subject to optional redemption prior to maturity. See "THE SERIES 2017E BONDS—Redemption."

Security and Sources of Payment for the Bonds

Trust Estate. The Bonds, including the Series 2017E 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 2017E 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 2017E 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, 2017, the Common Debt Service Reserve Fund was funded in the amount of approximately $30,704,669. 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 Parity Bonds ("Additional Bonds") on a parity with the Series 2017E 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 2017E Bond Owners that, so long as the Series 2017E 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."

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 2017E Bonds. See APPENDIX F for a discussion of Loans to Governmental Units with the largest outstanding principal loan balances.

Tax Considerations

In the opinion of Gilmore & Bell, P.C., Bond Counsel to the Finance Authority, under existing law and assuming continued compliance with certain requirements of the Internal Revenue Code of 1986, as amended, the interest on the Series 2017E Bonds (including any original issue discount properly allocable to an owner thereof) is excludable from gross income for federal income tax purposes, and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. Bond Counsel is also of the opinion that the interest on the Series 2017E Bonds is exempt from income taxation by the State of New Mexico. 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 2017E Bonds.

Professionals Involved in the Offering

At the time of the issuance and sale of the Series 2017E Bonds, Gilmore & Bell, P.C., Salt Lake City, Utah, as Bond Counsel to the Finance Authority, will deliver its opinion in the form included in APPENDIX D. Certain legal matters will be passed upon for the Finance Authority by its 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 ("WFG"), Portland, Oregon has acted as municipal advisor to the Finance Authority (the "Municipal Advisor") in connection with its issuance of the Series 2017E Bonds. See "MUNICIPAL ADVISOR."

The Finance Authority's audited financial statements for the fiscal year ended June 30, 2016, included in APPENDIX A, have been audited by REDW, LLC, Certified Public Accountants, Albuquerque, New Mexico. See also "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 2017E Bonds

The Series 2017E 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 2017E Bonds will be delivered to DTC or its agent on or about November 30, 2017. The Series 2017E Bonds will be distributed in the initial offering by Morgan Stanley & Co. LLC, RBC Capital Markets, LLC, and Wells Fargo Bank, National Association (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 2017E Bonds.

THE SERIES 2017E BONDS

General

The Series 2017E Bonds will be dated the date of their initial delivery and interest will accrue on the Series 2017E 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, 2018. The Series 2017E 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 2017E 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 2017E Bonds through its nominee, Cede & Co. One fully-registered bond in a denomination equal to the principal amount and maturity of the Series 2017E Bonds will be registered in the name of Cede & Co. Individual purchases of Series 2017E Bonds will be made in book-entry only form, and beneficial owners of the Series 2017E 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 2017E Bonds. For a more complete description of the book-entry only system, see "APPENDIX E—BOOK-ENTRY ONLY SYSTEM."

Redemption

Optional Redemption. The Series 2017E Bonds maturing on and after June 1, 2028, are subject to optional redemption at any time on and after June 1, 2027, 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 2017E Bonds to be redeemed, but without premium, plus interest accrued to the redemption date.

Notice of Redemption. In the event any of the Series 2017E 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 2017E 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 2017E 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 2017E Bonds and to at least two national information services that disseminate notices of redemption of obligations such as the Series 2017E 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 2017E 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 2017E Bonds or portions thereof redeemed but who failed to deliver Series 2017E 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 2017E 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 2017E Bonds.

Partially Redeemed Bonds. In case any Series 2017E Bond is redeemed in part, upon the presentation of such Series 2017E 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 2017E Bond or Series 2017E Bonds of the same interest rate and maturity and in an aggregate principal amount equal to the unredeemed portion of such Series 2017E Bond. A portion of any Series 2017E 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 2017E Bonds for redemption, the Trustee will treat each such Series 2017E Bond as representing that number of Series 2017E Bonds of $5,000 denomination which is obtained by dividing the principal amount of such Series 2017E 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 2017E Bonds, are special limited obligations of the Finance Authority payable solely from the Trust Estate. The Series 2017E 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 2017E 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 2017E 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 Agreement, the respective Governmental Unit pledges to the Finance Authority for payment of all amounts due under their respective Agreements (i) revenues of specific enterprise systems 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 2017E Governmental Units and the allocable portions of the Loans financed or refinanced with the proceeds of Series 2017E 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 2017-2018. The table also lists the amounts of those revenues and the percentage of the total Agreement Revenues of those revenues.

Type of Revenue	FY 2017-2018 Amounts	% of Total Agreement Revenues
Gross Receipts Tax	$ 39,307,817	33.4%
Enterprise System Revenues	26,607,805	22.6%
General Obligation (ad valorem taxes)	24,213,449	20.6%
Local Special Tax	13,858,333	11.8%
State Gross Receipts Tax	6,036,634	5.1%
State Fire Protection Funds	4,578,048	3.9%
Special Assessment	1,899,913	1.6%
Governmental Gross Receipts Tax - State	701,884	0.6%
Mill Levy	268,910	0.2%
Law Enforcement Protection Funds	224,624	0.2%
Total	$ 117,697,360[1]	100.0%[1]

(1) Total may not add due to rounding. Assumes that the Loans financed or refinanced with proceeds of the Series 2017E Bonds are executed and delivered.

(Source: The Finance Authority.)

The following table lists the ten Governmental Units (by revenue pledged) that, based on scheduled payments in fiscal year 2017-2018 and assuming no further prepayments of any Agreements, are expected to provide the largest amount of Agreement Revenues in fiscal year 2017-2018. The Agreement Revenues generated from such Agreements account for 34.582% of projected Agreement Revenues for fiscal year 2017-2018.

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

Governmental Unit	FY 2017-2018 Loan Payment[2]	% of Total Pledged Agreement Revenues[3]
City of Santa Fe (Gross Receipts Tax)	$ 7,287,740	6.192%
General Services Department (State Gross Receipts Tax)	5,776,530	4.908%
New Mexico Spaceport Authority (Gross Receipts Tax)	5,646,672	4.798%
Albuquerque Bernalillo County Water Utility Authority (Enterprise System Revenues)	5,474,981	4.652%
City of Albuquerque (Enterprise System Revenues)	3,192,475	2.712%
City of Albuquerque (Gross Receipts Tax)	3,092,223	2.627%
UNM Health Sciences Center (Local Special Tax)	2,997,380	2.547%
City of Las Cruces (Gross Receipts Tax)	2,532,093	2.151%
Las Vegas City Schools (Ad Valorem Taxes)	2,362,559	2.007%
Taos County (Gross Receipts Tax)	2,340,410	1.988%
Total	$ 40,703,063	34.582%

(1) Assumes that the Loans financed or refinanced with proceeds of the Series 2017E Bonds are executed and delivered.

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

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

(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—2017E 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 concerning distributions of the governmental gross receipts tax for the fiscal years 2012-2013 through 2016-2017 derived from reports by the New Mexico Taxation and Revenue Department.

GOVERNMENTAL GROSS RECEIPTS TAX DISTRIBUTIONS
FISCAL YEARS 2012-2013 THROUGH 2016-2017[1]

	Fiscal Year 2012-2013	Fiscal Year 2013-2014	Fiscal Year 2014-2015	Fiscal Year 2015-2016	Fiscal Year 2016-2017
NMFA Portion of the Governmental Gross Receipts Tax[2]	$27,451,329	$27,297,696	$26,465,641	$28,146,217	$29,413,964
Other State Agencies' Portions of the Governmental Gross Receipts Tax[3]	9,150,425	9,099,230	8,821,880	9,382,072	9,804,655
Total Governmental Gross Receipts Tax Distributions	$36,601,754	$36,396,926	$35,287,521	$37,528,289	$39,218,619

(1) Distributions, which include collections, interest, and penalties, for fiscal years shown above represent distributions for the period commencing May 1 of the preceding fiscal year through April 30 of the current fiscal year. Such distributions are disbursed in monthly installments by the New Mexico Taxation and Revenue Department and received by the Finance Authority two months after the month of collection throughout the Finance Authority's fiscal year. The most recent 12 months of governmental gross receipts tax distribution to the Public Project Revolving Fund through July 31, 2017 totals $29,660,315.

(2) Distributions of the NMFA Portion of the Governmental Gross Receipts Tax are included in the Trust Estate.

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

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

Based 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.

Distributions from the NMFA Portion of the Governmental Gross Receipts Tax that are not needed for payments under the Indenture and Subordinated Indenture (as defined below) 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 Finance Authority's debt service coverage or cash flow, as disbursements of such amounts are made after payment of all obligations under the Indenture and the Subordinated Indenture.

Funds and Accounts

The Indenture creates a Revenue Fund, a Program Fund (with separate accounts for each Agreement or Project), a Bond Fund, a Debt Service Fund (with separate accounts for each Agreement), 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. See "APPENDIX F—2017E GOVERNMENTAL UNITS; LARGEST REPAYMENT OBLIGATIONS" for Agreement Reserve Account amounts for the 2017E Governmental Units. Amounts in the accounts of the Program Fund are held by the Finance Authority and, upon request and submission of proper documentation by the respective Governmental Unit, the Finance Authority will disburse funds directly to the provider of goods or services relating to the Project for which an account has been established in the Program Fund.

Flow of Funds

Loan Payments. All Loan Payments 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 2017E 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, 2017, the Common Debt Service Reserve Fund was funded in the amount of approximately $30,704,669.

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 2017E Bonds. The Finance Authority covenants pursuant to the Ninety-Sixth 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 2017E Bonds with debt service payable on the Series 2017E Bonds, and (ii) the overall debt service requirements on the Outstanding Bonds and the Series 2017E 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 2017E 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 2017E Bonds from which the Loan relating to the Prepayment was initially funded and which Series 2017E 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 2017E 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[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	20	42,764,880
2017-2018[3]	5	6,643,916

(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 2017E 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, 2017 through September 15, 2017.

(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 2017E 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 the date of delivery of the Series 2017E Bonds:

Series[(1)]	Original Principal Amount Issued	Aggregate Principal Amount Outstanding as of Delivery of Bonds [(2)]
2008A	$ 158,965,000	$ 113,065,000
2008B	36,545,000	20,725,000
2008C	29,130,000	10,305,000
2009A	18,435,000	11,370,000
2009C	55,810,000	38,975,000
2009D-1	13,570,000	6,455,000
2009D-2	38,845,000	34,145,000
2009E	35,155,000	8,610,000
2010A-1	15,170,000	5,060,000
2010A-2	13,795,000	12,145,000
2010B-1	38,610,000	21,540,000
2010B-2	17,600,000	16,775,000
2011B-1	42,735,000	23,065,000
2011B-2	14,545,000	9,800,000
2011C	53,400,000	35,855,000
2012A	24,340,000	18,780,000
2013A	44,285,000	31,200,000
2013B	16,360,000	11,865,000
2014B	58,235,000	45,535,000
2015B	45,325,000	39,905,000
2015C	45,475,000	44,945,000
2016A	52,070,000	45,290,000
2016C	67,540,000	65,415,000
2016D	116,485,000	112,820,000
2016E	40,870,000	36,525,000
2016F	38,575,000	38,330,000
2017A	60,265,000	58,825,000
2017C	37,675,000	37,675,000
Total	$1,229,810,000	$955,000,000
Total including the Series 2017E Bonds	$1,270,000,000	$995,190,000

(1) The official statements for the various Series of Outstanding Parity Bonds are available at the website 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 2017E Bonds.

(2) All series of bonds have maturities on June 1. Assumes the Series 2017E Bonds are issued and Outstanding.

(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 2017-2018 and assuming no further prepayment, expected to generate the highest percentages of estimated annual Revenues in fiscal year 2017-2018.

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 an amendment to the Subordinated Indenture approved on June 22, 2017, the Supplemental Credit Reserve Fund was created as an account held by the Trustee under the Subordinated Indenture. If the amounts on deposit in any Governmental Unit's debt service account of the debt service fund securing Subordinate Lien Bonds or in any repayment account in connection with a short-term borrowing are insufficient for payments coming due under the related loan agreement or securities pledged to secure Subordinate Lien Bonds on the next loan payment date or payments coming due on the next short-term borrowing payment date, after applying any applicable reserve account or other source for the payment of debt service, the Trustee shall transfer from the Supplemental Credit Reserve Fund, an amount sufficient, together with amounts in the related debt service account, to pay the principal component and the interest component due under such loan agreement or securities or short-term borrowing on such payment date, as applicable. The Supplemental Credit Reserve Fund is not pledged as security for the Bonds.

The Supplemental Credit Reserve Fund was initially funded on July 5, 2017, in an amount of $30,593,376 transferred from the now-deactivated Contingent Liquidity Account (as defined herein). See "NEW MEXICO FINANCE AUTHORITY – The Public Project Revolving Fund – Contingent Liquidity Account." The Finance Authority shall determine, as of the end of each Bond Fund Year, the Supplemental Credit Reserve Requirement, which shall be an amount equal to the amount of the Common Debt Service Reserve Fund at that time. As of October 31, 2017 the Supplemental Credit Reserve Fund was funded in an amount of $30,668,186.

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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 as of the date of delivery of the Series 2017E Bonds:

Series[1]	Original Principal Amount Issued	Aggregate Principal Amount Outstanding as of Delivery of Bonds[2]
2013C-1	$ 3,745,000	$ 2,540,000
2013C-2	10,550,000	6,915,000
2014A-1	15,135,000	13,490,000
2014A-2	16,805,000	12,240,000
2015A	63,390,000	56,325,000
2015D	29,355,000	25,440,000
2016B	8,950,000	6,045,000
2017B	68,015,000	62,240,000
2017D	41,395,000	41,395,000
Total	$257,340,000	$226,630,000
Total including the Series 2017F Bonds[3]	$276,655,000	$245,945,000

(1) The official statements for the various series of outstanding Subordinate Lien Bonds are available at the website 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 2017E Bonds.

(2) All series of bonds have maturities on June 15.

(3) At or about the same time that the Finance Authority issues the Series 2017E Bonds, the Finance Authority expects to issue the Series 2017F Bonds in the principal amount of $19,315,000. The issuance of the Series 2017E Bonds is not contingent upon the issuance of the Series 2017F 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 2017E 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 2017E 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 2017E Governmental Units, the proceeds of which will be or were used to finance or refinance certain Projects for such 2017E 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 2017E Bonds. See "INTRODUCTION—Authority and Purpose" and APPENDIX F for a list of the 2017E Governmental Units and the amount of the Loans expected to be financed with proceeds of the Series 2017E 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 2017E Bonds.

Sources of Funds	
Principal Amount	$40,190,000.00
Original Issue Premium	7,283,106.25
Total Sources	$47,473,106.25
Uses of Funds	
Deposit to Public Project Revolving Fund[1]	$47,174,657.12
Costs of Issuance[2]	298,449.13
Total Uses	$47,473,106.25

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(1) Amounts deposited in the Public Project Revolving Fund will be used to reimburse the Finance Authority for Loans previously made to the 2017E Governmental Units, which have been used to finance Projects for such 2017E Governmental Units and, as applicable, fund an agreement reserve fund. See "APPENDIX F—2017E GOVERNMENTAL UNITS; LARGEST REPAYMENT OBLIGATIONS." Includes approximately $27,647,600 to pay amounts owing under a line of credit with Wells Fargo Bank, National Association. See "NEW MEXICO FINANCE AUTHORITY–The Public Project Revolving Fund Program–Temporary Borrowing."

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

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ANNUAL DEBT SERVICE REQUIREMENTS

The following schedule shows the total debt service payable for the Series 2017E 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 2017E Bonds Principal	Series 2017E Bonds Interest	Outstanding Parity Bonds[(2)]	Total Annual Debt Service
2018	$ 450,000	$ 1,008,069	$ 110,681,751	$ 112,139,821
2019	4,030,000	1,987,000	110,593,399	116,610,399
2020	3,130,000	1,785,500	108,083,625	112,999,125
2021	3,120,000	1,629,000	106,050,709	110,799,709
2022	3,000,000	1,473,000	97,380,235	101,853,235
2023	2,155,000	1,323,000	89,370,878	92,848,878
2024	1,990,000	1,215,250	80,539,839	83,745,089
2025	2,070,000	1,115,750	77,157,440	80,343,190
2026	2,120,000	1,012,250	70,179,268	73,311,518
2027	3,005,000	906,250	64,198,014	68,109,264
2028	2,695,000	756,000	61,103,980	64,554,980
2029	1,520,000	621,250	52,140,151	54,281,401
2030	1,950,000	545,250	41,109,453	43,604,703
2031	1,825,000	447,750	37,935,827	40,208,577
2032	1,815,000	356,500	37,719,991	39,891,491
2033	1,775,000	265,750	38,066,631	40,107,381
2034	725,000	177,000	35,289,577	36,191,577
2035	670,000	140,750	35,145,397	35,956,147
2036	705,000	107,250	23,998,185	24,810,435
2037	715,000	72,000	10,369,571	11,156,571
2038	725,000	36,250	10,324,292	11,085,542
2039	-	-	7,403,736	7,403,736
2040	-	-	7,066,700	7,066,700
2041	-	-	6,672,000	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	$40,190,000	$16,980,819	$1,331,527,447	$1,388,698,267

(1) Assumes the Series 2017E Bonds are issued and outstanding. Totals may not add due to rounding.

(2) Includes principal and interest on Bonds expected to be outstanding as of the date of delivery of the Series 2017E Bonds.

(Source: WFG.)

The following table shows estimated available Revenues pledged to the payment of the Bonds, total debt service requirements for the Series 2017E 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 July 31, 2017, the Finance Authority's projections for fiscal year 2017-2018 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—Agreement Revenues," "—Additional Pledged Loans" and "—The Governmental Gross Receipts Tax" for descriptions of the Revenues presented in the tables under the headings "Aggregate Agreement Revenues" and "NMFA Portion of the Governmental Gross Receipts Tax." 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
2018	$ 29,500,000	$ 117,697,360	$ 147,197,360	$ 112,139,821	1.31
2019	29,500,000	121,927,496	151,427,496	116,610,399	1.30
2020	29,500,000	120,119,475	149,619,475	112,999,125	1.32
2021	29,500,000	114,545,581	144,045,581	110,799,709	1.30
2022	29,500,000	104,834,996	134,334,996	101,853,235	1.32
2023	29,500,000	98,079,973	127,579,973	92,848,878	1.37
2024	29,500,000	88,668,219	118,168,219	83,745,089	1.41
2025	29,500,000	86,078,545	115,578,545	80,343,190	1.44
2026	29,500,000	76,973,561	106,473,561	73,311,518	1.45
2027	29,500,000	72,921,109	102,421,109	68,109,264	1.50
2028	29,500,000	69,555,970	99,055,970	64,554,980	1.53
2029	29,500,000	69,790,478	99,290,478	54,281,401	1.83
2030	29,500,000	51,412,946	80,912,946	43,604,703	1.86
2031	29,500,000	45,928,811	75,428,811	40,208,577	1.88
2032	29,500,000	43,373,733	72,873,733	39,891,491	1.83
2033	29,500,000	42,644,325	72,144,325	40,107,381	1.80
2034	29,500,000	38,423,630	67,923,630	36,191,577	1.88
2035	29,500,000	37,395,348	66,895,348	35,956,147	1.86
2036	29,500,000	25,819,947	55,319,947	24,810,435	2.23
2037	29,500,000	16,142,038	45,642,038	11,156,571	4.09
2038	29,500,000	12,697,292	42,197,292	11,085,542	3.81
2039	29,500,000	9,261,038	38,761,038	7,403,736	5.24
2040	29,500,000	7,973,994	37,473,994	7,066,700	5.30
2041	29,500,000	7,234,702	36,734,702	6,672,000	5.51
2042	29,500,000	3,670,376	33,170,376	2,788,950	11.89
2043	29,500,000	3,250,883	32,750,883	2,784,650	11.76
2044	29,500,000	3,253,532	32,753,532	2,782,850	11.77
2045	29,500,000	2,990,601	32,490,601	2,633,350	12.34
2046	29,500,000	2,311,999	31,811,999	1,957,000	16.26

(1) Assumes the Series 2017E 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 July 31, 2017, the Finance Authority projects that governmental gross receipts tax distributions for fiscal year 2017-2018 will be no less than $29,500,000. 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 projected to be received for Loans outstanding as of the date of delivery of the Series 2017E Bonds, including the Loans financed or refinanced with proceeds of the Series 2017E Bonds. Assumes scheduled payments of Agreements, and does not reflect the prepayment of any such Agreements that may occur while the Bonds are Outstanding. 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 WFG.)

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)(2)	President, McDermott Advisory Services, LLC	01/01/2017
William F. Fulginiti (Vice Chair)(3)	Executive Director, New Mexico Municipal League	not applicable
Ken McQueen (Secretary)(1)(3)	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)(2)	Chief Executive Officer, Senior Vice President, Curtis & Curtis, Inc., Clovis, New Mexico	01/01/2016
Matthew Geisel (1)(3)	Cabinet Secretary, Economic Development Department, State of New Mexico	not applicable
Steve Kopelman(3)	Executive Director, New Mexico Association of Counties	not applicable
Duffy Rodriguez(1)(3)	Cabinet Secretary, Department of Finance and Administration	not applicable
Butch Tongate(1)(3)	Cabinet Secretary, 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) Term has expired but continues to serve until replaced or reappointed.
(3) Ex officio member with voting privileges. An ex officio member may designate an alternate member. Alternate members may attend meetings and vote on all matters considered by the Finance Authority. Ex officio members that are cabinet secretaries are appointed to their cabinet positions by the Governor of the State and serve in those capacities at the pleasure of the Governor.

Presented below is certain information concerning key staff members of the Finance Authority involved in the issuance of the Series 2017E 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 of New Mexico School of Law and his Bachelor of Arts degree in Economics from the University of New Mexico, and is a retired professional baseball player with the Los Angeles Dodgers organization.

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 September 30, 2017, the Finance Authority had made 1,465 PPRF loans totaling approximately $3.2 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") in an amount equal to the Common Debt Service Reserve Fund. Although not pledged to any Finance Authority bonds, the Contingent Liquidity Account was intended to enhance the Finance Authority's ability to meet the cash-flow needs of the PPRF program. At its meeting on June 22, 2017, the Finance Authority's board of directors amended the PPRF debt management policy to provide for the creation of the Supplemental Credit Reserve Fund and the deactivation of the Contingent Liquidity Account. Effective July 5, 2017, amounts in the Contingent Liquidity Account were transferred to the Supplemental Credit Reserve Fund, and the Contingent Liquidity Account was effectively deactivated. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Outstanding Subordinate Lien Bonds."

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 drew approximately $27.6 million under the Wells Fargo Short-Term Borrowing in October of 2017. A portion of the proceeds of the Series 2017E Bonds are expected to be used to retire this Short-Term Borrowing.

Other Bond Programs and Projects

The Finance Authority also participates in or administers other bond programs designed to provide financing to local governmental entities and state agencies for public projects. Such programs are not secured by the Trust Estate but are secured by other sources of revenues. The following table sets forth the different types of bond programs and the amount of bonds expected to be outstanding under such programs as of the date of delivery of the Series 2017E Bonds.

Program	Project	Original Principal Amount	Outstanding as of Date of Delivery of the Bonds	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 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	375,225,000	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	169,975,000	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 2017E 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 2017E Bonds, or in any way contesting or affecting the validity or enforceability of the Series 2017E 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 2017E Bonds.

UNDERWRITING

Pursuant to a Bond Purchase Agreement dated November 8, 2017 (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 2017E Bonds from the Finance Authority at a purchase price equal to $47,360,642.20 (being the par amount of the Series 2017E Bonds plus an original issue premium of $7,283,106.25, and less an underwriting discount of $112,464.05). The Bond Purchase Agreement provides that the Underwriters will purchase all of the Series 2017E 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 2017E 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 & Co. LLC., the lead underwriter of the Series 2017E Bonds, has entered into a retail distribution arrangement with its affiliate Morgan Stanley Smith Barney LLC. As part of this 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 2017E 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 2017E Bonds, has entered into an agreement (the "WFA Distribution Agreement") with its affiliate, Wells Fargo Clearing Services, LLC (which uses the trade name "Wells Fargo Advisors") ("WFA"), for the distribution of certain municipal securities offerings, including the Series 2017E 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 2017E 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 2017E 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

The following is a summary of the material federal and State of New Mexico income tax consequences of holding and disposing of the Series 2017E Bonds. This summary is based upon laws, regulations, rulings and judicial decisions now in effect, all of which are subject to change (possibly on a retroactive basis). This summary does not discuss all aspects of federal income taxation that may be relevant to investors in light of their personal investment circumstances or describe the tax consequences to certain types of owners subject to special treatment under the federal income tax laws (for example, dealers in securities or other persons who do not hold the Series 2017E Bonds as a capital asset, tax-exempt organizations, individual retirement accounts and other tax deferred accounts, and foreign taxpayers), and, except for the income tax laws of the State of New Mexico, does not discuss the consequences to an owner under any state, local or foreign tax laws. The summary does not deal with the tax treatment of persons who purchase the Series 2017E Bonds in the secondary market. Prospective investors are advised to consult their own tax advisors regarding federal, state, local and other tax considerations of holding and disposing of the Series 2017E Bonds.

Opinion of Bond Counsel

In the opinion of Gilmore & Bell, P.C., Bond Counsel to the Finance Authority, under the law existing as of the issue date of the Series 2017E Bonds:

<u>Federal Tax Exemption</u>. The interest on the Series 2017E Bonds (including any original issue discount properly allocable to an owner thereof) is excludable from gross income for federal income tax purposes.

<u>Alternative Minimum Tax</u>. The interest on the Series 2017E Bonds is not an item of tax preference for purposes of computing the federal alternative minimum tax imposed on individuals and corporations, but is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on certain corporations.

<u>State of New Mexico Tax Exemption</u>. The interest on the Series 2017E Bonds is exempt from income taxation by the State of New Mexico.

Bond Counsel's opinions are provided as of the date of the original issue of the Series 2017E Bonds, subject to the condition that the Finance Authority and the Governmental Units comply with all requirements of the Internal Revenue Code of 1986, as amended (the "Code") that must be satisfied subsequent to the issuance of the Series 2017E Bonds in order that interest thereon be, or continue to be, excludable from gross income for federal income tax purposes. The Finance Authority and the Governmental Units have covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause the inclusion of interest on the Series 2017E Bonds in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2017E Bonds.

<u>No Other Opinion</u>. Bond Counsel is expressing no opinion regarding other federal, state or local tax consequences arising with respect to the Series 2017E Bonds, except as expressly provided herein. Purchasers of the Series 2017E Bonds should consult their tax advisors as to the applicability of these tax consequences and other income tax consequences of the purchase, ownership and disposition of the Series 2017E Bonds, including the possible application of state, local, foreign and other tax laws.

Other Tax Consequences

<u>Original Issue Premium</u>. For federal income tax purposes, premium is the excess of the issue price of a Series 2017E Bond over its stated redemption price at maturity. The issue price of a Series 2017E Bond is generally the first price at which a substantial amount of the Series 2017E Bonds of that maturity have been sold to the public. Under Section 171 of the Code, premium on tax-exempt bonds amortizes over the term of the bond using constant

yield principles, based on the purchaser's yield to maturity. As premium is amortized, the owner's basis in the Series 2017E Bond and the amount of tax-exempt interest received will be reduced by the amount of amortizable premium properly allocable to the owner, which will result in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes on sale or disposition of the Series 2017E Bond prior to its maturity. Even though the owner's basis is reduced, no federal income tax deduction is allowed. Prospective investors should consult their own tax advisors concerning the calculation and accrual of bond premium.

Sale, Exchange or Retirement of Bonds. Upon the sale, exchange or retirement (including redemption) of a Series 2017E Bond, an owner of the Series 2017E Bond generally will recognize gain or loss in an amount equal to the difference between the amount of cash and the fair market value of any property received on the sale, exchange or retirement of the Series 2017E Bond (other than in respect of accrued and unpaid interest) and such owner's adjusted tax basis in the Series 2017E Bond. To the extent a Series 2017E Bond is held as a capital asset, such gain or loss will be capital gain or loss and will be long-term capital gain or loss if the Series 2017E Bond has been held for more than 12 months at the time of sale, exchange or retirement.

Reporting Requirements. In general, information reporting requirements will apply to certain payments of principal, interest and premium paid on the Series 2017E Bonds, and to the proceeds paid on the sale of the Series 2017E Bonds, other than certain exempt recipients (such as corporations and foreign entities). A backup withholding tax will apply to such payments if the owner fails to provide a taxpayer identification number or certification of foreign or other exempt status or fails to report in full dividend and interest income. The amount of any backup withholding from a payment to an owner will be allowed as a credit against the owner's federal income tax liability.

Collateral Federal Income Tax Consequences. Prospective purchasers of the Series 2017E Bonds should be aware that ownership of the Series 2017E Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits, certain S corporations with "excess net passive income," foreign corporations subject to the branch profits tax, life insurance companies, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry or have paid or incurred certain expenses allocable to the Series 2017E Bonds. Bond Counsel expresses no opinion regarding these tax consequences. Purchasers of Series 2017E Bonds should consult their tax advisors as to the applicability of these tax consequences and other federal income tax consequences of the purchase, ownership and disposition of the Series 2017E Bonds, including the possible application of state, local, foreign and other tax laws.

LEGAL MATTERS

In connection with the issuance and sale of the Series 2017E Bonds, Gilmore & Bell, P.C., Salt Lake City, Utah, as Bond Counsel to the Finance Authority, will deliver its opinion in substantially the form included in APPENDIX D. Certain legal matters will be passed upon for the Finance Authority by its 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 2017E 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, 2016, 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 November 16, 2016. 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 2017E 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 2017E 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 Distributions Fiscal Years 2012-2013 Through 2016-2017" 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 (in each case, prepared in accordance with generally accepted accounting principles consistently applied, as in effect from time to time) for the Finance Authority, any Governmental Unit meeting the 20% Test and each additional Governmental Unit designated by the Finance Authority, or, if audited financial statements are not available by March 31 of each fiscal year, or the next succeeding business day if March 31 is not a business day, unaudited financial statements and audited financial statements as soon as such audited financial statements become available;

- 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 2017E 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 2017E 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 2017E 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 2017E 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 2017E 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 2017E 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 2017E 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 2017E 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 2017E Bonds may have an adverse effect on the market price of the Series 2017E Bonds. The Municipal Advisor has not undertaken any responsibility to bring to the attention of the owners of the Series 2017E Bonds any proposed revision or withdrawal of the ratings on the Series 2017E 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 2017E 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 2017E 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 2017E 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, 2016

As soon as practicable after the audited Financial Statements of the Finance Authority for the Fiscal Year ended June 30, 2017 (the "FY 2017 Audit") are approved by the State Auditor and available on the State Auditor's website at https://www.saonm.org/audit_reports/search, the Finance Authority intends to file the FY 2017 Audit on the MSRB's EMMA website, www.emma.msrb.org. The Finance Authority does not intend to update or supplement this Official Statement with the FY 2017 Audit.

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

Financial Statements, Supplemental Information, Independent Auditor's Report and Single Audit

June 30, 2016 and 2015

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, 2016

Governing Board
John E. McDermott, Chair
William Fulginiti, Vice Chair
David Martin, Secretary
Katherine Ulibarri, Treasurer
Steve Kopelman, Member
Ryan Flynn, Member
Dorothy "Duffy" Rodriguez, Member
Jon Barela, Member
Blake Curtis, Member
Terry White, Member

Chief Executive Officer
Robert P. Coalter

Chief Financial Officer
Vacant

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, 2016 and 2015, 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, 2016 and 2015, and the respective 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 Title 2 U.S. *Code of Federal regulations (CFR) Part 200, Uniform Administration Requirements, Cost Principles and Audit Requirements for Federal Awards,* 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.

The vendor schedule listed in the table of contents as other supplementary information have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 16, 2016, 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
November 16, 2016

New Mexico Finance Authority
Management's Discussion and Analysis
June 30, 2016 and 2015

Overview of the Financial Statements

The financial statements of New Mexico Finance Authority (the "Authority") 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 changes in the net position of the Authority 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 position improved slightly from June 30, 2015 to June 30, 2016. The key indicator is total net position which increased by $5.6 million or 1.1%.
- Unrestricted cash decreased $6.2 million or 28.7%. Restricted cash increased by $21.8 million or 19.2%. Restricted investments increased by $52.0 million or 18.6%.
- The total assets of NMFA increased by $136.5 million or 8.0% as compared against the prior fiscal year. Various reasons account for the increase in assets, which are discussed by management below. The most significant were additional PPRF loan closings and cash generated from additional bonds issuances.
- Loans receivable increased by $82.9 million or 7.0% from previous year.
- Intergovernmental receivables decreased by $16.0 million or 15.1%, primarily as a result of debt payments received in fiscal year 2016.
- Bonds payable increased by $57.5 million or 5.4% in 2016, the result of issuing of $241.7 million in new bonds, principal payments on outstanding bonds of $168.5 million, and amortization of bond premium of $15.7 million.
- Undisbursed loan proceeds increased by $63.7 million or 88.5% during fiscal year 2016 due to the timing of a bond issuance at the end of the fiscal year.

- Appropriation revenue decreased by $4.0 million in fiscal year 2016, representing a decrease of 10.8% from fiscal year 2015. The reduction resulted from lower metro court and health sciences appropriations.
- The Authority experienced a $3.9 million or 120.5% increase in administrative and processing fees revenue from $3.2 million in 2015 to $7.0 million in 2016. This increase is mainly a result of an exit fee received by Finance New Mexico of $3.4 million in FY 2016.
- Expenses increased 15.8% from $108.7 million in 2015 to $125.9 million in 2016, representing an increase of $17.2 million. Bond interest expense increased by $8.0 million or 21.1% mostly to additional bonds outstanding. Loan refinancing pass-through expense increased by $12.5 million due to a greater amount of refinanced loans with associated bond premiums passed through to the borrower.
- Grant revenue and corresponding activity decreased 11.6% or $7.4 million as the Authority experienced decreased grant activity within the Colonias and Drinking Water programs during the year. This includes federal grant revenues and transfers from the State of New Mexico.
- Reversions and transfers increased 319.5% or $14.6 million as the Authority transferred $10.5 million to the New Mexico Economic Development Department for projects pursuant to the Local Economic Development Act. Additionally, the Authority transferred $5.0 million to the New Mexico Economic Development Department of the existing award of $13.2 million from United States Treasury State Small Business Credit Initiative Program.

Statement of Net Position

The following presents condensed, combined statements of net position as of June 30, 2016, 2015, and 2014. The table also includes the dollar and percentage change from June 30, 2015 to June 30, 2016.

	2016	2015	Net Increase/ (Decrease)	Percentage Increase/ (Decrease)	2014
Assets					
Cash and equivalents					
Unrestricted	$ 15,433,532	$ 21,656,317	$ (6,222,785)	-28.7%	$ 19,792,613
Restricted	135,135,587	113,366,876	21,768,711	19.2%	112,880,142
Investments – restricted	332,151,402	280,161,230	51,990,172	18.6%	183,692,467
Loans receivable, net of allowance	1,261,656,387	1,178,795,528	82,860,859	7.0%	1,179,166,365
Intergovernmental receivables	90,088,299	106,092,483	(16,004,184)	-15.1%	118,148,921
Other receivables	9,586,224	7,798,937	1,787,287	22.9%	10,258,000
Capital assets	278,916	4,867	274,049	5630.8%	104,378
Other assets	19,500	19,500	-	0.0%	19,500
Total assets	**1,844,349,847**	**1,707,895,738**	**136,454,109**	8.0%	**1,624,062,386**
Deferred Outflows of Resources					
Deferred loss on refunding	**823,233**	**184,242**	**638,991**	346.8%	**1,191,181**
Total deferred outflows of resources	**823,233**	**184,242**	**638,991**	346.8%	**1,191,181**
Liabilities					
Bonds payable, net	1,114,448,718	1,056,903,674	57,545,044	5.4%	1,048,141,351
Undisbursed loan proceeds	135,624,986	71,940,001	63,684,985	88.5%	28,744,630
Advanced loan payments	83,008,008	74,332,049	8,675,959	11.7%	72,189,707
Accounts payable, accrued payroll and compensated absences	815,948	643,540	172,408	26.8%	657,934
Line of credit	-	-	-	-100.0%	12,006,298
Other liabilities	4,057,878	4,254,194	(196,316)	-4.6%	4,200,346
Total liabilities	**1,337,955,538**	**1,208,073,458**	**129,882,080**	10.8%	**1,165,940,266**
Deferred Inflows of Resources					
Deferred gain on refunding	**1,575,177**	**-**	**1,575,177**	100.0%	**-**
Total deferred inflows of resources	**1,575,177**	**-**	**1,575,177**	100.0%	**-**
Net Position					
Invested in capital assets	278,916	4,867	274,049	5630.8%	104,378
Restricted for program commitments	495,576,466	483,282,743	12,293,723	2.5%	445,061,112
Unrestricted	9,786,983	16,718,912	(6,931,929)	-41.5%	14,147,811
Total net position	**$ 505,642,365**	**$ 500,006,522**	**$ 5,635,843**	1.1%	**$ 459,313,301**

Assets

During FY 2016, Loans receivable increased by $82.9 million or 7.0%. New loans made during the year totaled $199.1 million while loan payments received were $116.3 million.

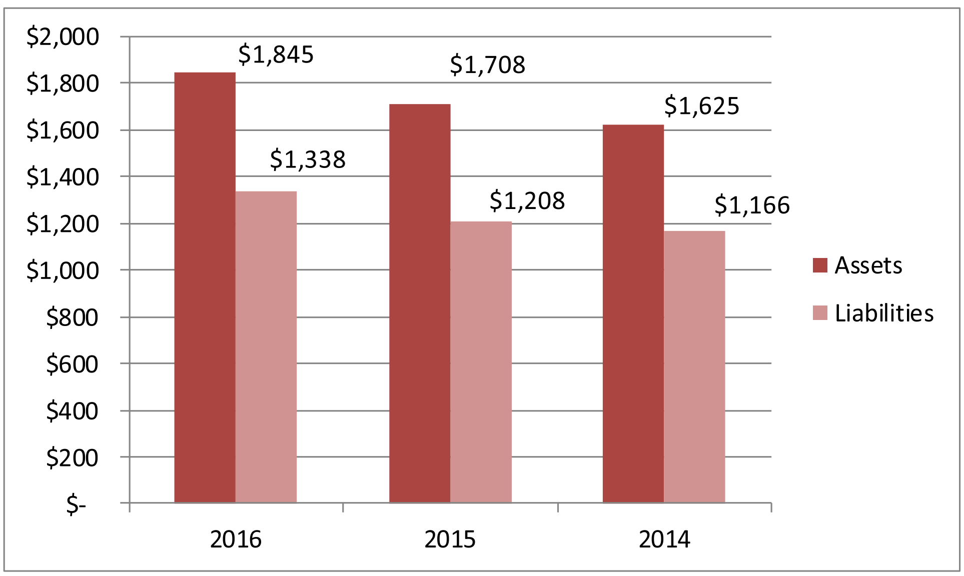
It should be noted that the Statement of Net Position reflects the implementation of GASB 72, which increased investments reported as of June 30, 2016 by $1.3 million. See Note 3 in the notes to the financial statements for more information regarding the disclosures of investments.

Total cash and investments increased 16.3% from $415.2 million in 2015 to $482.7 million in fiscal year 2016 due primarily to timing of a bond closing at the end of the fiscal year.

Liabilities

During FY 2016, bonds payable increased by $57.5 million resulting from the issuance of $241.7 million in new bonds, principal payments and defeasances on outstanding bonds of $168.5 million, and amortization of bond premium of $15.7 million. Undisbursed loan proceeds increased by $63.7 million in FY2016 due to a bond issuance occurring close to the fiscal year end. Advanced loan payments experienced an $8.7 million or 11.7% increase from fiscal year 2015.

The following chart indicates the ratio of assets to liabilities (in millions):



New Mexico Finance Authority
Management's Discussion and Analysis
June 30, 2016 and 2015

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 2016, 2015, and 2014 fiscal years. The table includes the net change in amount and percentages from the 2015 to 2016 fiscal year.

	2016	2015	Net Increase/ (Decrease)	Percentage Increase/ (Decrease)	2014
Operating Revenues					
Administrative and processing fees	$ 7,049,654	$ 3,197,684	$ 3,851,970	>100%	$ 3,589,843
Interest on loans	51,736,376	48,645,757	3,090,619	6.4%	48,723,703
Interest on investments	2,195,762	925,910	1,269,852	>100%	488,741
Total operating revenues	60,981,792	52,769,351	8,212,441	15.6%	52,802,287
Expenses					
Grants to others	47,888,370	54,240,349	(6,351,979)	-11.7%	50,824,441
Bond interest expense	45,756,067	37,761,525	7,994,542	21.2%	51,356,270
Loan refinancing pass-through	21,455,228	8,945,997	12,509,231	139.8%	2,962,977
Salaries and benefits	4,515,210	4,361,363	153,847	3.5%	4,284,392
Other operating costs	2,466,954	1,632,550	834,404	51.1%	1,757,243
Professional services	2,389,037	2,146,157	242,880	11.3%	2,189,377
Bond issuance costs	1,018,535	1,243,632	(225,097)	-18.1%	674,398
Interest expense	296,138	489,859	(193,721)	-39.5%	298,359
Administrative fees	87,289	134,365	(47,076)	-35.0%	189,383
Provision for loan losses	2,241	(2,370,845)	2,373,086	-100.1%	(822,108)
Depreciation expense	2,193	102,187	(99,994)	-97.9%	116,394
Total operating expenses	125,877,262	108,687,139	17,190,123	15.8%	113,831,126
Net operating loss	(64,895,470)	(55,917,788)	(8,977,682)	16.1%	(61,028,839)
Nonoperating Revenues (Expenses)					
Appropriation revenue	33,127,879	37,157,026	(4,029,147)	-10.8%	43,086,860
Grant revenue	56,602,986	64,031,220	(7,428,234)	-11.6%	55,224,996
Reversions and transfers	(19,199,552)	(4,577,237)	(14,622,315)	>100%	(3,931,693)
	70,531,313	96,611,009	(26,079,696)	-27.0%	94,380,163
Increase in net position	5,635,843	40,693,221	(35,057,378)	-86.2%	33,351,324
Net position, beginning of year, as restated	500,006,522	459,313,301	40,693,221		425,961,977
Net position, end of year	**$ 505,642,365**	**$ 500,006,522**	**$ 5,635,843**	**1.1%**	**$ 459,313,301**

Operating revenue increased to $61.0 million or 15.6% in 2016. Administrative and processing fees increased by $3.9 million or a 120.5% increase in administrative and processing fees revenue from $3.2 million in 2015 to $7.0 million in 2016. This increase is mainly a result of an exit fee received by Finance New Mexico of $3.4 million in FY 2016. During FY 2016, interest on loans increased by $3.1 million or 6.4% due to increased loan activity. Interest on investments increased by 137.1% as compared to 2015 due to the implementation of GASB 72 and increased return on investments.

Overall operating costs increased $17.2 million or 15.8% mainly due to increased debt service interest expense of $8.0 million associated with additional bonds outstanding. Additionally, refinanced loans with correlating bond premiums increased during FY2016. As a result, loan refinancing pass-through expenses increased by $12.5 million.

Grant revenue and corresponding activity decreased 11.6% or $7.4 million as the Authority experienced decreased grant activity within the Colonias and Drinking Water programs. During FY 2016, appropriation revenue decreased by $4.0 million, representing a decrease of 10.8% from fiscal year 2015. The reduction is a result of reduced metro court and health sciences appropriations. Reversions and transfers increased 319.5% or $14.6 million as the Authority transferred $10.5 million to New Mexico Economic Development Department for projects pursuant to Local Economic Development Act. Additionally, the Authority transferred $5.0 million to New Mexico Economic Development Department of the existing award of $13.2 million from United States Treasury State Small Business Credit Initiative Program to the Authority's financial statements.

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 2016, the total amount outstanding was $1.1 billion (excluding the $1.3 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 $241.7 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 (PPRF) is highlighted in the following discussion due to the significance of the program to the Authority's financial statements.

Public Project Revolving Fund

The Authority, established in 1992, was designed as a vehicle to administer the PPRF. The mission of the PPRF is to coordinate 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 entities, including without limitation counties, municipalities and school districts, are eligible to borrow from the PPRF. Since 1993, the PPRF has made 1,295 loans totaling $2.75 billion.

The PPRF makes loans of less than $5 million from funds on hand. The Authority's cash is replenished at a later date by "packaging" the loans as collateral and selling tax-exempt bonds. Loans larger than $5 million are funded through simultaneous closings with a reimbursement bond issue, ensuring a precise matching of loan and bond interest rates.

The Authority operates, in many respects, in the same manner as a bank or other lending institution. Infrastructure finance agencies similar to the Authority 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,

	2016	2015	Net Increase/ (Decrease)	Percentage Increase/ (Decrease)	2014
Assets					
Cash and equivalents					
Unrestricted	$ 15,433,532	$ 21,129,169	$ (5,695,637)	-27.0%	$ 18,662,427
Restricted	84,062,466	74,239,292	9,823,174	13.2%	86,535,872
Restricted investments	281,248,545	231,414,125	49,834,420	21.5%	122,591,262
Accounts receivable and other	8,428,979	6,462,198	1,966,781	30.4%	8,794,009
Loans receivable, net of allowance	1,136,108,419	1,058,275,504	77,832,915	7.4%	1,081,631,189
Due from the State of New Mexico	87,790,000	96,135,000	(8,345,000)	-8.7%	104,525,000
Capital assets	244,840	(29,209)	274,049	-938.2%	70,302
Other assets	14,147,904	7,824,918	6,322,986	80.8%	9,353,716
Total assets	**1,627,464,685**	**1,495,450,997**	**132,013,688**	8.8%	**1,432,163,777**
Deferred Outflows of Resources					
Deferred loss on refunding	823,233	184,242	638,991	346.8%	1,191,181
Total deferred outflows of resources	**823,233**	**184,242**	**638,991**	346.8%	**1,191,181**
Liabilities					
Accounts payable and accrued payroll liabilities	5,505,656	1,445,741	4,059,915	280.8%	2,751,301
Undisbursed loan proceeds	135,562,894	71,877,909	63,684,985	88.6%	28,682,538
Borrowers' debt service and reserve deposits	86,097,863	77,563,762	8,534,101	11.0%	86,969,969
Bonds payable, net	1,113,198,718	1,048,093,351	65,105,367	6.2%	1,036,144,409
Total liabilities	**1,340,365,131**	**1,198,980,763**	**141,384,368**	11.8%	**1,154,548,217**
Deferred Inflows of Resources					
Deferred gain on refunding	1,575,177	-	1,575,177	100.0%	-
Total deferred inflows of resources	**1,575,177**	**-**	**1,575,177**	100.0%	**-**
Net Position					
Invested in capital assets	244,840	(29,209)	274,049	-938.2%	70,302
Restricted for program commitments	270,669,238	276,556,622	(5,887,384)	-2.1%	262,175,614
Unrestricted	15,433,532	20,127,063	(4,693,531)	-23.3%	16,560,825
Total net position	**$ 286,347,610**	**$ 296,654,476**	**$ (10,306,866)**	-3.5%	**$ 278,806,741**

Loan Volume

	FY2016	FY2015	Since Inception
Amount of loans made	$236.9 million	$149.2 million	$2.75 billion
Number of loans made	67	49	1,295
Average loan size	$3.6 million	$3.0 million	$2.1 million
Refunding Loans (included above)	$110.2 million	$88.9 million	

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

	2016	2015	Net Increase/ (Decrease)	Percentage Increase/ (Decrease)	2014
Interest Income					
Loans	$ 49,650,131	$ 46,430,667	$ 3,219,464	6.9%	$ 46,548,780
Investments	1,472,865	504,597	968,268	191.9%	245,422
Total interest income	51,122,996	46,935,264	4,187,732	8.9%	46,794,202
Interest Expense					
Bonds	45,991,088	37,375,570	8,615,518	23.1%	50,809,365
Loan refinancing pass-through	21,455,228	8,945,997	12,509,231	139.8%	2,962,977
Short-term borrowing	190,972	359,592	(168,620)	-46.9%	144,082
Total interest expense	67,637,288	46,681,159	20,956,129	44.9%	53,916,424
Net Interest Income (Loss)					
Interest income (loss) less interest expense	(16,630,378)	254,105	(16,884,483)	-6644.7%	(7,122,222)
Provision for loan losses	58,043	62,215	(4,172)	-6.7%	1,900,656
Net interest loss after provision for loan losses	(16,572,335)	316,320	(16,888,655)	-5339.1%	(5,221,566)
Noninterest Income					
Loan administration fees	1,928,785	1,819,441	109,344	6.0%	1,451,116
Appropriation revenues	28,619,027	24,267,401	4,351,626	17.9%	29,091,277
Total noninterest income	30,547,812	26,086,842	4,460,970	17.1%	30,542,393
Noninterest Expense					
Salaries and benefits	2,358,936	2,322,032	36,904	1.6%	2,179,170
Professional services	982,975	1,048,599	(65,624)	-6.3%	970,669
Bond issuance costs	1,018,535	1,243,632	(225,097)	-18.1%	674,398
Other	1,811,861	908,102	903,759	99.5%	1,561,926
Total noninterest expense	6,172,307	5,522,365	649,942	11.8%	5,386,163
Excess of revenues over expenditures	7,803,170	20,880,797	(13,077,627)	-62.6%	19,934,664
Transfers to other funds or agencies	(18,110,036)	(3,033,062)	(15,076,974)	497.1%	(11,320,043)
Increase (decrease) in net position	**(10,306,866)**	**17,847,735**	**(28,154,601)**	-157.7%	**8,614,621**
Net position, beginning of year, as restated	**296,654,476**	**278,806,741**	**17,847,735**	6.4%	**270,192,120**
Net position, end of year	**$ 286,347,610**	**$ 296,654,476**	**$ (10,306,866)**	**-3.5%**	**$ 278,806,741**

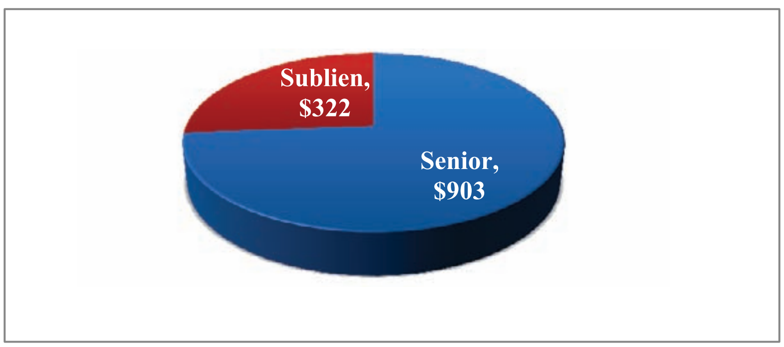
Net Interest Income

As a not-for-profit lender, the Authority attempts to pass on to its borrowers the same rates paid on the bonds issued to provide loaned funds. Therefore, in its planning and management processes, the Authority attempts to achieve a zero net interest income in the PPRF. In fiscal year 2016, the PPRF had net interest loss of $16.5 million, compared to income of $300 thousand in 2015. This is a result of market conditions in which the Authority exercised their early call bond provisions and issued new bonds associated with certain loans. Where the saving on refinancing was passed-through to the borrowers. A major part of the resulting loss, of $16.5 million, is the loan refinancing pass-through expense of $21.5 million during fiscal year 2016.

PPRF Indentures

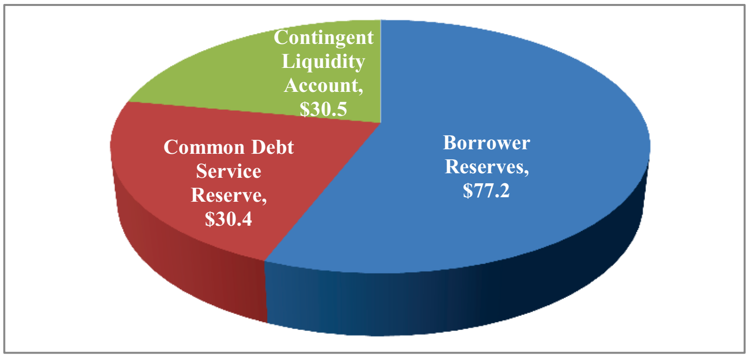
The PPRF maintains a General Indenture of Trust (Senior Lien) and a Subordinated Indenture of Trust (Subordinate Lien). At the end of Fiscal Year 2016, there were 664 loans totaling $1.225 billion outstanding; 74% of those loans are subject to the Senior Lien Indenture and 26% of those loans are subject to the Subordinate Lien Indenture. This is an increase of 6.0% from $1.156 billion in 2015 primarily as a result of increased bond issuances and loan closings to take advantage of historically low interest rates and to match assets with liabilities.

(In millions)



As of October 25, 2016, the Senior Lien is rated AAA and the Subordinate Lien is rated AA by Standard & Poor's and as of October 27, 2016, the Senior Lien is rated Aa1 by Moody's and the Subordinate Lien is rated Aa2. In order to maintain these ratings, 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, and the Contingent Liquidity Account is considered to be held outside the General and Subordinated Indentures of Trust.

As of June 30, 2016
(In millions)



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 $28.1 million in 2016, a $1.6 million increase from the $26.5 million received in 2015. The GGRT funds are used:

- 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, 2016, the relationships were as follows:

	PPRF	Total Authority	% PPRF
Total assets	$1.6 billion	$1.8 billion	88%
Net position	$286.3 million	$505.6 million	57%
Revenues	$81.7million	$94.1 million	87%

There are 23 other programs administered by the Authority, some of which are loan programs and some of which are grant programs. These include the Drinking Water Revolving Loan Fund, Colonias Infrastructure Fund, and economic development programs such as New Market Tax Credits.

The Drinking Water Revolving Loan Fund program experienced a decrease in grant revenues and expenses in Fiscal Year 2016. This decrease was due to the slower rate of requisitions on grant subsidies awarded for qualifying drinking water facility projects in New Mexico. The Authority saw an offsetting increase in the Colonias Infrastructure program grant activity in Fiscal Year 2016. This increase reflected the fact that the program saw an increased number of projects being approved during 2016. As a relatively new program created through the Colonias Infrastructure Act taking effect July 1, 2011, the number of approved projects increases as more funding is available.

Since 2010, a for-profit limited liability company operated by the Authority was awarded a total of $201 million allocation of New Markets Tax Credits by the U.S. Treasury Department. Under this program, the Authority provides federal income tax credits to incentivize businesses to create jobs and otherwise contribute to the economic development of the State. Prior to 2016, the Authority made twelve awards totaling $151.3 million. During Fiscal Year 2016, the Authority made additional awards of $7.75 million. The tax credits have no impact on the financial statements of the Authority as they are held by Finance New Mexico, LLC (FNMLLC). The Authority does incur certain expenses to administer the program and fees charged to applicants and recipients of the credits, which are minimal. In Fiscal Year 2016, the Authority received $3.4 million in an Exit Fee from one of the New Market Tax Credit projects. This income was a one-time event upon the termination of one New Market Tax Credit project. Future exit fees are anticipated.

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, 2016 and 2015

	2016	2015
Assets		
Current assets		
Cash and cash equivalents		
Unrestricted	**$ 15,433,532**	$ 21,656,317
Restricted	**135,135,587**	113,366,876
Interest receivable	**8,505,073**	6,657,501
Grants and other receivables	**890,213**	950,402
Prepaid rent	**19,500**	19,500
Administrative fees receivable	**190,938**	191,034
Loans receivable, net of allowance	**96,915,456**	96,135,492
Intergovernmental receivables	**6,213,814**	6,499,184
Total current assets	**263,304,113**	245,476,306
Noncurrent assets		
Restricted investments	**332,151,402**	280,161,230
Loans receivable, net of allowance	**1,164,740,931**	1,082,660,036
Intergovernmental receivables	**83,874,485**	99,593,299
Capital assets, net of accumulated depreciation	**278,916**	4,867
Total assets	**1,844,349,847**	1,707,895,738
Deferred Outflows of Resources		
Deferred loss on refunding	**823,233**	184,242
Total deferred outflows of resources	**823,233**	184,242
Liabilities		
Current liabilities		
Accounts payable	**307,297**	244,901
Accrued payroll	**176,438**	112,716
Compensated absences	**332,213**	285,923
Bond interest payable	**3,525,287**	3,482,270
Undisbursed loan proceeds	**135,624,986**	71,940,001
Advanced loan payments	**83,008,008**	74,332,049
Bonds payable, net	**78,040,000**	75,943,000
Other liabilities	**532,591**	771,924
Total current liabilities	**301,546,820**	227,112,784
Noncurrent liabilities		
Bonds payable	**1,036,408,718**	980,960,674
Total liabilities	**1,337,955,538**	1,208,073,458
Deferred Inflows of Resources		
Deferred gain on refunding	**1,575,177**	-
Total deferred inflows of resources	**1,575,177**	-
Net Position		
Net investment in capital assets	**278,916**	4,867
Restricted for program commitments	**495,576,466**	483,282,743
Unrestricted	**9,786,983**	16,718,912
Total net position	**$ 505,642,365**	$ 500,006,522

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

	2016	2015
Operating Revenues		
Interest on loans	**$ 51,736,376**	$ 48,645,757
Administrative fees revenue	**7,049,654**	3,197,684
Interest on investments	**2,195,762**	925,910
Total operating revenues	**60,981,792**	52,769,351
Operating Expenses		
Grants to others	**47,888,370**	54,240,349
Bond interest expense	**45,756,067**	37,761,525
Loan refinancing pass-through	**21,455,228**	8,945,997
Salaries and benefits	**4,515,210**	4,361,363
Other operating costs	**2,466,954**	1,632,550
Professional services	**2,389,037**	2,146,157
Bond issuance costs	**1,018,535**	1,243,632
Interest expense	**296,138**	489,859
Administrative fees	**87,289**	134,365
Provision for loan losses	**2,241**	(2,370,845)
Depreciation expense	**2,193**	102,187
Total operating expenses	**125,877,262**	108,687,139
Net operating loss	**(64,895,470)**	(55,917,788)
Nonoperating Revenues (Expenses)		
Appropriation revenue	**33,127,879**	37,157,026
Federal grant revenue	**14,255,306**	24,735,441
Transfers from the State of New Mexico	**42,347,680**	39,295,779
Transfers to the State of New Mexico	**(19,199,552)**	(4,577,237)
Increase in net position	**5,635,843**	40,693,221
Net position, beginning of year	**500,006,522**	459,313,301
Net position, end of year	**$ 505,642,365**	$ 500,006,522

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

New Mexico Finance Authority

Statements of Cash Flows
For the Years Ended June 30

	2016	2015
Cash flows from operating activities		
Cash paid for employee services	**$ (3,687,143)**	$ (4,327,704)
Cash paid to vendors for services	**(5,991,584)**	(3,221,411)
Intergovernmental payments received	**79,524,184**	12,056,839
Loans payments received	**124,937,795**	154,100,150
Loans funded	**(199,124,937)**	(104,764,054)
Grants to local governments	**(47,888,370)**	(54,240,349)
Cash received from federal government for revolving loan funds	**14,255,306**	24,735,441
Interest on loans	**49,888,804**	49,419,453
Proceeds from line of credit	**-**	30,573,802
Payments of line of credit	**-**	(42,580,100)
Administrative fees received	**7,049,750**	3,083,524
Net cash provided by operating activities	**18,963,805**	64,835,591
Cash flows from noncapital financing activities		
Appropriations received from the State of New Mexico	**33,127,879**	37,157,026
Cash transfers from the State of New Mexico	**42,347,680**	39,356,801
Cash transfers to the State of New Mexico	**(19,199,552)**	(4,638,259)
Proceeds from the sale of bonds, including premiums	**241,738,642**	186,584,472
Payment of bonds	**(168,518,000)**	(162,345,000)
Bond issuance costs	**(1,018,535)**	(1,243,632)
Bond interest expense paid	**(60,370,113)**	(52,865,038)
Loan refinancing pass-through to borrowers	**(21,455,228)**	(8,945,997)
Net cash provided by (used in) noncapital financing activities	**46,652,773**	33,060,373
Cash flows from investing activities		
Purchase of investments	**(54,851,115)**	(113,028,816)
Sale of investments	**3,507,809**	16,557,380
Interest received on investments	**1,548,894**	925,910
Capital assets	**(276,240)**	-
Net cash used in investing activities	**(50,070,652)**	(95,545,526)
Net increase (decrease) in cash and cash equivalents	**15,545,926**	2,350,438
Cash and cash equivalents, beginning of year	**135,023,193**	132,672,755
Cash and cash equivalents, end of year	**$ 150,569,119**	$ 135,023,193
Reconciliation of cash and cash equivalents		
Unrestricted cash and cash equivalents	**$ 15,433,532**	$ 21,656,317
Restricted cash and cash equivalents	**135,135,587**	113,366,876
Total cash and cash equivalents	**$ 150,569,119**	$ 135,023,193

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

	2016	2015
Reconciliation of net operating loss to net cash provided by (used in) operating activities		
Net operating loss	**$ (64,895,470)**	$ (55,917,788)
Adjustments to change in net position		
Depreciation	**2,191**	102,187
Amortization on bond premiums	**(15,675,598)**	(15,203,907)
Provision for loan losses	**2,241**	(62,215)
Interest on investments	**(2,195,762)**	(925,909)
Bond interest paid	**61,042,768**	53,093,380
Loan refinancing pass-through to borrowers	**21,455,228**	8,945,997
Bond issuance costs	**1,018,535**	1,243,632
Cash received from federal grants	**14,255,306**	24,735,441
Interest expense	**296,138**	361,913
Changes in assets and liabilities		
Interest receivable	**(1,847,572)**	773,911
Grants and other receivable	**60,189**	1,698,434
Due from other funds	**-**	1,279,769
Administrative fees receivable	**96**	(13,282)
Loans receivable, net of allowance	**(82,852,689)**	433,052
Intergovernmental receivables	**16,004,184**	12,056,438
Accounts payable	**62,396**	(48,053)
Accrued payroll	**63,722**	21,176
Compensated absences	**46,290**	12,483
Due to other funds	**-**	(930,230)
Undisbursed loan proceeds	**63,684,986**	43,195,373
Advanced loan payments	**8,675,959**	2,142,342
Notes payable	**-**	(349,547)
Line of credit	**-**	(12,006,298)
Other liabilities	**(239,333)**	197,292
Net cash provided by operating activities	**$ 18,963,805**	$ 64,835,591

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

	2016	2015
Assets		
Cash held by Trustee		
Program funds	**$ 56,595,544**	$ 88,409,455
Expense funds	**-**	85,820
Revenue funds	**1,046,820**	474,191
Rebate fund	**-**	1,540,906
Bond reserve funds	**476,169**	506,879
Total assets	**$ 58,118,533**	$ 91,017,251
Liabilities		
Accounts payable	**$ -**	$ 1,626,726
Debt service payable	**1,522,990**	981,070
Program funds held for the NM Department of Transportation	**56,595,543**	88,409,455
Total liabilities	**$ 58,118,533**	$ 91,017,251

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 body politic and corporate, separate and apart from the state constituting a governmental instrumentality, organized and existing pursuant to the New Mexico Finance Authority Act (the “Act”) 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 funded through a federal capitalization grant where the Environmental Protection Agency (EPA) and the State cost share 83.33% and 16.67%, respectively, all approved budget period costs.

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 FNMLLC, 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 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 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 Oversight 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, 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.
In fiscal year 2016, NMFA implemented GASB No.72, Fair Value Measurement and Application. Fair value is the amount that would be received on the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The statement provides guidance for determining a fair value measurement for financial reporting purposes. The statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.

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.

Loan Refinancing Pass-Through

Loan refinancing pass-through expenses are bond premiums associated with certain refinanced loans passed through by The Authority to the respective borrowers. The refinanced loans were associated with certain bond premiums which reduced the outstanding principal of the associated loans. The reductions resulted in a loan refinancing pass-through expenses to The Authority. For the fiscal years 2016 and 2015, loan refinancing pass-through expenses were $21,455,228 and $8,945,997, respectively.

Compensated Absences

Full-time employees with ten years or less employment with the Authority are entitled to fifteen days' annual vacation leave. Employees with more than ten years' service receive twenty days annual vacation leave. 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 320 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. Historically, the year-end balances are used within one-year thus the compensated absence liability will be recorded as a current liability.

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.

The following program restricting statutes, bond covenants:

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.

Reclassification

Certain comparative amounts in the statement of revenues, expenses and changes in net position have been reclassified to conform with the current year's presentation.

Recently Issued Accounting Standards

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.

In January 2016, GASB issued Statement No. 80, *Blending Requirements for Certain Component Units*—an amendment of GASB Statement No. 14. The objective of this Statement is to improve financial reporting by clarifying the financial statements presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14, *The Financial Reporting Entity, as amended.* The requirements of this Statement are effective for reporting periods beginning after June 15, 2016. The Authority has not completed the process of evaluating the impact of GASB 80 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 dated October 24, 2013. 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's master investment policy and may be amended or supplemented as applied to specific categories of funds by adoption of addenda by the Authority's 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 the Authority's 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.

FNMLLC cash balances are maintained in several accounts in several banks. At times, these balances may exceed the federal insurance limits; however, FNMLLC has not experienced any losses with respect to its bank balances in excess of government provided insurance. Management believes that no significant concentration of credit risk exists with respect to these cash balances at June 30, 2016 and 2015.

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, 2016 and 2015.

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 2016 totaled $927,896, representing less than 1% of total Authority funds.

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.

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, 2016 and 2015 were as follows:

Description	Balance at June 30, 2016	Rated	Percentage of Authority Funds [1]
Bank deposits	$ 279,043	N/A	<1%
Finance New Mexico LLC cash equivalents	4,471,961	N/A	<1%
Wells Fargo deposit account	428,167	N/A	<1%
Wells Fargo Repurchase agreement -fully secured[2]	271,882	N/A	<1%
Government money market funds	144,190,170	AAA	30%
Primary Care Capital Program funds held with the State Treasurer Fund Investment Pool	927,896	N/A	<1%
Total cash and equivalents	$ 150,569,119		
Cash held in agency fund	$ 58,118,533[3]		

Description	Balance at June 30, 2015	Rated	Percentage of Authority Funds [4]
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[5]	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[6]		

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.

[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] Limits described in the “permitted investments” section above do not apply to cash invested by trustee per bond indenture.
[5] 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.
[6] All cash held as agent by the Authority is fully collateralized by securities held in the name of the Authority.

Investments consist of bond proceeds which are restricted to uses specified in the related bond indentures. Such restricted investments at June 30, 2016 and 2015 are comprised of the following:

Description	Fair Value at June 30, 2016	Average Years to Maturity	Percentage of Authority Funds
U.S. treasury notes	$ 332,151,402	1.06	69%
Total restricted investments	$ 332,151,402		

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	55,033,305	0.50	13%
Total restricted investments	$ 280,161,230		

Fair Value Measurement

NMFA's investments measured and reported at fair value are classified according to the following hierarchy:

Level 1—Investments reflect prices quoted in active markets.

Level 2—Investments reflect prices that are based on a similar observable asset either directly or indirectly, which may include inputs in markets that are not considered to be active.

Level 3—Investments reflect prices based upon unobservable sources.

The categorization of investments within the hierarchy is based upon the pricing transparency of the instrument and should not be perceived as the particular investment's risk.

Debt, equities, and investment derivatives classified in Level 1 of the fair value hierarchy are valued directly from a predetermined primary external pricing vendor. Assets classified in Level 2 are subject to pricing by an alternative pricing source due to lack of information available by the primary vendor. Assets classified in Level 3, due to lack of an independent pricing source, are valued using an internal fair value as provided by the investment manager.

		Fair Value Measurement Using		
	Fair Value	Level 1 inputs	Level 2 inputs	Level 3 inputs
Debt securities				
U.S. treasury notes	$ 332,151,402	$ 332,151,402	$ -	$ -
Total debt securities	$ 332,151,402	$ 332,151,402	$ -	$ -

4) Loans Receivable

Loans receivable activity for the fiscal year ending June 30, 2016 and 2015, respectively, were as follows:

Program Description	Term (Years)	Rates	2015	Increases	Decreases	2016
Public Projects Revolving Loan Fund	1 to 30	0% to 6%	$ 1,059,287,717	$ 181,732,159	$ 103,841,199	$ 1,137,178,677
Drinking Water State Revolving Loans	1 to 30	0% to 4%	81,627,122	9,618,985	6,379,347	84,866,760
Drinking Water State Revolving Loans-ARRA	1 to 20	1%	1,235,615	-	67,084	1,168,531
Primary Care Capital Fund Loans	10 to 20	3%	3,879,778	-	377,930	3,501,848
Water Projects Fund Loan Grants	10 to 20	0%	24,930,441	5,810,763	3,239,529	27,501,675
Smart Money Participation Loans	3 to 20	2% to 5%.	3,852,811	-	66,757	3,786,054
Behavioral Health Care Loan	15	3%	-	-	-	-
Cigarette Tax - Behavioral Health Care Capital Loans	15	3%	973,309	-	61,239	912,070
Pooled Equipment Certificates of Participation Loans	5 to 20	4% to 6.4%	28,000	-	28,000	-
Colinias Infrastructure Fund Loans	10 to 20	3%	1,550,806	986,461	264,999	2,272,268
SSBCI Loans	10 to 20	3%	4,527,971	976,568	1,929,210	3,575,329
Child Care Revolving Loans	8	3%	13,460	-	6,542	6,918
			1,181,907,030	199,124,936	116,261,836	1,264,770,130
Less allowance for loan losses			(3,111,502)	-	2,241	(3,113,743)
Totals			$ 1,178,795,528	$ 199,124,936	$ 116,264,077	$ 1,261,656,387

New Mexico Finance Authority
Notes to Financial Statements
June 30, 2016 and 2015

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	$ 149,924,260	$ 1,178,795,528

The following is a summary of scheduled payments to be collected on loans receivable as of June 30, 2016:

	Principal	Interest	Total
Fiscal year ending June 30			
2017	$ 96,915,456	$ 43,513,624	$ 140,429,080
2018	96,696,964	40,975,896	137,672,860
2019	102,108,856	38,207,893	140,316,749
2020	86,306,709	34,543,226	120,849,935
2021	84,311,190	32,800,009	117,111,199
2022-2026	361,196,186	125,507,121	486,703,307
2027-2031	252,098,806	63,983,124	316,081,930
2032-2036	146,930,386	23,735,563	170,665,949
2037-2041	25,523,847	3,937,732	29,461,579
2042-2046	12,661,606	1,076,281	13,737,887
2047-2051	20,124	-	20,124
Subtotals	1,264,770,130	$ 408,280,469	$ 1,673,050,599
Less allowance for loan losses	(3,113,743)		
Loans receivable, net	$ 1,261,656,387		

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, 2016 and 2015, respectively, were as follows:

2016

State Entity	Revenue Pledge	Rates	Maturity	2015	Increases	Decreases	2016	Due in One Year
Administrative Office of the Courts	Court Facilities fees	1.25% to 5.0%	6/15/2025	$ 30,195,000	$ -	$ 2,390,000	$ 27,805,000	$ 2,480,000
University of New Mexico Health Sciences Center	Cigarette excise tax	3.88% to 5.00%	6/15/2025	23,320,000	-	23,320,000	-	-
General Services Department - State of New Mexico	State Gross Receipts tax	4.25% to 5.00%	6/1/2036	42,620,000	-	42,620,000	-	-
University of New Mexico Health Sciences Center	Cigarette excise tax	-	-	-	26,200,000	2,720,000	23,480,000	2,010,000
General Services Department - State of New Mexico	State Gross Receipts tax	-	-	-	37,320,000	815,000	36,505,000	960,000
University of New Mexico Health Sciences Center	Cigarette excise tax	2.25% to 5.00%	4/1/2019	6,895,000	-	6,895,000	-	-
University of New Mexico Health Sciences Center	Cigarette excise tax	2.13% to 3.94%	4/1/2019	3,062,483	-	764,184	2,298,299	763,814
			Totals	$ 106,092,483	$ 63,520,000	$ 79,524,184	$ 90,088,299	$ 6,213,814

2015

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

The following is a summary of scheduled payments to be collected on the receivables from state entities as of June 30, 2016:

	Principal	Interest	Total
Fiscal year ending June 30			
2017	$ 6,213,814	$ 4,169,042	$ 10,382,856
2018	6,310,443	3,935,947	10,246,390
2019	6,564,042	3,657,225	10,221,267
2020	6,875,000	3,334,395	10,209,395
2021	7,090,000	2,987,720	10,077,720
2022-2026	33,480,000	9,269,485	42,749,485
2027-2031	10,675,000	3,891,400	14,566,400
2032-2036	12,880,000	1,587,600	14,467,600
Intergovernmental receivables	$ 90,088,299	$ 32,832,814	$ 122,921,113

6) Capital Assets

A summary of changes in capital assets during the fiscal year 2016 and 2015, respectively, was as follows:

	Balance at June 30, 2015	Increases	Decreases	Balance at June 30, 2016
Capital assets not being depreciated				
Construction in progress	$ -	$ 276,240	$ -	$ 276,240
Capital assets being depreciated				
Furniture and fixtures	28,665	-	-	28,665
Computer hardware and software	734,293	-	-	734,293
Leasehold improvement	8,241	-	-	8,241
	771,199	276,240	-	1,047,439
Accumulated depreciation				
Furniture and fixtures	(28,665)	-	-	(28,665)
Computer hardware and software	(729,426)	(2,191)	-	(731,617)
Leasehold improvement	(8,241)	-	-	(8,241)
	(766,332)	(2,191)	-	(768,523)
Net total	$ 4,867	$ 274,049	$ -	$ 278,916

	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

Depreciation expense for the fiscal year ending June 30, 2016 and 2015, respectively, was $2,191 and $102,186.

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, 2016 and 2015:

Bond Series	Rate	Maturities	Original Amount	Outstanding Amount June 30, 2016	Outstanding Amount June 30, 2015
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
2005 B	3.500% to 4.500%	June 1, 2013 to June 1, 2020	13,500,000	-	3,490,000
2006 B	4.000% to 5.000%	June 1, 2013 to June 1, 2036	38,260,000	22,730,000	24,440,000
2006 D	4.250% to 5.000%	June 1, 2013 to June 1, 2036	56,400,000	-	44,975,000
2007 E	4.000% to 5.000%	June 1, 2013 to June 1, 2032	61,945,000	34,085,000	37,085,000
2008 A	3.250% to 5.000%	June 1, 2013 to June 1, 2038	158,965,000	119,080,000	124,400,000
2008 B	4.000% to 5.000%	June 1, 2013 to June 1, 2035	36,545,000	22,520,000	24,195,000
2008 C	3.250% to 6.000%	June 1, 2013 to June 1, 2033	29,130,000	11,490,000	19,385,000
2009 A	2.000% to 5.000%	June 1, 2013 to June 1, 2038	18,435,000	12,310,000	13,265,000
2009 C	2.500% to 5.000%	June 1, 2013 to June 1, 2029	55,810,000	41,355,000	43,630,000
2009 D-1	3.000% to 4.000%	June 1, 2013 to June 1, 2030	13,570,000	7,430,000	8,385,000
2009 D-2	1.810% to 6.070%	June 1, 2013 to June 1, 2036	38,845,000	34,890,000	35,605,000
2009 E	3.000% to 4.500%	June 1, 2013 to June 1, 2019	35,155,000	12,585,000	16,480,000
2010 A-1	2.000% to 4.500%	June 1, 2013 to June 1, 2034	13,795,000	5,670,000	13,795,000
2010 A-2	3.777% to 5.880%	June 1, 2016 to June 1, 2039	15,170,000	12,990,000	6,110,000
2010 B-1	2.000% to 5.000%	June 1, 2013 to June 1, 2035	38,610,000	23,795,000	26,035,000
2010 B-2	2.230% to 4.740%	June 1, 2013 to June 1, 2035	17,600,000	16,950,000	17,120,000
2011 A	2.000% to 4.000%	June 1, 2013 to June 1, 2016	15,375,000	-	3,270,000
2011 B-1	0.220% to 4.000%	June 1, 2013 to June 1, 2036	42,735,000	25,905,000	28,850,000
2011 B-2	2.000% to 4.450%	June 1, 2013 to June 1, 2031	14,545,000	10,630,000	11,435,000
2011 C	3.000% to 5.000%	June 1, 2013 to June 1, 2036	53,400,000	39,410,000	42,800,000
2012 A	1.500% to 5.500%	June 1, 2013 to June 1, 2038	24,340,000	20,015,000	21,265,000
2013 A	2.000% to 5.000%	June 1, 2013 to June 1, 2038	44,285,000	34,570,000	37,910,000
2013 B	2.000% to 5.000%	June 1, 2014 to June 1, 2036	16,360,000	12,925,000	14,175,000
2014 B	2.000% to 5.000%	June 1, 2016 to June 1, 2035	58,235,000	50,080,000	54,970,000
2015 B	2.250% to 5.000%	June 1, 2016 to June 1, 2045	45,325,000	42,595,000	45,325,000
2015 C	3.000% to 5.000%	June 1, 2016 to June 1, 2035	45,475,000	45,300,000	-
2016 A	2.500% to 5.000%	June 1, 2016 to June 1, 2036	52,070,000	49,170,000	-
2016 C	2.000% to 5.000%	June 1, 2016 to June 1, 2046	67,540,000	66,725,000	-
			1,140,435,000	775,205,000	724,190,000

New Mexico Finance Authority
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June 30, 2016 and 2015

Bond Series	Rate	Maturities	Original Amount	Outstanding Amount June 30, 2016	Outstanding Amount June 30, 2015
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	-	-
2005 E	3.875% to 5.000%	June 15, 2013 to June 15, 2025	23,320,000	-	23,320,000
2005 F	4.000% to 5.000%	June 15, 2013 to June 15, 2025	21,950,000	-	-
2006 A	4.000% to 5.000%	June 15, 2013 to June 15, 2035	49,545,000	-	2,040,000
2006 C	4.000% to 5.000%	June 15, 2013 to June 15, 2026	39,860,000	24,330,000	26,135,000
2007 A	4.000% to 5.000%	June 15, 2013 to June 15, 2027	34,010,000	13,115,000	15,680,000
2007 B	4.000% to 5.000%	June 15, 2013 to June 15, 2034	38,475,000	20,495,000	22,340,000
2007 C	4.250% to 5.250%	June 15, 2013 to June 15, 2027	131,860,000	82,485,000	89,445,000
2013 C-1	2.000% to 4.000%	June 15, 2014 to June 15, 2028	3,745,000	2,890,000	3,050,000
2013 C-2	.950% to 5.000%	June 15, 2014 to June 15, 2029	10,550,000	8,020,000	8,520,000
2014 A-1	2.000% to 5.000%	June 15, 2014 to June 15, 2033	15,135,000	14,055,000	14,605,000
2014 A-2	.250% to 4.491%	June 15, 2014 to June 15, 2034	16,805,000	13,775,000	15,295,000
2015 A	3.000% to 5.000%	June 15, 2016 to June 15, 2035	63,390,000	59,940,000	62,355,000
2015 D	4.000% to 5.000%	June 15, 2016 to June 15, 2027	29,355,000	27,170,000	-
2016 B	5.00%	June 15, 2016 to June 15, 2035	8,950,000	7,415,000	-
			537,345,000	273,690,000	282,785,000
		Subtotal - PPRF Bonds	1,677,780,000	1,048,895,000	1,006,975,000
Pooled Equipment Certificates of Participants					
1995 A	6.30%	October 1, 2015	4,288,000	-	19,000
1996 A	5.80%	April 1, 2016	1,458,000	-	9,000
			5,746,000	-	28,000
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
Cigarette Tax Revenue Bonds - Behavioral Health Projects					
2006	5.51%	May 1, 2012 to May 1, 2026	2,500,000	1,250,000	1,375,000
Total bonds outstanding			$ 1,725,061,000	1,050,145,000	1,015,273,000
Add net unamortized premium				64,303,718	41,630,674
Total bonds payable, net				1,114,448,718	1,056,903,674
Less current portion of bonds payable				(78,040,000)	(75,943,000)
Noncurrent portion of bonds payable				$ 1,036,408,718	$ 980,960,674

Maturities of bonds payable and interest are as follows:

	Principal	Interest	Total
Fiscal year ending June 30,			
2017	$ 78,040,000	$ 48,478,193	$ 126,518,193
2018	79,640,000	45,094,935	124,734,935
2019	81,180,000	41,568,050	122,748,050
2020	71,715,000	37,981,112	109,696,112
2021	75,105,000	34,643,297	109,748,297
2022-2026	329,145,000	121,821,706	450,966,706
2027-2031	183,005,000	56,958,402	239,963,402
2032-2036	124,075,000	20,980,162	145,055,162
2037-2041	16,400,000	3,399,899	19,799,899
2042-2046	11,840,000	1,106,800	12,946,800
	1,050,145,000	$ 412,032,556	$ 1,462,177,556
Add unamortized premium	64,303,718		
Bonds payable, net	$ 1,114,448,718		

The bonds payable activity for the fiscal years were as follows:

Activity for Fiscal Year 2016

	Balance at June 30, 2015	Increases	Decreases	Balance at June 30, 2016	Due within One Year
Bonds payable	$ 1,015,273,000	$ 203,390,000	$ (168,518,000)	$ 1,050,145,000	$ 78,040,000
Add unamortized premium	41,630,674	38,348,642	(15,675,598)	64,303,718	-
Total	$ 1,056,903,674	$ 241,738,642	$ (184,193,598)	$ 1,114,448,718	$ 78,040,000

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

Current and Advance Refunding of Debt

The PPRF Revenue Refunding Bonds Senior Lien 2016C series, issued in the total par amount of $67,540,000, refunded the outstanding portions of the PPRF Revenue Bonds Senior Lien 2006D series in the amount of $45,045,908. The refunding resulted in debt service savings over 15 to 20 years of $12,603,391 and a Net Present Value (NPV) savings to the State of New Mexico of $9,337,876 for the State Building Projects.

The PPRF Revenue Refunding Bonds Senior Lien 2016A series, issued in the total par amount of $52,070,000 refunded the outstanding portions of the 2004A Cigarette Tax Bonds and the PPRF Revenue Bonds 2005E series in the amount of $31,396,723. The refunding resulted in debt service savings over the remaining 10 to 15 years of $5,505,790, converted for comparison purposes to a NPV savings of $5,002,352.

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 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 $83,008,008 and $74,332,049 at June 30, 2016 and 2015.

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, 2016, was .154. The Authority pays a 15 basis point fee on the unused portion of the facility. For fiscal year ended June 30, 2016, the line of credit has no activity and the balance at year-end was zero. A summary of changes for fiscal year ended June 30, 2015 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)	$ -	$ -

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, 2016 and 2015, were $328,004 and $316,250. Future minimum lease payments are as follows:

Fiscal year ending June 30	
2017	$ 368,896
2018	376,274
2019	383,800
2020	259,255
2021	-
Total	$ 1,388,225

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, 2016 and 2015 were $487,766 and $484,916, respectively. Additionally, employee contributions for the retirement plan for the years ended June 30, 2016 and 2015, respectively, were $151,004 and $149,634. 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. 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, 2016 and 2015.

12) Compensated Absences

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

Balance at June 30, 2015	$	285,923
Additions		315,644
Deletions		(269,354)
Balance at June 30, 2016		332,213
Due within one year	$	332,213

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

13) Agency Transactions

The Authority was authorized in 2003 to issue bonds as agent for the New Mexico Department of Transportation (NMDOT). Approximately $1.3 billion and $1.4 billion of such bonds are outstanding at June 30, 2016 and 2015, respectively.

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
During the period 2004 to 2008, including PPRF series bonds 2004A through 2008A, loans of less than $25,000,000 contained provisions allowing for prepayment after one year whereas the related bonds used to fund the loans contained ten-year call provisions. 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 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 no longer exists after June 2018. The loans containing the shortened call provision total approximately $97 million and the related bonds total approximately $316 million as of June 30, 2016. Loans exercising this call provision pre-paid $61.2 million in principal during FY2016 and $18.6 million in FY2015. Loans exercising this call provision in the original loan

amount of $7.4 million reached their maturity date in FY2016 while loans in the original amount of $22.1 million reached their maturity date in FY2015.

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 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 reevaluated 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 years ended June 30, 2016 and 2015 were as follows:

	2016	2015
Statements of Net Position		
Assets		
Cash	**$ 4,471,961**	$ 657,456
Due from affiliates	**844,694**	935,345
Investment in limited liability companies	**14,819**	13,506
Total assets	**$ 5,331,474**	$ 1,606,307
Liabilities		
Accounts payable	**$ 90,095**	$ 59,078
Due to affiliate	**1,279,941**	647,193
Total liabilities	**1,370,036**	706,271
Net Position		
Restricted	**3,961,438**	900,036
Total liabilities and net position	**$ 5,331,474**	$ 1,606,307

New Mexico Finance Authority
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Statements Revenues, Expenses and Changes in Net Position	2016	2015
Operating Income		
Interest income	**$ 372**	$ 114
Sponsor fee income	**232,500**	-
Exit fee	**3,382,250**	-
Asset management fee income	**666,409**	629,603
Total operating income	**4,281,531**	629,717
Operating Expense		
Sponsor fee expense	**213,173**	-
Management fee expense	**584,795**	372,729
Professional fees	**59,900**	162,460
Gross receipt tax	**352,913**	45,555
Miscellaneous administrative expenses	**9,479**	8,972
Total operating expenses	**1,220,260**	589,716
Net operating income	**3,061,271**	40,001
Nonoperating Income		
Share of income from investment in limited liability companies	**131**	123
Increase in net position	**3,061,402**	40,124
Net position, beginning of year	**900,036**	859,912
Net position, end of year	**$ 3,961,438**	$ 900,036

Statement of Cash Flows	2016	2015
Cash flows from operating activities		
Increase in net position	**$ 3,061,402**	$ 40,124
Adjustments to reconcile net income to net cash provided by operating activities		
Share of income from investment in limited liability companies	**(131)**	(123)
Increase in assets		
Due from affiliate	**90,651**	(96,608)
Increase in liabilities		
Accounts payable	**31,017**	28,322
Due to affiliate	**632,748**	153,255
Net cash provided by operating activities	**3,815,687**	124,970
Cash flows from investing activities		
Investment in limited liability companies	**(3,960)**	-
Return of capital from limited liability companies	**1,051**	-
Distributions from limited liability companies	**1,727**	186
Net cash provided by investing activities	**(1,182)**	186
Net increase in cash	**3,814,505**	125,156
Cash, beginning of year	**657,456**	532,300
Cash, end of year	**$ 4,471,961**	$ 657,456

17) Subsequent Event

On October 19, 2016, the Legislature of the State of New Mexico 52nd Legislature, 2nd Special Session enacted the transfer of $15,500,000 from PPRF to the New Mexico State General Fund, provided that, except as otherwise provided in the Tax Administration Act, the amount transferred is from the fiscal year 2017 portion of the governmental gross receipts tax distributed to the public project revolving fund pursuant to Section 7-1-6.38 NMSA 1978 and that is not otherwise pledged for payment of obligations of the Authority.

The Authority has evaluated subsequent events through November 14, 2016, the date which the financial statements were available to be issued.

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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 2017E Bonds, copies of the Indenture will be available at the principal office of the Municipal Advisor. Subsequent to the offering of the Series 2017E 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 2017E Bonds, $5,000 or any integral multiple thereof and means, with respect to the Loans that are subject to the Ninety-Sixth 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 2017E Bonds, any person entitled to receive payment of principal of, premium, if any, and interest on Series 2017E Bonds and otherwise exercise ownership rights with respect to Series 2017E 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 2017E 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 2017E 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 2017E Bonds, each June 1 and December 1, commencing June 1, 2018.

"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 2017E 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 2017E Bonds as Securities Depository.

"Paying Agent," when used with respect to the Series 2017E Bonds, means the person or persons authorized by the NMFA to pay the principal of, premium, if any, and interest on, the Series 2017E 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 2017E 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 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 law enforcement protection fund, 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 fire protection fund, 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 2017E 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 2017E Bonds" means the New Mexico Finance Authority Senior Lien Public Project Revolving Fund Revenue Bonds, Series 2017E.

"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 Bonds 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 $30,704,669 (as of October 31, 2017). 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 2017E 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 2017E 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 2016 population of the State was 2,081,015. 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, 2016 was 2,081,015.

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
2007-2016

	Population		Annual Percentage Change	
Year	New Mexico	United States	New Mexico[1]	United States
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[2]	2,077,756	311,663,358	0.9	1.0
2012[2]	2,083,784	313,998,379	0.3	0.8
2013[2]	2,085,193	316,204,908	0.1	0.7
2014[2]	2,083,024	318,563,456	(0.1)	0.8
2015[2]	2,080,328	320,896,618	(0.1)	0.7
2016[2]	2,081,015	323,127,513	–	0.7

[1] Dash (–) represents zero or rounds to zero.
[2] Estimate as of July 1.
(Source: U.S. Census Bureau, Population Division. Last revised December 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 2007 through 2016.

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TOTAL FULL-TIME AND PART-TIME EMPLOYMENT BY INDUSTRY

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	Growth 2015-2016	Growth 2007-2016
Total employment	1,105,413	1,107,869	1,075,660	1,060,716	1,065,291	1,067,757	1,075,867	1,083,933	1,092,505	1,099,260	0.6%	(0.6%)
Wage and salary employment	878,592	881,856	849,122	837,320	837,281	839,789	846,896	852,979	860,662	862,115	0.2	(1.9)
Proprietors employment	226,821	226,013	226,538	223,396	228,010	227,968	228,971	230,954	231,843	237,145	2.3	4.6
Farm proprietors employment	18,193	18,041	18,270	19,083	20,715	21,436	21,547	21,473	21,405	21,307	(0.5)	17.1
Nonfarm proprietors employment	208,628	207,972	208,268	204,313	207,295	206,532	207,424	209,481	210,438	215,838	2.6	3.5
Farm employment	25,804	24,702	25,228	25,630	27,323	28,370	29,218	28,262	28,866	29,657	2.7	14.9
Nonfarm employment	1,079,609	1,083,167	1,050,432	1,035,086	1,037,968	1,039,387	1,046,649	1,055,671	1,063,639	1,069,603	0.6	(0.9)
Private employment	869,670	869,872	834,214	817,651	824,157	827,488	835,812	846,309	854,978	860,682	0.7	(1.0)
Forestry, fishing, related activities and other(1)	5,161	5,293	5,287	5,200	5,237	5,138	5,247	5,689	5,557	5,557	0.0	7.7
Mining(2)	24,913	28,331	24,467	27,049	28,362	34,232	36,831	38,220	36,654	31,103	(15.1)	24.8
Utilities	4,538	4,666	4,873	4,637	4,554	4,583	4,667	4,591	4,686	4,807	2.6	5.9
Construction(3)	80,578	77,980	67,247	61,314	59,382	58,032	59,248	59,728	59,821	59,381	(0.7	(26.3)
Manufacturing	42,818	40,671	36,587	34,587	35,750	35,771	35,469	34,044	34,162	33,334	(2.4)	(22.1)
Durable goods manufacturing(4)	29,770	28,091	24,485	23,086	23,698	23,217	22,553	21,255	21,193	20,080	(5.3)	(32.5)
Nondurable goods manufacturing(5)	13,048	12,580	12,102	11,501	12,052	12,554	12,916	12,789	12,969	13,254	2.2	1.6
Wholesale trade	29,015	28,755	26,698	26,921	26,513	26,486	26,694	28,867	28,508	29,365	3.0	1.2
Retail trade(6)	119,034	118,204	114,095	110,475	111,583	111,908	112,808	114,006	114,963	115,080	0.1	(3.3)
Transportation and warehousing(7)	27,435	26,703	24,361	23,430	24,333	25,361	25,505	25,927	27,278	26,837	(1.6)	(2.2)
Information(8)	18,879	18,971	17,497	17,130	16,508	16,473	16,059	15,722	15,588	15,901	2.0	(15.8)
Finance and insurance(9)	33,829	34,633	36,035	34,660	35,632	35,138	34,903	34,599	34,466	34,611	0.4	2.3
Real estate and rental and leasing(10)	41,944	41,498	39,685	39,500	39,760	38,275	38,513	39,200	39,664	40,855	3.0	(2.6)
Professional and technical services	82,057	82,138	80,457	78,439	77,591	76,152	75,940	76,150	77,562	79,035	1.9	(3.7)
Management of companies and enterprises	6,072	5,908	5,566	5,380	5,491	5,449	5,503	5,631	5,870	6,111	4.1	0.6
Administrative and waste services(11)	60,437	60,327	55,868	54,315	54,746	53,440	54,622	54,392	53,022	53,157	0.3	(12.0)
Educational services	15,801	15,988	16,363	16,814	16,280	16,152	16,404	16,787	17,035	17,542	3.0	11.0
Health care and social assistance(12)	111,857	114,850	118,169	119,533	121,675	123,264	123,782	124,848	129,765	134,766	3.9	20.5
Arts, entertainment and recreation(13)	23,000	23,352	23,308	23,110	23,142	23,722	23,743	24,236	24,248	24,445	0.8	6.3
Accommodation and food services(14)	85,156	84,057	81,759	81,222	82,391	83,232	85,532	88,348	90,244	92,634	2.6	8.8
Other services, except public administration(15)	57,146	57,547	55,892	53,935	55,227	54,680	54,342	55,324	55,885	56,161	0.5	(1.7)
Government and government enterprises(16)	209,939	213,295	216,218	217,435	213,811	211,899	210,837	209,362	208,661	208,921	0.1	(0.5)

(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 26, 2017, including new estimates for 2016 and revised estimates for 2014-2015.)

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
2007-2016

	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
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
2016	934[2]	159,187	874	151,436	6.4	4.9	131

(1) Figures rounded to nearest thousand.
(2) Preliminary estimate.
(Sources: U.S. Bureau of Labor and Statistics (Last updated: February 8, 2017) and Bureau of Business and Economic Research, University of New Mexico (Last updated: March 16, 2017).)

PERSONAL INCOME
NEW MEXICO AND THE UNITED STATES
2007-2016

	Personal Income (000)		Annual Percentage Change	
Year	New Mexico	United States	New Mexico	United States
2007	$63,091,733	$11,995,419,000	n/a	n/a
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	76,593,172	14,811,388,000	5.7	5.3
2015	78,996,882	15,547,661,000	3.1	5.0
2016	80,064,958	15,912,777,000	1.4	2.3

(Source: U.S. Department of Commerce, Bureau of Economic Analysis, Regional Data. Last updated: September 26, 2017, including revised estimates for 2014-2016.)

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PER CAPITA PERSONAL INCOME
NEW MEXICO AND THE UNITED STATES
2007-2016

	Per Capita Income			Annual Percentage Change	
Year	New Mexico	United States	N.M. as a % of U.S.	New Mexico	United States
2007	$31,703	$39,821	80%	n/a	n/a
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	34,737	42,461	82	4.9	5.4
2012	35,427	44,282	80	2.0	4.3
2013	34,752	44,493	78	(1.9)	0.5
2014	36,770	46,494	79	5.8	4.5
2015	37,973	48,451	78	3.3	4.2
2016	38,474	49,246	78	1.3	1.6

(Sources: U.S. Department of Commerce, Bureau of Economic Analysis, Regional Data. Last revised: September 26, 2017, including revised estimates for 2014-2016.)

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WAGES AND SALARIES BY INDUSTRY SECTOR
2007-2016

NAICS Earnings by Place of Work [1] Applicable to 2007-2016	New Mexico (Thousands of Dollars)[2]		United States (Thousands of Dollars)[2]		Cumulative Annual Percent Change 2007-2016		Distribution of 2016 Wages & Salaries	
	2016	2007	2016	2007	N.M.	U.S.	N.M.	U.S.
Farm Wages and Salary	$273,494	$ 237,828	$25,854,000	$ 21,140,000	15.0%	22.3%	0.7%	0.3%
Non-farm Wages and Salary	37,367,000	32,275,240	8,053,916,000	6,370,091,000	15.8	26.4	99.3	99.7
Private Non-farm Wages and Salary	27,359,675	23,787,691	6,765,470,000	5,295,743,000	15.0	27.8	72.7	83.7
Forestry, Fishing, and related activities	96,150	56,902	19,386,000	12,714,000	69.0	52.5	0.3	0.2
Mining, Quarrying, and Oil and Gas Extraction	1,487,972	1,231,157	63,188,000	53,796,000	20.9	17.5	4.0	0.8
Utilities	363,897	288,206	58,171,000	46,137,000	26.3	26.1	1.0	0.7
Construction	2,006,392	2,272,432	408,395,000	369,434,000	(11.7)	10.5	5.3	5.1
Manufacturing	1,540,499	1,787,469	814,447,000	751,699,000	(13.8)	8.3	4.1	10.1
Durable Goods Manufacturing	1,028,963	1,364,199	538,011,000	501,563,000	(24.6)	7.3	2.7	6.7
Nondurable Goods Manufacturing	511,536	423,270	276,436,000	250,136,000	20.9	10.5	1.4	3.4
Wholesale Trade	1,157,864	1,130,627	441,717,000	371,534,000	2.4	18.9	3.1	5.5
Retail Trade	2,730,678	2,463,083	495,789,000	419,554,000	10.9	18.2	7.3	6.1
Transportation and Warehousing	993,858	911,541	269,375,000	204,993,000	9.0	31.4	2.6	3.3
Information	691,684	639,615	280,665,000	214,372,000	8.1	30.9	1.8	3.5
Finance and Insurance	1,446,466	1,148,191	625,665,000	526,381,000	26.0	18.9	3.8	7.7
Real Estate and Rental and Leasing	389,415	374,929	121,321,000	97,418,000	3.9	24.5	1.0	1.5
Professional, Scientific, and Technical Services	4,310,677	3,687,572	820,320,000	564,006,000	12.2	43.0	1.0	3.2
Management of Companies and Enterprises	359,906	320,850	261,002,000	182,461,000	3.5	31.9	3.9	4.3
Administrative and Waste Services	1,470,465	1,421,070	350,956,000	266,170,000	20.1	44.6	0.9	1.8
Educational Services	338,834	282,168	145,980,000	100,922,000	45.9	46.4	13.1	11.6
Health Care and Social Assistance	4,934,177	3,382,610	934,677,000	638,278,000	26.6	38.6	0.6	1.1
Arts, Entertainment, and Recreation	230,893	182,421	91,931,000	66,325,000	37.7	45.6	4.6	3.8
Accommodations and Food Services	1,717,722	1,247,042	308,992,000	212,277,000	13.8	28.5	2.9	3.1
Other Services, Except Public Administration	1,092,126	959,806	253,493,000	197,272,000	12.2	43.0	1.0	3.2
Government and Government Enterprises	10,007,325	8,487,549	1,288,446,000	1,074,348,000	17.9	19.9	26.6	15.9
Federal, Civilian	2,160,621	1,913,104	224,723,000	181,958,000	12.9	23.5	5.7	2.8
Military	900,483	664,056	92,799,000	86,762,000	35.6	7.0	2.4	1.1
State and Local	6,910,389	5,910,389	970,924,000	805,628,000	16.9	20.5	18.4	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 26, 2017-- new estimate for 2016.)

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APPENDIX D

FORM OF OPINION OF BOND COUNSEL

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

November 30, 2017

New Mexico Finance Authority
Santa Fe, New Mexico

Re: $40,190,000 New Mexico Finance Authority Senior Lien Public Project Revolving Fund Revenue Bonds, Series 2017E

We have acted as bond counsel to the New Mexico Finance Authority (the "Finance Authority") in connection with the issuance of its Senior Lien Public Project Revolving Fund Revenue Bonds, Series 2017E in the aggregate principal amount of $40,190,000 (the "Series 2017E Bonds"). The Series 2017E 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) pay amounts owing under a line of credit, and (iii) pay costs of issuance associated with the Series 2017E 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 2017E 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-Sixth Supplemental Indenture of Trust dated as of November 1, 2017 (the "Ninety-Sixth 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 2017E 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 2017E 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 2017E Bonds constitute special limited obligations of the Finance Authority, payable solely from the Trust Estate and do not constitute a general obligation or other indebtedness of the State of New Mexico or any Governmental Unit within the meaning of any constitutional or statutory debt limitation.

4. The interest on the Series 2017E Bonds (including any original issue discount properly allocable to an owner thereof) (i) is excludable from gross income for federal income tax purposes and (ii) is not an item of tax preference for purposes of computing the federal alternative minimum tax imposed on individuals and corporations, but is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on certain corporations. The opinions set forth in this paragraph are subject to the condition that the Finance Authority and the Governmental Units comply with all requirements of the Internal Revenue Code of 1986 that must be satisfied subsequent to the issuance of the Series 2017E Bonds in order that interest thereon be, or continue to be, excludable from gross income for federal income tax purposes. The Finance Authority and the Governmental Units have covenanted to comply with all of these requirements. Failure to comply with certain of these requirements may cause the interest on the Series 2017E Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2017E Bonds.

5. The interest on the Series 2017E Bonds is exempt from income taxation by the State of New Mexico.

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

(a) the rights of the holders of the Series 2017E 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 2017E 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 2017E 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 2017E Bonds, payment of principal, premium, if any, interest on the Series 2017E Bonds to DTC Participants or Beneficial Owners, confirmation and transfers of beneficial ownership interests in the Series 2017E 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 2017E Bonds. The Series 2017E 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 2017E Bond certificate will be issued for each maturity of the Series 2017E 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 2017E Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2017E Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2017E 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 2017E 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 2017E Bonds, except in the event that use of the book-entry system for the Series 2017E Bonds is discontinued.

To facilitate subsequent transfers, all Series 2017E 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 2017E 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 2017E Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2017E 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 2017E 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 2017E 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 2017E 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 2017E 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 2017E 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 2017E Bonds; (c) the selection of the Beneficial Owners to receive payment in the event of any partial redemption of the Series 2017E 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 2017E Bonds.

APPENDIX F

2017E GOVERNMENTAL UNITS; LARGEST REPAYMENT OBLIGATIONS

2017E Governmental Units

As previously stated, a portion of the proceeds of the Series 2017E Bonds is being used to finance or refinance Loans to be made to the 2017E Governmental Units or to reimburse the Finance Authority, in whole or in part, for Loans made to 2017E Governmental Units. The 2017E Governmental Units, the revenues pledged, the amount of their respective Loans, the agreement reserve amounts and the maturity dates of the Loans are listed in the following table:

Governmental Unit[(1)]	Original Loan Amount	Agreement Reserve Amount[(2)]	Loan Maturity Date
Grant County (State Fire Protection Fund)	$ 516,303	$ -	05/01/2047
Grant County (State Fire Protection Fund)	403,684	-	05/01/2042
Springer Municipal School District (Ad Valorem Taxes)	254,600	-	05/01/2021
Portales Municipal School District (Ad Valorem Taxes)	300,000	-	08/01/2021
Chama Valley Independent School District (Ad Valorem Taxes)	900,000	-	08/19/2017
Carrizozo Municipal Schools (Ad Valorem Taxes)	425,000	-	08/01/2028
Sunland Park, City of (Gross Receipts Tax)	289,053	28,905	05/01/2022
Socorro County (State Fire Protection Fund)	453,401	-	05/01/2042
Springer, Town of (Enterprise System Revenue)	1,012,367	-	09/01/2041
Otero County (State Fire Protection Fund)	403,023	-	05/01/2037
Vaughn Municipal Schools (Ad Valorem Taxes)	250,000	-	08/01/2027
Dexter Consolidated Schools (Ad Valorem Taxes)	450,000	-	08/01/2022
Hatch Valley School District (Ad Valorem Taxes)	625,000	-	08/01/2027
Pojoaque Valley Public Schools (Ad Valorem Taxes)	2,750,000	-	08/01/2027
Clayton Municipal Schools (Ad Valorem Taxes)	3,950,000	-	01/15/2033
Cuba Independent Schools (Ad Valorem Taxes)	700,000	-	08/01/2027
Farmington Municipal School District (Ad Valorem Taxes)	2,370,000	-	09/01/2021
Farmington Municipal School District (Ad Valorem Taxes)	7,100,000	-	09/01/2032
Las Vegas City School District (Ad Valorem Taxes)	2,250,000	-	08/15/2029
Texico Municipal Schools (Ad Valorem Taxes)	1,000,000	-	08/01/2030
Logan Municipal School District (Ad Valorem Taxes)	1,000,000	-	08/01/2031
Hagerman Municipal Schools (Ad Valorem)	400,000	-	08/01/2027
Lordsburg, City of (Enterprise System Revenue)	426,360	23,162	05/01/2036
Red River, Town of (Ad Valorem)	1,000,000	-	08/01/2037
Anthony Water and Sanitation District (Enterprise System Revenue)	1,275,682	96,593	10/01/2033
Truth or Consequences, City of (Gross Receipts Tax)	2,188,146	111,734	05/01/2042
Grants Cibola County School District (Ad Valorem)	999,999	-	10/01/2022
Gadsden Independent School District (Ad Valorem)	9,500,000	-	05/01/2035
Eastern New Mexico University (Enterprise System Revenue)	5,645,000	-	04/01/2038
Total	$48,837,618	$260,394	

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

(2) 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 the delivery of the Series 2017E Bonds, the GSD Bonds are projected to be outstanding in the aggregate principal amount of $72,721,455 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. As of the delivery of the Series 2017E Bonds, the Santa Fe Gross Receipts Tax Obligations are projected to be outstanding in the principal amount of $65,644,274 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 the delivery of the Series 2017E Bonds, the Spaceport Authority Securities are projected to be outstanding in the aggregate principal amount of $55,835,000 and are scheduled to mature on June 1, 2029.

City of Rio Rancho

The Finance Authority has previously entered into various senior lien obligations with the City of Rio Rancho ("Rio Rancho") of which 19 are still outstanding in an original issue amount of $100,186,660. As of the delivery of the Series 2017E Bonds, these 19 loans will be outstanding in the amount of $86,076,196. The senior lien obligations are secured by revenue pledges of State Fire Protection Funds, State Gross Receipts Tax, Law Enforcement Protection Funds, Local Special Tax (Water Rights Acquisition Fee), Special Assessment and Enterprise System Revenues. Enterprise System Revenue is Rio Rancho's largest senior lien revenue pledge with three loans issued and still outstanding in the amount of $53,370,000.

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 the delivery of the Series 2017E Bonds, the outstanding principal amount of the ABCWUA Loan Agreements is projected to be $35,855,000.

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New Mexico FINANCE AUTHORITY

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