NEW ISSUE - BOOK-ENTRY ONLY

Ratings: S & P: "AAA"
Moody's: "Aa2"
(See "RATINGS" herein.)

In the opinion of Gilmore & Bell, P.C., Bond Counsel to the Finance Authority, under existing law and assuming continued compliance with certain requirements of the Internal Revenue Code of 1986, as amended, the interest on the Series 2019A 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. Bond Counsel is also of the opinion that the interest on the Series 2019A Bonds is exempt from income taxation by the State of New Mexico. See "TAX MATTERS" herein.

New Mexico FINANCE AUTHORITY

$37,145,000
NEW MEXICO FINANCE AUTHORITY
SUBORDINATE LIEN PUBLIC PROJECT REVOLVING FUND REVENUE BONDS, SERIES 2019A

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

The New Mexico Finance Authority Subordinate Lien Public Project Revolving Fund Revenue Bonds, Series 2019A (the "Series 2019A 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 2019A Bonds through its nominee, Cede & Co. One fully registered bond in a denomination equal to the principal amount of each maturity of the Series 2019A Bonds will be registered in the name of Cede & Co. Individual purchases of Series 2019A Bonds will be made in book-entry form only, and beneficial owners of the Series 2019A 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 2019A Bonds.

The Series 2019A Bonds will be issued under and secured by the Indenture (as defined herein). Interest on the Series 2019A Bonds accrues from the date of initial delivery of the Series 2019A Bonds and is payable on June 15 and December 15 of each year, commencing June 15, 2019. Principal of the Series 2019A 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 2019A Bonds are subject to optional redemption prior to maturity.

Proceeds of the Series 2019A Bonds will be used by the New Mexico Finance Authority (the "Finance Authority") for the purposes of (i) originating Loans to or purchasing Securities from, or reimbursing the Finance Authority for moneys used to originate Loans to or purchase Securities from, certain governmental entities, 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 2019A Bonds. The principal of and premium, if any, and interest on the Series 2019A 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 Finance Authority has also issued or incurred and expects to issue or incur additional bonds with a lien on the NMFA Portion of the Governmental Gross Receipts Tax senior to the lien of the Series 2019A Bonds.

The Series 2019A 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 2019A 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 2019A 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 2019A 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 2019A 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 Orrick, Herrington & Sutcliffe LLP, Austin, Texas, Disclosure Counsel to the Finance Authority. Certain legal matters will be passed upon for the Underwriters by Hogan Lovells US LLP, Denver, Colorado, counsel to the Underwriters. PFM Financial Advisors LLC has acted as municipal advisor to the Finance Authority in connection with the issuance of Series 2019A Bonds. It is expected that a single certificate for each maturity of the Series 2019A Bonds will be delivered to DTC or its agent on or about February 26, 2019.

This Official Statement is dated February 13, 2019, and the information contained herein speaks only as of that date.

Wells Fargo Securities

BofA Merrill Lynch **Morgan Stanley**

NEW MEXICO FINANCE AUTHORITY

$37,145,000
SUBORDINATE LIEN PUBLIC PROJECT REVOLVING FUND
REVENUE BONDS, SERIES 2019A

MATURITY SCHEDULE

Year (June 15)	Principal Amount	Interest Rate	Initial Yield	CUSIP Number†
2019	$ 250,000	5.000%	1.600%	64711N7B5
2020	1,775,000	5.000%	1.630%	64711N7C3
2021	2,140,000	3.000%	1.660%	64711N7D1
2022	2,450,000	2.000%	1.710%	64711N7E9
2023	2,220,000	5.000%	1.770%	64711N7F6
2024	1,860,000	5.000%	1.830%	64711N7G4
2025	1,995,000	5.000%	1.930%	64711N7H2
2026	1,685,000	5.000%	2.030%	64711N7J8
2027	1,835,000	5.000%	2.150%	64711N7K5
2028	1,640,000	5.000%	2.270%	64711N7L3
2029	3,055,000	5.000%	2.380%(C)	64711N7M1
2030	3,145,000	5.000%	2.520%(C)	64711N7N9
2031	3,135,000	5.000%	2.630%(C)	64711N7P4
2032	3,155,000	5.000%	2.700%(C)	64711N7Q2
2033	3,165,000	5.000%	2.760%(C)	64711N7R0
2034	2,440,000	5.000%	2.810%(C)	64711N7S8
2035	915,000	5.000%	2.870%(C)	64711N7T6
2036	285,000	5.000%	2.930%(C)	64711N7U3

(C) Initial yield shown to first optional call date of June 15, 2028.

† The above referenced CUSIP number(s) have been assigned by an independent company not affiliated with the parties to this bond transaction and are included solely for the convenience of the holders of the Series 2019A Bonds. None of the Finance Authority, the Trustee, or the Municipal Advisor, is responsible for the selection or uses of such CUSIP numbers, and no representation is made as to its correctness on the Series 2019A Bonds or as indicated above. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Series 2019A 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 2019A 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 2019A 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 2019A Bonds may engage in transactions that stabilize, maintain or otherwise affect market yields or prices of the Series 2019A 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 2019A 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 2019A 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 2019A 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)]

Katherine Ulibarri, Chair
William F. Fulginiti, Vice Chair
Steve Kopelman, Secretary
Blake Curtis
James Kenney
Alicia Keyes
Olivia Padilla-Jackson
Sarah Cottrell Propst

Interim Chief Executive Officer[(2)]

John Gasparich

Finance Authority General Counsel

Daniel C. Opperman

Municipal Advisor

PFM Financial Advisors LLC
Portland, Oregon

Bond Counsel

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

Disclosure Counsel

Orrick, Herrington & Sutcliffe LLP
Austin, Texas

Trustee, Registrar and Paying Agent

BOKF, NA
Albuquerque, New Mexico

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

(2) At its August 23, 2018 meeting, the Board appointed John Gasparich as Interim Chief Executive Officer.

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OFFICIAL STATEMENT

RELATING TO

$37,145,000
NEW MEXICO FINANCE AUTHORITY
SUBORDINATE LIEN PUBLIC PROJECT REVOLVING FUND
REVENUE BONDS, SERIES 2019A

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 $37,145,000 New Mexico Finance Authority Subordinate Lien Public Project Revolving Fund Revenue Bonds, Series 2019A (the "Series 2019A Bonds") being issued by the New Mexico Finance Authority (the "Finance Authority" or the "NMFA"). The Series 2019A Bonds, together with additional bonds the Finance Authority has issued or may issue in parity with them under the Indenture (defined below), are collectively referred to in this Official Statement as the "Bonds" or the "Parity Bonds." The Bonds are being issued pursuant to the terms of the Subordinated General Indenture of Trust and Pledge, dated as of March 1, 2005, as previously amended and supplemented (the "General Indenture"), and as further amended and supplemented by a Nineteenth Supplemental Indenture of Trust, dated as of February 1, 2019 (the "Nineteenth Supplemental Indenture" and, together with the General Indenture, the "Indenture") all between the Finance Authority and BOKF, NA, Albuquerque, New Mexico, as trustee (the "Trustee"). Capitalized terms used and not defined in the main body of this Official Statement have the meanings specified in the Indenture and are presented under the caption "Definitions" in "APPENDIX B—EXTRACTS OF CERTAIN PROVISIONS OF THE INDENTURE."

New Mexico Finance Authority

The Finance Authority, established by the legislature 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, 2018 included as APPENDIX A hereto. See "FINANCIAL STATEMENTS."

Authority and Purpose

The Series 2019A 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 2019A 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 2019A Bonds. See "THE PLAN OF FINANCING" for more information with respect to the sources and uses of proceeds of the Series 2019A 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 2019A Bonds. Such Governmental Units whose Loans are being financed or refinanced with proceeds of the Series 2019A Bonds are sometimes referred to herein as the "2019A Governmental Units."

Parity Obligations

Obligations, including Bonds, with a lien on the Trust Estate on a parity with the lien of the Series 2019A Bonds have been issued and may be issued to (i) provide loans to governmental entities of the State (the "Governmental Units"), to reimburse the Public Project Revolving Fund for loans made to Governmental Units, and to purchase securities from Governmental Units or (ii) refund the Finance Authority's outstanding Parity Bonds. For a description of the Parity Bonds currently outstanding (the "Outstanding Parity Bonds"), see "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Outstanding Parity Bonds."

Senior Obligations

The Finance Authority's General Indenture of Trust and Pledge dated as of June 1, 1995, as amended and supplemented (the "Senior Indenture"), creates a lien on the NMFA Portion of the Governmental Gross Receipts Tax and additional pledged loans pledged to the Senior Indenture (collectively, and as defined in the Indenture, the "PPRF Revenues") that is senior to the lien of the Indenture. Pursuant to the Senior Indenture the Finance Authority has issued and may issue bonds or other obligations with a lien on PPRF Revenues senior to the lien of the Indenture ("Senior Bonds"). Those Senior Bonds and obligations are secured by and payable from the PPRF Revenues prior to their release from the Senior Indenture. The Finance Authority maintains an ongoing program to provide loans and to purchase securities from Governmental Units and expects to finance some of those activities with the issuance of additional Senior Bonds. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Outstanding Senior Bonds."

The timing, amount and other details of any additional Senior Bonds are not known as of the date of this Official Statement.

The Series 2019A Bonds

The Series 2019A Bonds will be dated the date of their initial delivery. Interest on the Series 2019A Bonds is payable on June 15 and December 15 of each year, commencing June 15, 2019. The Series 2019A Bonds will mature on the dates and in the amounts (unless redeemed prior to maturity) and will bear interest at the rates shown on the inside front cover of this Official Statement. The Series 2019A 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 2019A 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 2019A 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 2019A Bonds, all as more fully described in APPENDIX E. In reading this Official Statement, it should be understood that while the Series 2019A 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 2019A Bonds, but (i) all rights of ownership must be exercised through DTC and the book-entry only system as described in APPENDIX E, and (ii) except as otherwise provided in the Indenture, notices that are to be given to Owners by the Finance Authority, the Trustee, the Registrar or the Paying Agent will be given only to DTC.

Redemption

The Series 2019A Bonds are subject to optional redemption prior to maturity. See "THE SERIES 2019A BONDS—Redemption."

Security and Sources of Payment

Trust Estate. The Bonds, including the Series 2019A Bonds, are special limited obligations of the Finance Authority secured by and payable solely from the Trust Estate, which includes the special revenues and funds of the Finance Authority pledged under the Indenture, including: (i) moneys from the repayment by governmental borrowers of loans made or securities issued to finance a project under the Indenture ("Agreements"); (ii) moneys from the repayment by governmental borrowers to the Finance Authority of loans made or securities purchased from moneys in the Public Project Revolving Fund and pledged as "Additional Pledged Loans" under the Indenture; (iii) certain Governmental Gross Receipts Tax revenues and moneys from the repayment to the Finance Authority of certain loans, to the extent available on June 1 of each year after all obligations of the Finance Authority under the Senior Indenture have been satisfied (together with the moneys described in (ii) in this paragraph, the "Subordinate Lien PPRF Revenues"); (iv) any additional revenues received by the Finance Authority and designated as part of the special revenues and funds pledged under the Indenture pursuant to a Supplemental Indenture or Pledge Notification; and (v) certain funds and accounts created and maintained pursuant to the Indenture. See "SECURITY

AND SOURCES OF PAYMENT FOR THE BONDS—Flow of Funds" and see "Establishment and Use of Funds" in "APPENDIX B—EXTRACTS OF CERTAIN PROVISIONS OF THE INDENTURE" herein. Moneys from the sources described in (ii) and (iii) above may be released from the Indenture on June 16 of each year. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS" herein.

The Bonds do not constitute or create a general obligation or other indebtedness of the State, the Finance Authority or any Governmental Unit within the meaning of any constitutional or statutory debt limitation. THE FINANCE AUTHORITY HAS NO TAXING POWERS. No provision of the Series 2019A Bonds will be construed or interpreted as a donation by or lending of the credit of the Finance Authority, the State, or any Governmental Unit within the meaning of the Constitution of the State. The principal of and interest and premium, if any, on the Bonds do not constitute or give rise to a personal liability on the part of the members, directors and officers of the Finance Authority. No breach of any pledge, obligation or agreement of the Finance Authority will impose a pecuniary liability or a charge upon the general credit of the State, the Finance Authority or any political subdivision of the State, or upon the taxing power of the State or any political subdivision of the State.

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") with a lien on parity with the Series 2019A 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 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 2019A Bond Owners that, so long as the Series 2019A Bonds remain outstanding, the Finance Authority will provide certain annual financial information, operating data and audited financial statements with respect to the Finance Authority and each Governmental Unit expected by the Finance Authority to have loan repayment obligations in the then-current fiscal year constituting more than twenty percent (20%) of the estimated Subordinate Lien Revenues (as herein defined) in the then-current fiscal year to the Municipal Securities Rulemaking Board (the "MSRB") in an electronic format prescribed by the MSRB and notice of certain 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 Subordinate Lien Revenues in the first full year immediately following issuance of the Series 2019A 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 2019A 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. Bond Counsel is also of the opinion that the interest on the Series 2019A 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 2019A Bonds.

Professionals Involved in the Offering

At the time of the issuance and sale of the Series 2019A 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 Orrick, Herrington & Sutcliffe LLP, Austin, Texas, Disclosure Counsel to the Finance Authority. Certain legal matters will be passed upon for the Underwriters by Hogan Lovells US LLP, Denver, Colorado, counsel to the Underwriters. PFM Financial Advisors LLC ("PFM") Portland, Oregon has acted as municipal advisor to the Finance Authority (the "Municipal Advisor") in connection with its issuance of the Series 2019A Bonds. See "MUNICIPAL ADVISOR."

The Finance Authority's audited financial statements for the fiscal year ended June 30, 2018, included in APPENDIX A, have been audited by Moss Adams LLP, Certified Public Accountants, Albuquerque, New Mexico. See also "FINANCIAL STATEMENTS." Moss Adams LLP has not been engaged to perform and has not performed, since the date of its report included in APPENDIX A, any procedures on the financial statements of the Finance Authority addressed in that report. Moss Adams LLP also has not performed any procedures relating to this Official Statement.

Offering and Delivery of the Series 2019A Bonds

The Series 2019A 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 2019A Bonds will be delivered to DTC or its agent on or about February 26, 2019. The Series 2019A Bonds will be distributed in the initial offering by Wells Fargo Bank, N.A., Merrill Lynch, Pierce, Fenner & Smith, and Morgan Stanley & Co. LLC (collectively, the "Underwriters"), for which Wells Fargo Bank, N.A. 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 2019A Bonds.

THE SERIES 2019A BONDS

General

The Series 2019A Bonds will be dated the date of their initial delivery and interest will accrue on the Series 2019A 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 15 and December 15 of each year, commencing June 15, 2019. The "Regular Record Date" for the Series 2019A Bonds is the fifteenth (15th) day immediately preceding each Interest Payment Date (or the Business Day immediately preceding such fifteenth (15th) day, if such fifteenth (15th) day is not a Business Day). The Series 2019A 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 (unless redeemed prior to maturity). The Series 2019A 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 2019A Bonds through its nominee, Cede & Co. One fully registered bond in a denomination equal to the principal amount and maturity of the Series 2019A Bonds will be registered in the name of Cede & Co. Individual purchases of Series 2019A Bonds will be made in book-entry only form, and beneficial owners of the Series 2019A 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 2019A Bonds. For a more complete description of the book-entry only system, see "APPENDIX E—BOOK-ENTRY ONLY SYSTEM."

Redemption

Optional Redemption. The Series 2019A Bonds maturing on or after June 15, 2029, are subject to optional redemption at any time on and after June 15, 2028, 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 2019A Bonds to be redeemed, plus interest accrued to the redemption date.

Notice of Redemption. In the event any of the Bonds are to be redeemed, notice of such redemption is to be mailed by first class mail, postage prepaid, to all Registered Owners of 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 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 Bonds and to at least two national information services that disseminate notices of redemption of obligations such as the 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 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 Bonds or portions thereof redeemed but who failed to deliver 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 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 Bonds.

Partially Redeemed Bonds. In case any Series 2019A Bond is redeemed in part, upon the presentation of such Series 2019A 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 2019A Bond or Bonds of the same series, interest rate and maturity and in an aggregate principal amount equal to the unredeemed portion of such Series 2019A Bond. A portion of any Series 2019A 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 2019A Bonds for redemption, the Trustee will treat each such Bond as representing that number of Series 2019A Bonds of $5,000 denomination which is obtained by dividing the principal amount of such 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 2019A Bonds, are special limited obligations of the Finance Authority payable solely from the Trust Estate. The Series 2019A 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 2019A 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 2019A 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, first, for the equal and ratable payment of the Bonds, the PPRF Secured Obligations (as to amounts deposited to the Revenue Fund), the Security Instrument Repayment Obligations and the SWAP Payments, and, second, for the equal and ratable payment of the Reserve Instrument Repayment Obligations. The Trust Estate includes: (i) Agreement Revenues; (ii) Additional Pledged Revenues; (iii) Subordinate Lien PPRF Revenues; and (iv) other amounts in certain funds and accounts created and maintained pursuant to the Indenture; all as more fully described below. The Agreement Revenues, Additional Pledged Revenues and Subordinate Lien PPRF Revenues are collectively referred to as the "Subordinate Lien Revenues."

Agreement Revenues. The Agreements consist of Loan Agreements and Securities executed and delivered by Governmental Units in consideration for the financing of all or a portion of their respective projects by the Finance Authority. Under each Agreement, the respective Governmental Unit pledges to the Finance Authority for payment of all amounts due under their respective Agreements (i) revenues of specific enterprise systems, revenues attributable to certain taxes or funds appropriated on an annual basis to that Governmental Unit (the "Agreement Revenues") and (ii) moneys in certain funds and accounts held by the Trustee. Each Governmental Unit executing a Loan Agreement or issuing Securities agrees to pay principal of and interest on its loan promptly from its Agreement Revenues and to continue such payments until its Loan is paid in full. Each Governmental Unit that has entered into a Loan Agreement or has issued Securities has pledged specific Agreement Revenues to the repayment of its Loan. It should be noted that each Governmental Unit that has entered into an Agreement with the Finance Authority has the ability to incur additional obligations that may be secured on a senior or parity basis with the Agreement Revenues as long as certain conditions are satisfied. See APPENDIX 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 the Subordinate Lien PPRF Revenues.

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

The following table lists the various types of revenues from which Agreement Revenues are derived based upon scheduled payments in fiscal year 2018-2019. The table also lists the amounts of those revenues and the percentage of the total Agreement Revenues of those revenues.

Type of Revenue	FY 2018-2019 Amounts	% of Total Agreement Revenues
Enterprise System Revenues	$ 14,723,425	32.2%
General Obligation (ad valorem taxes)	11,226,037	24.6%
Local Special Tax	8,608,868	18.8%
Gross Receipts Tax	6,073,557	13.3%
Appropriation Loan	1,602,014	3.5%
Fire Protection Fund	1,469,791	3.2%
State Gross Receipts Tax	868,831	1.9%
Special Assessment	526,720	1.2%
Mill Levy	458,104	1.0%
Law Enforcement Protection Fund	126,832	0.3%
Total	$45,684,179	100.0%

Note: Totals may not add due to rounding.
(Source: The Finance Authority.)

The following table lists the ten Governmental Units (by revenue pledged) that, based on scheduled payments in fiscal year 2018-2019, and assuming no prepayments of any Agreements, are expected to provide the largest amount of Agreement Revenues in fiscal year 2018-2019. The Agreement Revenues generated from such Agreements account for 51.535% of projected Agreement Revenues for fiscal year 2018-2019.

GOVERNMENTAL UNITS EXPECTED TO GENERATE LARGEST AGREEMENT REVENUES(1)

Governmental Unit	FY 2018-2019 Loan Payment	% of Total Pledged Agreement Revenues(2)
Bernalillo County Metro Court (Enterprise System Revenues)(3)	$ 3,916,250	8.572%
Jicarilla Apache Nation (General Revenues)(4)	3,072,150	6.725%
Santa Ana Pueblo (Enterprise System Revenues)	3,034,890	6.643%
City of Santa Fe (Local Special Tax)	2,536,194	5.552%
Gallup McKinley Schools (Local Special Tax)	2,042,063	4.470%
Gallup McKinley Schools (Ad Valorem Taxes)	1,972,269	4.317%
Farmington Schools (Ad Valorem Taxes)	1,971,231	4.315%
Eastern New Mexico University (Local Special Tax)	1,718,140	3.761%
Los Alamos County (Enterprise System Revenues)	1,698,695	3.718%
General Service Department (Appropriation Loan)	1,581,417	3.462%
Total	$23,543,298	51.535%

(1) Assumes that the Loans financed or refinanced with proceeds of the Series 2019A Bonds are executed and delivered.

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

(3) The Finance Authority has entered into various obligations with the Bernalillo County Metropolitan Court (the "Metro Court Bonds") secured by the "Pledged Court Facilities Revenues," which consist of a portion of certain court fees and penalty assessments and certain parking fees, rents and other charges collected by the Bernalillo County Metropolitan Court from tenants and users of the Parking Facility Project after deduction of certain related costs. Certain funds and accounts created and maintained by the Finance Authority pursuant to the resolution authorizing the issuance of the Metro Court Bonds are also pledged to secure repayment of the Metro Court Bonds, including the Metropolitan Court Bond Guarantee Fund (the "Guarantee Fund"), which was funded in an amount of approximately $5.9 million. Due to declining fees and penalties collected by the Bernalillo County Metropolitan Court over several years, there were insufficient Pledged Court Facilities Revenues to pay the full amount of the Metro Court Bonds' June 2017 payment, and the Finance Authority made a draw of $167,191 on the Guarantee Fund. An additional draw of $297,824 was made in June 2018. As of December 31, 2018, the Guarantee Fund was funded in an amount of approximately $5.6 million. Currently, it is projected that the Pledged Court Facilities Revenues will not increase to an amount that will be sufficient to make full payment of the Metro Court Bonds, and the Finance Authority anticipates that it will need to make draws on the Guarantee Fund in future fiscal years. As of February 28, 2019, these obligations will have an outstanding principal amount of $22,725,000, with a final scheduled maturity of June 15, 2025.

(4) Secured by all revenues available to the Jicarilla Apache Nation.

(Source: The Finance Authority.)

Although Agreement Revenues are received at various times throughout the year, they are held under the Indenture until June 15 of each year to be applied to pay debt service on the Bonds. For more information with respect to Governmental Units with the largest repayment obligations as of the date hereof, see "APPENDIX F—2019A 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. See "APPENDIX F—2019A GOVERNMENTAL UNITS; LARGEST REPAYMENT OBLIGATIONS" for the amount of Agreement Reserve Account, if any, to be funded by the 2019A Governmental Units.

Additional Pledged Revenues. Additional Pledged Revenues consist of any additional revenues received by the Finance Authority and designated as part of the Trust Estate pursuant to the Indenture or a Pledge Notification. Additional Pledged Revenues are not revenues attributable to Additional Pledged Loans. Additional Pledged Revenues may be among the amounts released from the Revenue Fund on June 16 of each year to the extent they will not be required for payment of debt service in the then current Bond Fund Year, as described below under "Subordinate Lien PPRF Revenues." Additional

Pledged Revenues are deposited in the Revenue Fund immediately upon their receipt throughout the year by the Finance Authority. For a more complete description of these deposits and transfers, see "Flow of Funds" below under this caption, and "Establishment and Use of Funds" in "APPENDIX B—EXTRACTS OF CERTAIN PROVISIONS OF THE INDENTURE." At the present, the Finance Authority has not designated any sources of revenues as "Additional Pledged Revenues."

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

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

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

The following table shows, for fiscal years 2013-2014 through 2017-2018, the amounts released to the Finance Authority from the Senior Indenture, which represent the amounts that would be included as Historical Subordinate Lien PPRF Revenues under the Indenture.

HISTORICAL SUBORDINATE LIEN PPRF REVENUES
FISCAL YEARS 2013-2014 THROUGH 2017-2018[(1)]
(RELEASED TO THE INDENTURE ON JUNE 1)

Fiscal Year 2013-2014	Fiscal Year 2014-2015	Fiscal Year 2015-2016	Fiscal Year 2016-2017	Fiscal Year 2017-2018
$41,468,998	$44,943,388	$44,934,885	$31,859,186[(2)]	$42,084,934

(1) Amounts for fiscal years shown above include distributions for the NMFA Portion of the Governmental Gross Receipts Tax (defined below) for the period commencing May 1 of the preceding fiscal year through April 30 of the then current fiscal year. Such collections are disbursed in monthly installments by the New Mexico Taxation and Revenue Department and received by the Finance Authority two months after the month of collection throughout the Finance Authority's fiscal year. Based on loans projected to close as of February 28, 2019, the Finance Authority projects that the amounts released from the Senior Indenture for Fiscal Year 2018-2019 will be $42,410,951. The funds projected to be released include a one-time increase of approximately $4.8 million in August 2018, due to a political subdivision's misclassification of its governmental gross receipts tax as compensating gross receipts tax over a period of approximately three years and the accompanying correction and one-time restitution of the inadvertently diverted amounts.

(2) The reduction in Subordinate Lien PPRF Revenues, which is the result of a prior mismatch and temporary escalation of the revenues received from replacement Loans substituted for certain prepaid Loans, was expected and is consistent with revenue forecasts contained in previously published projections. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS - Application of Loan Prepayments."

(Source: The Finance Authority.)

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

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.

<u>Collection and Distribution Information</u>. 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 2013-2014 through 2017-2018 derived from reports by the New Mexico Taxation and Revenue Department.

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GOVERNMENTAL GROSS RECEIPTS TAX DISTRIBUTIONS
FISCAL YEARS 2013-2014 THROUGH 2017-2018[(1)]

	Fiscal Year 2013-2014	Fiscal Year 2014-2015	Fiscal Year 2015-2016	Fiscal Year 2016-2017	Fiscal Year 2017-2018
NMFA Portion of the Governmental Gross Receipts Tax[(2)]	$27,297,696	$26,465,641	$28,146,217	$29,413,964	$31,332,545
Other State Agencies' Portions of the Governmental Gross Receipts Tax[(3)]	9,099,230	8,821,880	9,382,072	9,804,655	10,444,182
Total Governmental Gross Receipts Tax Distributions	$36,396,926	$35,287,521	$37,528,289	$39,218,619	$41,776,727

(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. For the 12 month period ending November 30, 2018, the governmental gross receipts tax distribution to the Public Project Revolving Fund totaled $32,139,801 on a normalized basis, excluding a one-time increase of approximately $4.8 million in August, 2018, due to a political subdivision's misclassification of its governmental gross receipts tax as compensating gross receipts tax over a period of approximately three years and the accompanying correction and one time restitution of the inadvertently diverted amounts. See footnote 1 of the table under "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Trust Estate – Subordinate Lien PPRF Revenues."

(2) Distributions of the NMFA Portion of the Governmental Gross Receipts Tax are held pursuant to the Senior Indenture and pledged to the payment of Senior Bonds. Such amounts may be released to the Trust Estate as discussed under "Subordinate Lien PPRF Revenues" above.

(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 on a correlation to population, the payers of the governmental gross receipts tax whose payments accounted for at least 5% of the total net receipts from the governmental gross receipts tax in fiscal year 2017-2018 include the Albuquerque Bernalillo County Water Utility Authority, the City of Albuquerque, the City of Santa Fe and the City of Las Cruces. Although the Finance Authority has not verified and does not guarantee the accuracy of such information, the Finance Authority does not have any reason to believe that the list of entities providing at least 5% of the governmental gross receipts tax is incorrect.

Distributions from the NMFA Portion of the Governmental Gross Receipt Tax that are not needed for payments under the Senior Indenture and the Indenture may be released from the Trust Estate and are subject to appropriation by the State legislature for purposes and programs other than the PPRF, 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 Senior Indenture and the Indenture.

Funds and Accounts

The Indenture creates a Revenue Fund, a Program Fund (with separate accounts for each Agreement or Project), a Bond Fund, a Debt Service Fund (with separate accounts for each Agreement), a Debt Service Reserve Fund (with a separate account for each series of Bonds with a Debt Service Reserve Requirement), an Agreement Reserve Fund (with a separate account for each Agreement that has a reserve requirement), a Supplemental Credit Reserve Fund, an Expense Fund and a Reserve Instrument Fund all of which are part of the Trust Estate. Amounts on deposit in accounts in each Debt Service Reserve Account and in each Agreement Reserve Account shall only secure repayment of the Loan made under the related Agreement. The Finance Authority is not establishing or funding an account in the Debt Service Reserve Fund for the Series 2019A Bonds. See "APPENDIX F—2019A GOVERNMENTAL UNITS; LARGEST REPAYMENT OBLIGATIONS" for Agreement Reserve Account amounts for the 2019A Governmental Units. Amounts in the accounts of the Program Fund are held by the Finance Authority and, upon request and submission of proper documentation, by the respective Governmental Unit, the Finance Authority will disburse funds directly to the provider of goods or services relating to the Project for which an account has been established in the Program Fund.

Flow of Funds

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Debt Service Reserve Fund. The Indenture permits the establishment of a separate Account in the Debt Service Reserve Fund solely for the benefit of the holders of a Series of Bonds in an amount equal to the least of (i) 10% of the proceeds of such Series of Bonds determined on the basis of original principal amount (unless original issue premium or original issue discount exceeds two percent of original principal, then determined on the basis of initial purchase price to the public); (ii) the maximum annual Debt Service during any Bond Fund Year for such Series of Bonds; or (iii) 125% of the average annual Debt Service for such Series of Bonds (the "Debt Service Reserve Requirement"). If at any time the amount on deposit in any Account of the Debt Service Reserve Fund is less than the Debt Service Reserve Requirement for that Account, the Finance Authority is required to make payments totaling the amount of any such deficiency directly to the Trustee for deposit into the Debt Service Reserve Fund. **Although the Finance Authority has established separate Accounts in the Debt Service Reserve Fund for Series of Outstanding Parity Bonds, it is not establishing or funding an Account in the Debt Service Reserve Fund for the Series 2019A Bonds.**

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

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

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

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

Supplemental Credit Reserve Fund. Pursuant to an amendment to the Indenture approved on June 22, 2017, the Supplemental Credit Reserve Fund, an indentured fund, was established to as part of the Trust Estate. The Supplemental Credit Reserve Fund was initially funded on July 5, 2017, in an amount of $30,593,376 transferred from the Contingent Liquidity Account, a non-indentured holding account, which was deactivated at that time. As of December 31, 2018, the Supplemental Credit Reserve Fund was funded in an amount of $31,292,941.

If the amounts on deposit in any Governmental Unit's Debt Service Account of the Debt Service Fund or in any repayment account in connection with a Short-Term Borrowing are insufficient for payments coming due under the related Loan Agreement or Securities on the next Loan Payment Date or payments coming due on the next Short-Term Borrowing

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

The Finance Authority shall determine, as of the end of each Bond Fund Year, the Supplemental Credit Reserve Requirement, which shall be an amount equal to the amount of the Common Debt Service Reserve Fund (as defined herein) at that time. The Finance Authority shall deposit the amount, if any, to fund the Supplemental Credit Reserve Fund to the then Supplemental Credit Reserve Requirement within three (3) business days of receipt by the Finance Authority of the disbursement of the Subordinate Lien PPRF Revenues distributed to the Finance Authority by the trustee under the Subordinated Indenture on June 16, being the day after the end of the applicable Bond Fund Year under the Subordinated Indenture.

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

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

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

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

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

Application of Loan Prepayments

A limited number of Governmental Units (in an amount not deemed material by the Finance Authority) have the option, beginning one year after origination, to make full or partial Prepayments of their Loans. Neither the outstanding Bonds nor the Series 2019A Bonds are subject to mandatory redemption under such circumstances. With respect to a particular Series of Bonds, the Indenture instead provides that, for the purpose of matching, to the extent practicable, (i) the revenues received from Loan Payments received pursuant to Loans reimbursed or originated with proceeds of a specific

Series of Bonds with debt service payable on such Series of Bonds, and (ii) the overall debt service requirements on the Outstanding Bonds and the particular Series of Bonds with revenues received from Loan Payments on all outstanding Loans, the Finance Authority shall, within 365 days following the receipt of a Prepayment, in part or in full, of a Loan reimbursed with proceeds of a particular Series of Bonds, take separately or in combination any one or more of the actions described in subsections (a), (b) or (c) of this Section:

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

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

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

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

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

Additional Bonds

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

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

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

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

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

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

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

The Finance Authority maintains an ongoing program to provide loans and to purchase securities from Governmental Units and expects to finance certain of those activities with the issuance of Additional Bonds on parity with the Series 2019A Bonds. The Finance Authority expects to issue additional Senior Bonds and Additional Bonds within the next six 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 Senior Lien Obligations Other Than Senior Bonds

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

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Outstanding Parity Bonds

The Finance Authority has previously issued other Series of Bonds that are outstanding under the Indenture. The various Series of Outstanding Parity Bonds, their original principal amounts and their aggregate principal amounts expected to be outstanding as of the date of delivery of the Series 2019A Bonds, are set forth below.

Series[1]	Original Principal Amount Issued	Aggregate Principal Amount Outstanding as of Delivery of the Bonds[2]
2014A-1	$ 15,135,000	$ 12,900,000
2014A-2	16,805,000	10,725,000
2015A	63,390,000	53,670,000
2015D	29,355,000	23,625,000
2016B	8,950,000	4,630,000
2017B	68,015,000	53,385,000
2017D	41,395,000	38,955,000
2017F	19,315,000	18,370,000
2018C-1	19,400,000	19,400,000
2018C-2	13,175,000	13,175,000
2018E	70,205,000	70,205,000
Total	$365,140,000	$319,040,000
Total including the Series 2019A Bonds	$402,285,000	$356,185,000

(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 2019A Bonds.

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

(Source: The Finance Authority.)

See "ANNUAL DEBT SERVICE REQUIREMENTS" for Debt Service Requirements on the Outstanding Bonds and aggregate payments under the Agreements.

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

Outstanding Senior Bonds

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

The Finance Authority has issued, and expects to issue, additional Senior Bonds under the Senior Indenture from time to time to satisfy the financing needs of governmental entities of the State of New Mexico. The following table presents the series of Senior Bonds that are expected to be outstanding as of the date of delivery of the Series 2019A Bonds, under the Senior Indenture.

Series[(1)]	Original Principal Amount Issued	Aggregate Principal Amount Outstanding as of Delivery of the Bonds[(2)]
2009A	$ 18,435,000	$ 10,470,000
2009C	55,810,000	36,480,000
2009D-1	13,570,000	5,465,000
2009D-2	38,845,000	33,370,000
2009E	35,155,000	4,365,000
2010A-1	15,170,000	4,310,000
2010A-2	13,795,000	11,270,000
2010B-1	38,610,000	19,225,000
2010B-2	17,600,000	16,590,000
2011B-1	42,735,000	20,165,000
2011B-2	14,545,000	8,950,000
2011C	53,400,000	32,120,000
2012A	24,340,000	17,520,000
2013A	44,285,000	28,105,000
2013B	16,360,000	10,695,000
2014B	58,235,000	40,435,000
2015B	45,325,000	37,240,000
2015C	45,475,000	44,700,000
2016A	52,070,000	41,795,000
2016C	67,540,000	64,070,000
2016D	116,485,000	108,255,000
2016E	40,870,000	33,820,000
2016F	38,575,000	34,625,000
2017A	60,265,000	56,420,000
2017C	37,625,000	32,435,000
2017E	40,190,000	39,740,000
2018A	124,330,000	121,530,000
2018B	22,530,000	22,530,000
2018D	53,310,000	53,310,000
Total	$1,245,530,000	$990,005,000

(1) The official statements for the various Series of Senior 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 2019A Bonds.

(2) All series of bonds have maturities on June 1.

(Source: The Finance Authority.)

The Finance Authority has established a debt service reserve fund under the Senior Indenture to secure payment of debt service on any Senior Bonds issued under the Senior Indenture (the "Common Debt Service Reserve Fund"). As of December 31, 2018, the Common Debt Service Reserve Fund was funded in the amount of $31,331,196. The Common Debt Service Reserve Fund secures the Senior Bonds and is not pledged as security for the Bonds.

Supplemental Indentures and Amendments to Agreements; Rating Agency Discretion

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

In addition, the Finance Authority with the consent of the Trustee and the related Governmental Unit may, without the consent of any Owners of the 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

Purposes of the Series 2019A Bonds

Proceeds from the sale of the Series 2019A 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 2019A Bonds. See "INTRODUCTION – Authority and Purpose," and APPENDIX F for a list of the 2019A Governmental Units and the amount of the Loans expected to be financed with proceeds of the Series 2019A Bonds.

Estimated Sources and Uses of Funds

The estimated sources and uses of funds in connection with the Series 2019A Bonds are presented in the following table.

Sources of Funds

Par Amount	$37,145,000.00
Original Issue Premium	5,956,388.50
Total	$43,101,388.50

Uses of Funds

Deposit to Public Project Revolving Fund[(1)]	$42,775,699.45
Costs of Issuance[(2)]	325,689.05
Total	$43,101,388.50

(1) Amounts deposited in the Public Project Revolving Fund will be used to reimburse the Finance Authority for Loans previously made to the 2019A Governmental Units, which have been used to finance Projects for such 2019A Governmental Units and, if applicable, fund an agreement reserve fund. See "APPENDIX F—2019A GOVERNMENTAL UNITS; LARGEST REPAYMENT OBLIGATIONS."

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

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ANNUAL DEBT SERVICE REQUIREMENTS

The following schedule shows the total debt service payable for the Series 2019A Bonds and all currently Outstanding Parity Bonds for each fiscal year through their respective final maturity dates.

DEBT SERVICE FOR THE BONDS[1]

	Series 2019A Bonds				
Fiscal Year	Principal[2]	Interest[3]	Total	Outstanding Parity Bonds[4]	Total
2019	$ 250,000	$ 527,121	$ 777,121	$ 41,182,378	$ 41,959,499
2020	1,775,000	1,728,450	3,503,450	46,679,589	50,183,039
2021	2,140,000	1,639,700	3,779,700	42,441,437	46,221,137
2022	2,450,000	1,575,500	4,025,500	37,940,911	41,966,411
2023	2,220,000	1,526,500	3,746,500	36,380,140	40,126,641
2024	1,860,000	1,415,500	3,275,500	30,462,932	33,738,432
2025	1,995,000	1,322,500	3,317,500	27,449,721	30,767,221
2026	1,685,000	1,222,750	2,907,750	21,668,639	24,576,389
2027	1,835,000	1,138,500	2,973,500	21,217,327	24,190,827
2028	1,640,000	1,046,750	2,686,750	15,094,258	17,781,008
2029	3,055,000	964,750	4,019,750	14,209,450	18,229,200
2030	3,145,000	812,000	3,957,000	13,287,913	17,244,914
2031	3,135,000	654,750	3,789,750	11,736,904	15,526,654
2032	3,155,000	498,000	3,653,000	11,731,632	15,384,632
2033	3,165,000	340,250	3,505,250	10,322,357	13,827,607
2034	2,440,000	182,000	2,622,000	8,276,954	10,898,954
2035	915,000	60,000	975,000	8,198,382	9,173,382
2036	285,000	14,250	299,250	5,536,231	5,835,481
2037	-	-	-	10,310,425	10,310,425
2038	-	-	-	10,320,101	10,318,501
2039	-	-	-	6,237,000	6,237,000
Total	$37,145,000	$16,669,271	$53,814,271	$430,684,680	$484,498,952

(1) Assumes the Series 2019A Bonds are issued and Outstanding. Totals may not add due to rounding.
(2) Payable on June 15 of each year.
(3) Payable on June 15 and December 15 of each year, commencing June 15, 2019.
(4) Represents principal of and interest on Parity Bonds expected to be Outstanding as of the date of delivery of the Series 2019A Bonds.

(Source: PFM.)

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The following table shows estimated available revenues pledged to the payment of the Bonds, total debt service requirements for the Series 2019A Bonds and all currently Outstanding Parity Bonds and the resulting estimated annual coverage ratios. Revenues projected for current and future fiscal years are based on Fiscal Year 2017-2018 releases of PPRF Revenues from the Senior Indenture and scheduled payments under the Agreements and Additional Pledged Loans and do not reflect any future Prepayments or delinquencies. The estimated annual coverage ratios are based in part on assumptions that may not be realized. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Agreement Revenues" and "—Trust Estate-Subordinate Lien PPRF Revenues" for descriptions of the revenues presented in the table under the headings "Agreement Revenues" and "Subordinate Lien PPRF Revenues." See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Trust Estate-Subordinate Lien PPRF Revenues" and "INVESTMENT CONSIDERATIONS" for a list of some factors affecting Subordinate Lien PPRF Revenues.

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

Fiscal Year	Subordinate Lien PPRF Revenues[2]	Agreement Revenues[3]	Estimated Total Revenues	Total Debt Service Requirements	Estimated Annual Coverage Ratios[4]
2019	$ 42,410,951[5]	$ 45,684,179	$ 88,095,131	$ 41,182,378	2.10
2020	38,403,124	51,622,071	90,025,195	46,679,589	1.79
2021	36,184,370	50,716,093	86,900,464	42,441,437	1.88
2022	34,708,052	45,801,515	80,509,566	37,940,911	1.92
2023	36,045,206	41,191,264	77,236,471	36,380,141	1.92
2024	35,687,019	35,994,863	71,681,882	30,462,932	2.12
2025	36,897,950	34,351,348	71,249,298	27,449,721	2.32
2026	37,058,352	29,172,955	66,231,307	21,668,639	2.69
2027	36,830,254	31,644,337	68,474,590	21,217,327	2.83
2028	37,175,302	24,504,642	61,679,944	15,094,258	3.47
2029	46,139,855	25,067,188	71,207,043	14,209,450	3.91
2030	38,184,124	24,223,782	62,407,906	13,287,914	3.62
2031	36,471,482	22,685,682	59,157,164	11,736,904	3.81
2032	34,002,871	20,467,237	54,470,109	11,731,632	3.54
2033	32,504,831	17,849,739	50,354,570	10,322,357	3.64
2034	32,337,750	14,836,606	47,174,357	8,276,954	4.33
2035	31,998,080	12,714,226	44,712,306	8,198,382	4.87
2036	31,486,041	9,362,685	40,848,726	5,536,231	7.00
2037	35,403,351	12,020,785	47,424,136	10,310,425	4.60
2038	32,389,307	11,299,240	43,688,548	10,320,101	4.23
2039	32,929,442	7,022,597	39,952,039	6,237,000	6.41

(1) Assumes that the Series 2019A Bonds are issued and Outstanding. See "INTRODUCTION—Authority and Purpose" and "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Outstanding Parity Bonds." Totals may not add due to rounding.

(2) Future collections of the Subordinate Lien PPRF Revenues are based on a forecast of revenues to be released from the Senior Indenture including loans scheduled to close by February 28, 2019. As shown, the figures do not reflect any possible future reduction resulting from payment of debt service on Senior Bonds. For a history of Subordinate Lien PPRF Revenues, see the chart entitled "Historical Subordinate Lien PPRF Revenues" under the heading "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Trust Estate." See also "INVESTMENT CONSIDERATIONS—Availability of Subordinate Lien PPRF Revenues."

(3) Assumes total Agreement Revenues projected to be received for Loans outstanding as of February 28, 2019. Includes all Loans expected to be financed or refinanced with proceeds of the Series 2019A bonds except for loans to Lovington and South Central Solid Waste Authority totaling $2,452,693 scheduled to close in March 2019. 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) The Estimated Annual Coverage Ratios are calculated assuming that no additional Parity Bonds will be issued pursuant to the Indenture and are subject to change.

(5) Includes a one-time increase of approximately $4.8 million in August 2018, due to a political subdivision's misclassification of its tax revenues over a three-year period.

(Sources: Finance Authority and PFM.)

NEW MEXICO FINANCE AUTHORITY

General Information

The Finance Authority is a public body politic and corporate, separate and apart from the State, constituting a governmental instrumentality of the State. The Finance Authority was created in 1992 pursuant to the Act to coordinate the planning and financing of State and local public projects, to provide for long-term planning and assessment of State and local capital needs and to improve cooperation among the executive and legislative branches of State government and local governments in financing public projects. Pursuant to the Act, the Finance Authority and its corporate existence will continue until terminated by law, provided that no such law will take effect so long as the Finance Authority has bonds or other obligations outstanding, unless provision has been made for the payment of all such obligations. The Finance Authority is comprised of 11 members who also constitute the Finance Authority's board of directors and currently employs 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 Finance and Disclosure Committee has authority to award certain contracts and to authorize certain investments. Each committee reviews and makes recommendations to the governing body concerning matters assigned to it by the governing body.

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

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

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Governing Body and Key Staff Members

Current members of the Finance Authority, and their respective occupations and term expiration dates, are presented below. Three positions on the governing body are currently vacant.

Name	Occupation	Term Expires
Katherine Ulibarri (Chair)(1)(2)	Principal, K. Ulibarri Consulting, LLC	12/31/2018
William F. Fulginiti (Vice Chair)(3)	Executive Director, New Mexico Municipal League	not applicable
Steve Kopelman(3) (Secretary)	Executive Director, New Mexico Association of Counties	not applicable
Blake Curtis(1)(2)	Chief Executive Officer, Senior Vice President, Curtis & Curtis, Inc., Clovis, New Mexico	01/01/2016
James Kenney(1)(3)(4)	Cabinet Secretary, Environment Department, State of New Mexico	not applicable
Alicia Keyes (1)(3)(4)	Cabinet Secretary, Economic Development Department, State of New Mexico	not applicable
Olivia Padilla-Jackson(1)(3)(4)	Cabinet Secretary, Department of Finance and Administration	not applicable
Sarah Cottrell Propst(1)(3)(4)	Cabinet Secretary, Energy, Minerals and Natural Resources 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.

(4) Designees to their respective positions have been appointed by the Governor of the State but are awaiting confirmation by the State Senate during the 2019 session of the State Legislature. Such designees will continue to serve until the expiration of such session if no confirmation is received.

Presented below is certain information concerning key staff members of the Finance Authority involved in the issuance of the Series 2019A Bonds and the administration of the Finance Authority's financing programs.

John Gasparich, Interim Chief Executive Officer. Mr. Gasparich joined the Finance Authority as Interim Chief Executive Officer in September 2018. Mr. Gasparich previously served the Finance Authority as Interim Chief Executive Officer from August 2012 through December 2013. Most recently, Mr. Gasparich has served as a fiscal analyst for the Senate Minority Leader and as the Secretary of the New Mexico State Board of Finance. He previously held the position of New Mexico State Budget Director under three governors as well as Deputy Cabinet Secretary of the Department of Finance and Administration and Deputy Director of the Legislative Finance Committee. Mr. Gasparich also served as a gubernatorial appointee to the New Mexico Public School Capital Outlay Oversight Task Force and as a Senate President Pro Tempore appointee of the Government Restructuring Task Force. Mr. Gasparich received a Bachelor of Arts degree in Psychology and Master of Arts degree in Economics from the University of New Mexico.

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 November 30, 2018, the Finance Authority had made 1,597 PPRF loans totaling approximately $3.57 billion. To implement the PPRF Program, the Finance Authority has been granted the following specific powers:

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

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

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

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

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

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

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

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

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

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

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

The Wells Fargo Short-Term Borrowing Facility is currently scheduled to expire on December 10, 2020. 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 the date of delivery of the Series 2019A Bonds.

Program	Project	Original Principal Amount	Outstanding as of Date of Delivery	Scheduled Final Maturity
Transportation	Highways 2006A	$ 150,000,000	$ 500,000	12/15/2022
Transportation	Highways 2010A-1	95,525,000	25,935,000	12/15/2024
Transportation	Highways 2010A-2 Subordinate	79,100,000	25,665,000	12/15/2021
Transportation	Highways 2010B	461,075,000	297,150,000	6/15/2024
Transportation	Highways 2012	220,400,000	168,670,000	6/15/2026
Transportation	Highways 2014A Subordinate	70,110,000	66,335,000	6/15/2032
Transportation	Highways 2014B-1	61,380,000	61,380,000	6/15/2027
Transportation	Highways 2014B-2 Subordinate	18,025,000	16,595,000	6/15/2027
Transportation	Highways 2018A Subordinate	420,090,000	420,090,000	6/15/2030

(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 2019A 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 2019A Bonds, or in any way contesting or affecting the validity or enforceability of the Series 2019A 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 2019A Bonds.

UNDERWRITING

Pursuant to a Bond Purchase Agreement dated February 13, 2018 (the “Bond Purchase Agreement”) between Wells Fargo Bank, N.A, as representative of the Underwriters, and the Finance Authority, the Underwriters have agreed to purchase the Series 2019A Bonds from the Finance Authority at a purchase price equal to $42,980,699.45 (being the par amount of the Series 2019A Bonds plus an original issue premium of $5,956,388.50, and less an underwriting discount of $120,689.05). The Bond Purchase Agreement provides that the Underwriters will purchase all of the Series 2019A 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 2019A 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 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 2019A 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 2019A 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

2019A 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 2019A 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.

Morgan Stanley & Co. LLC., an underwriter of the Series 2019A 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 2019A 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 2019A 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 2019A 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 2019A 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 2019A Bonds.

TO ENSURE COMPLIANCE WITH TREASURY DEPARTMENT CIRCULAR 230, OWNERS OF THE SERIES 2019A BONDS ARE HEREBY NOTIFIED THAT: (A) ANY DISCUSSION OF FEDERAL TAX ISSUES IN THIS OFFICIAL STATEMENT RELATING TO THE SERIES 2019A BONDS IS NOT INTENDED OR WRITTEN TO BE RELIED UPON, AND CANNOT BE RELIED UPON, BY OWNERS OF THE SERIES 2019A BONDS FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON THOSE OWNERS UNDER THE INTERNAL REVENUE CODE; (B) THE DISCUSSION OF FEDERAL TAX ISSUES IN THIS OFFICIAL STATEMENT RELATING TO THE SERIES 2019A BONDS WAS WRITTEN IN CONNECTION WITH THE PROMOTION OR MARKETING OF THOSE SERIES 2019A BONDS; AND (C) OWNERS OF THE SERIES 2019A BONDS SHOULD SEEK ADVICE FROM AN INDEPENDENT TAX ADVISOR BASED ON THEIR PARTICULAR CIRCUMSTANCES.

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 2019A Bonds:

Federal Tax Exemption. The interest on the Series 2019A Bonds (including any original issue discount properly allocable to an owner thereof) is excludable from gross income for federal income tax purposes.

Alternative Minimum Tax. The interest on the Series 2019A Bonds is not an item of tax preference for purposes of computing the federal alternative minimum tax.

State of New Mexico Tax Exemption. The interest on the Series 2019A 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 2019A 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 2019A 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 2019A Bonds in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2019A Bonds.

Other Tax Consequences

Original Issue Premium. For federal income tax purposes, premium is the excess of the issue price of a Series 2019A Bond over its stated redemption price at maturity. The issue price of a Series 2019A Bond is generally the first price at which a substantial amount of the Series 2019A Bonds of that maturity have been sold to the public. Under Section 171 of the Code, premium on tax-exempt bonds amortizes over the term of the Series 2019A Bond using constant yield principles, based on the purchaser's yield to maturity. As premium is amortized, the owner's basis in the Series 2019A 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 2019A 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 2019A Bond, an owner of the Series 2019A 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 2019A Bond (other than in respect of accrued and unpaid interest) and such owner's adjusted tax basis in the Series 2019A Bond. To the extent a Series 2019A 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 2019A 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 2019A Bonds, and to the proceeds paid on the sale of the Series 2019A 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 2019A Bonds should be aware that ownership of the Series 2019A Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, with respect to the Series 2019A Bonds, financial institutions, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits, certain S corporations with "excess net passive income," foreign corporations subject to the branch profits tax, life insurance companies, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry or have paid or incurred certain expenses allocable to the Series 2019A Bonds. Bond Counsel expresses no opinion regarding these tax consequences. Purchasers of Series 2019A 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 2019A 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 2019A 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 Orrick, Herrington & Sutcliffe LLP, Austin, Texas, Disclosure Counsel to the Finance Authority. Certain legal matters will be passed upon for the Underwriters by Hogan Lovells US LLP, Denver, Colorado, counsel to the Underwriters. The counsels involved in this transaction have not participated in any independent verification of the information concerning the financial condition or capabilities of the Finance Authority contained in this Official Statement.

MUNICIPAL ADVISOR

The Finance Authority has retained PFM Financial Advisors LLC ("PFM"), as municipal advisor in connection with the preparation of this Official Statement and with respect to the issuance of the Series 2019A Bonds. PFM is an independent advisory firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities.

FINANCIAL STATEMENTS

The financial statements of the Finance Authority for the year ended June 30, 2018, included in APPENDIX A of this Official Statement, have been audited by Moss Adams LLP, certified public accountants, Albuquerque, New Mexico, as set forth in its report thereon dated October 29, 2018. Moss Adams LLP has not been engaged to perform and has not performed, since the date of its report included in APPENDIX A, any procedures on the financial statements of the Finance Authority addressed in that report. Moss Adams LLP also has not performed any procedures relating to this Official Statement.

CONTINUING DISCLOSURE UNDERTAKING

The Finance Authority will execute and deliver a Continuing Disclosure Undertaking in connection with the issuance of the Series 2019A 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 2019A Bonds who requests such information):

    1. with respect to the Finance Authority annual financial information and operating data concerning the Subordinate Lien PPRF Revenues, such information to be of the type set forth in the tables under the caption "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Trust Estate–Agreement Revenues" and in the table captioned "Historical Subordinate Lien PPRF Revenues — Fiscal Years 2013-2014 Through 2017-2018 (Released to the Indenture on June 1)" under the caption "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Trust Estate–Subordinate Lien PPRF Revenues" in the Official Statement;

    2. with respect to any Governmental Unit expected by the Finance Authority, on the last business day that is at least 45 days prior to the date specified for providing such information to the MSRB, to have Loan repayment obligations in the then-current fiscal year constituting more than 20% of the estimated Subordinate Lien Revenues for the then-current fiscal year (the "20% Test"), and each additional Governmental Unit designated by the Finance Authority by such business day, information concerning the four-year history of the specific revenues constituting such Governmental Unit's Agreement 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 2019A 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 2019A 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 2019A Bonds. However, the Finance Authority does not undertake to commit to provide any such notice of the occurrence of any material event except those events listed above.

The Finance Authority reserves the right to modify from time to time the Continuing Disclosure Undertaking, including the specific types of information provided or the format of the presentation of such information, to the extent necessary or appropriate in the judgment of the Finance Authority; provided that, the Finance Authority has agreed that any such modification will be done in a manner consistent with the Rule. The Finance Authority acknowledges that its undertaking pursuant to the Rule described under this heading is intended to be for the benefit of the Owners of the Series 2019A 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 2019A Bonds.

None of the Governmental Units have represented annual Loan repayment obligations exceeding 20% of estimated Subordinate Lien Revenues in the first full year immediately following issuance of the Series 2019A Bonds. See APPENDIX F for a discussion of Loans to Governmental Units with the largest outstanding principal loan balances.

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. Additionally, in 2015, the Finance Authority failed to timely file either audited or unaudited financial statements of the Administrative Office of Courts ("AOC") with the MSRB, and did not file a notice of failure to provide such information, all as required by an undertaking made pursuant to the Finance Authority's Subordinate Lien Public Project Revolving Fund Refunding Revenue Bonds, Series 2005C Bonds (the "Series 2005C Bonds"). All outstanding Series 2005C Bonds were refunded or redeemed as of June 15, 2015. In New Mexico, audits of public entities subject to the State Audit Act, including the AOC, are not final until posted on the State Auditor's website, which site maintains current and past audits of all such entities for public inspection. Additionally, the Senior Lien Public Project Revolving Fund Revenue Bonds, Series 2008A maturing on or after June 1, 2019, were defeased on March 7, 2018, and a notice of defeasance was filed with the MSRB on April 13, 2018.

RATINGS

S&P and Moody's have assigned ratings of "AAA" and "Aa2," respectively, to the Series 2019A 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 2019A 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 2019A Bonds may have an adverse effect on the market price of the Series 2019A Bonds. The Municipal Advisor has not undertaken any responsibility to bring to the attention of the owners of the Series 2019A Bonds any proposed revision or withdrawal of the ratings on the Series 2019A 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 2019A Bonds.

INVESTMENT CONSIDERATIONS

Availability of Subordinate Lien PPRF Revenues

The amount of Subordinate Lien PPRF Revenues actually released to the Indenture on any June 1 may be affected by several factors. Among other things, the amount of governmental gross receipts taxes that will be collected and distributed to the Finance Authority and ultimately released from the Senior Indenture to become Subordinate Lien PPRF Revenues is subject to fluctuation based on the activities that generate those taxes, including general economic conditions. There can be no guarantee that the NFMA'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."

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

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

As previously stated, the Series 2019A 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 issued pursuant to the Senior Indenture. 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 2019A Bonds.

NEW MEXICO FINANCE AUTHORITY

By /s/ Katherine Ulibarri
Katherine Ulibarri,
Chair

By /s/ John Gasparich
John Gasparich,
Interim Chief Executive Officer

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APPENDIX A

AUDITED FINANCIAL STATEMENTS OF THE FINANCE AUTHORITY FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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REPORT OF INDEPENDENT AUDITORS
AND FINANCIAL STATEMENTS

NEW MEXICO FINANCE AUTHORITY
(A Component Unit of the State of New Mexico)

June 30, 2018

MOSSADAMS

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NEW MEXICO FINANCE AUTHORITY

Official Roster

June 30, 2018

BOARD MEMBERS

John E. McDermott, *Chair*
Chief Executive Officer
McDermott Advisory Services, LLC

William Fulginiti, *Vice-Chair*
Executive Director
New Mexico Municipal League

Ken McQueen, *Secretary*
Cabinet Secretary
New Mexico Energy, Minerals & Natural Resources Department

Katherine Ulibarri, *Treasurer*
Vice President for Finance & Operations
Central New Mexico Community College

Matt Geisel, *Member*
Cabinet Secretary Designate
New Mexico Economic Development Department

Dorothy "Duffy" Rodriguez, *Member*
Cabinet Secretary
New Mexico Department of Finance & Administration

Blake Curtis, *Member*
Chief Executive Officer
Curtis & Curtis Seed & Supply

Butch Tongate, *Member*
Cabinet Secretary
New Mexico Environment Department

Steve Kopelman, *Member*
Executive Director
New Mexico Association of Counties

(2 vacant positions)

Chief Executive Officer
Robert P. Coalter – Resigned August 2018

Chief Financial Officer
Oscar S. Rodríguez

MOSSADAMS

Report of Independent Auditors

Governing Board
New Mexico Finance Authority
and
Mr. Wayne Johnson
New Mexico Office of the State Auditor
Santa Fe, New Mexico

Report on the Financial Statements

We have audited the accompanying financial statements of the enterprise fund and agency fund of the New Mexico Finance Authority (NMFA), a component unit of the State of New Mexico, as of and for the years ended June 30, 2018 and 2017, and the related notes to the financial statements, which collectively comprise the NMFA's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the enterprise fund and agency fund of the New Mexico Finance Authority as of June 30, 2018 and 2017, and the changes in financial position and the cash flows for the enterprise fund 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 audit was conducted for the purpose of forming an opinion on the NMFA's basic financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 *U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the supplementary schedules, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 29 2018, on our consideration of the NMFA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the NMFA's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the NMFA's internal control over financial reporting and compliance.

Moss Adams LLP

Albuquerque, New Mexico
October 29, 2018

The New Mexico State Legislature created the New Mexico Finance Authority (NMFA) in 1992 for financing infrastructure, over time expanding its purpose to provide financing for economic development projects in the state. Today, NMFA assists many municipalities, school districts, utility service districts and tribes in the state to obtain capital financing. It has established itself in this role through a number of ongoing public and private lending and grant programs:

Public Lending and Grants

- Public Project Revolving Fund (PPRF)
- Drinking Water State Revolving Loan Fund (DWSRLF)
- Water Project Fund (WPF), administered in partnership with the Water Trust Board (WTB)
- Colonias Infrastructure Fund (CIF)
- Local Government Planning Fund (LGPF)

Private Lending

- Behavioral Health Capital Fund (BCHF)
- Primary Care Capital Fund (PCCF)
- Smart Money Loan Participation Program (SM)
- State Small Business Credit Initiative (SSBCI)
- New Markets Tax Credits Program (NMTC)

PPRF, the largest of these programs, includes a loan portfolio of $1.4 billion and 780 active loans.

Overview of the Financial Statements

This section of the annual financial report presents Management's discussion and analysis of NMFA's financial performance and position for the fiscal year ended June 30, 2018.

NMFA's basic financial statements are comprised of the following:

- The *Statement of Net Position* presents information on the assets and liabilities of NMFA, with the difference between the assets and the liabilities reported as net position. Over time, increases or decreases in net position serve as a useful indicator of whether financial position is improving or deteriorating.
- The *Statement of Revenue, Expenses and Changes in Net Position* presents information reflecting changes in the net position of NMFA resulting from net income (loss) 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.

NMFA's financial statements are prepared using the economic resources measurement focus and accrual basis of accounting in accordance with *generally accepted accounting principles* (GAAP), as prescribed by the Governmental Accounting Standards Board (GASB). The accompanying notes to the financial statements provide additional information that is essential to fully understanding the data provided in the financial statements. They can be found immediately following the financial statements.

NMFA's financial management officials are responsible for implementing and enforcing a system of internal controls to protect NMFA's assets from loss, theft or misuse and to ensure that reliable accounting data are available for the timely preparation of financial statements. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that the cost of control should not exceed the anticipated benefits and that the valuation of costs and benefits requires estimates and judgments by management.

Moss Adams LLP, has audited NMFA's financial statements for the year. The goal of an independent audit is to provide reasonable assurance that the financial statements presented by NMFA do not contain material misstatements. This audit includes a federally mandated "Single Audit" of the federal grant program operated as the DWSRLF, covering the internal controls and compliance with legal requirements involving the administration of federal funds received, as well as the fair presentation of the associated financial statements. These reports are available in the Single Audit section of this report.

Financial Highlights

Statement of Net Position

- NMFA's overall financial position improved slightly from June 30, 2017 to June 30, 2018. The key indicator of this movement, Total Net Position, increased by $4.6 million (less than 1.0%) to $510.0 million, compared to $505.4 million at the end of last fiscal year.
- Unrestricted cash increased $0.5 million (2.2%). Restricted cash increased by $19.3 million (8.9%) to $237.7 million. Restricted investments decreased by $23.7 million (6.1%) to $361.8 million.
- The total assets of NMFA increased by $58.9 million (2.8%) to $2.2 billion. The most significant contributors to this increase were 141 new loans and cash generated from bond issuances near the end of this fiscal year.
- Net loans receivable increased by $58.1 million (3.9%). Long-term net loan receivables constituted $24.5 million (42.2%) of the increase with a balance of $1.4 billion. Current net loan receivables increased by $33.6 million (29.2%) to $148.6 million.

- Bonds payable increased by $12.6 million (1.0%), the net result of issuing $306.0 million in new bonds (including premiums), principal payments on outstanding bonds of $284.1 million, and amortization of bond premiums of $9.3 million.
- Undisbursed loan proceeds increased by $40.6 million (17.9%) due to loan closings in June.

Statement of Revenue and Expense

- Net operating loss decreased by $39.7 million (51%). The decreased loss was primarily due to a $6.6 million increase in operating revenue and a $33.1 million decrease in operating expenses.
- Appropriation revenue increased by $1.9 million by the end of fiscal year 2018, representing an increase of 5.5%.
- Administrative fee income fell $0.2 million (4.2%) from $5.7 million to $5.5 million.
- Operating expenses decreased $33.1 million (25%) from $132.3 million. The main factors behind this decrease were a $15.2 million decrease in grants to others, a $10.4 million decrease in loan financing (premium) pass-through to borrowers, and a decrease of $5.6 million in bond interest expense.
- Federal grant revenue and transfers from the State combined for a net decrease of $12.9 million (24.1%).
- Transfers to the State increased $23.9 million (229.9%). In fiscal year 2018, NMFA reverted and transferred $34.3 million of flow-through Governmental Gross Receipts Tax (GGRT) and miscellaneous funds for other State purposes.

Statement of Cash Flow

- Net cash and cash equivalents increased to $261.0 million, 8.2% above the $241.2 million mark at the end of fiscal year 2017.

Statement of Net Position

The table on the following page presents in a condensed fashion the condensed statement of net position as of June 30, 2018, 2017, and 2016 and the corresponding dollar amount and percentage changes from June 30, 2017 to June 30, 2018.

Assets

During FY 2018, total net loans receivable increased by $58.1 million (3.9%). NMFA closed 198 new loans and grants, totaling $265.0 million.

The Statement of Net Position reflects net investments, including an unrealized gain of $0.8 million, in keeping with GASB Statement No. 72 (Fair Value Measurement and Application). The main factor leading to this result was the eventual turnover in all investments from lower to higher yield instruments.

Condensed Statement of Net Position

	2018	2017	Net Increase/ (Decrease)	Percentage Increase/ (Decrease)	2016
Assets					
Cash and equivalents					
Unrestricted	$ 23,271,873	$ 22,761,512	$ 510,361	2.2%	$ 15,433,532
Restricted	237,742,689	218,397,691	19,344,998	8.9%	135,135,587
Investments – restricted	361,758,979	385,451,491	(23,692,512)	-6.1%	332,151,402
Total Loans receivable, net	1,548,136,664	1,490,068,236	58,068,428	3.9%	1,351,744,686
Other receivables	10,417,043	5,830,166	4,586,877	78.7%	9,586,224
Capital assets	699,649	616,594	83,055	13.5%	278,916
Other assets	19,500	19,500	-	0.0%	19,500
Total Assets	**2,182,046,397**	**2,123,145,190**	**58,901,207**	**2.8%**	**1,844,349,847**
Deferred Outflows of Resources					
Deferred loss on refunding	793,710	843,732	(50,022)	-5.9%	823,233
Total Deferred Outflows of Resources	**793,710**	**843,732**	**(50,022)**	**-5.9%**	**823,233**
Liabilities					
Bonds payable, net	1,306,869,907	1,294,299,183	12,570,724	1.0%	1,114,448,718
Undisbursed loan proceeds	267,191,118	226,600,234	40,590,884	17.9%	135,624,986
Advanced loan payments	86,386,698	86,308,780	77,918	0.1%	83,008,008
Accounts payable, accrued payroll and compensated absences	1,008,803	875,108	133,695	15.3%	815,948
Other liabilities	6,383,869	4,802,777	1,581,092	32.9%	4,057,878
Total Liabilities	**1,667,840,395**	**1,612,886,082**	**54,954,313**	**3.4%**	**1,337,955,538**
Deferred Inflows of Resources					
Deferred gain on refunding	4,971,687	5,663,528	(691,841)	-12.2%	1,575,177
Total Deferred Inflows of Resources	**4,971,687**	**5,663,528**	**(691,841)**	**-12.2%**	**1,575,177**
Net Position					
Invested in capital assets	699,649	616,594	83,055	13.5%	278,916
Restricted for program commitments	492,583,687	486,992,135	5,591,552	1.1%	495,576,466
Unrestricted	16,744,689	17,830,583	(1,085,894)	-6.1%	9,786,983
Total Net Position	**$ 510,028,025**	**$ 505,439,312**	**$ 4,588,713**	**0.9%**	**$ 505,642,365**

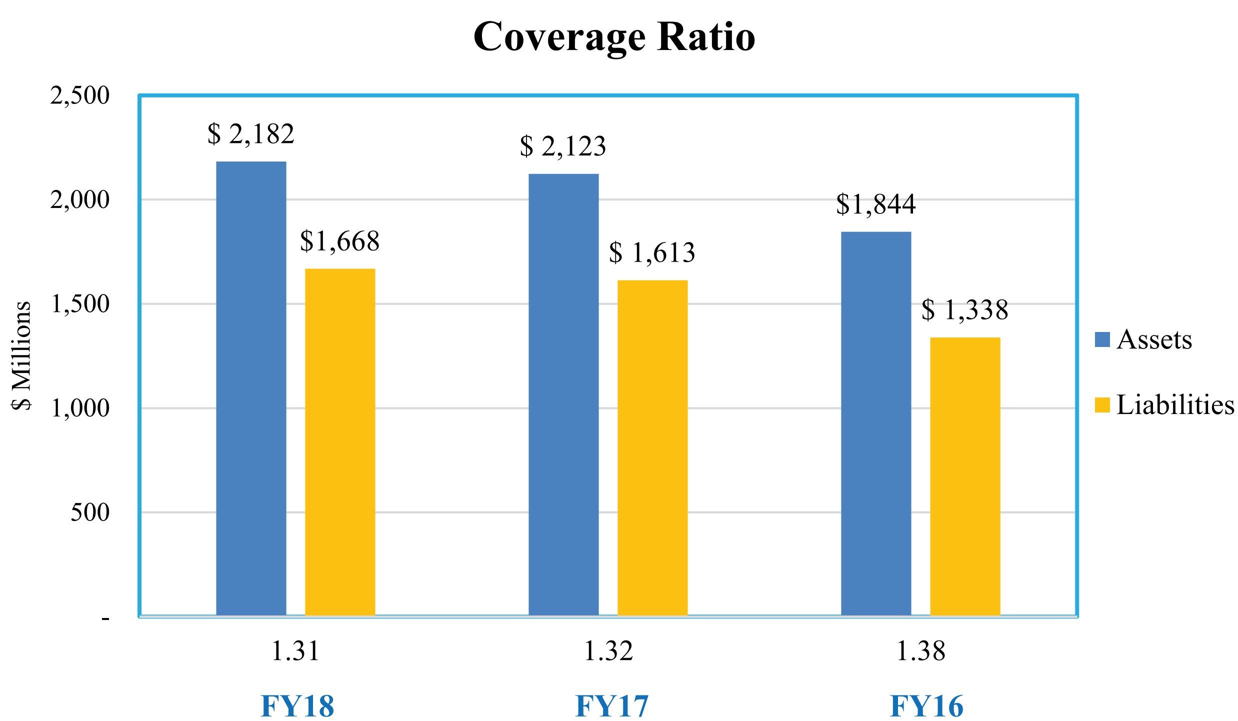
Total cash and investments decreased 0.6%, going from $626.6 million to $622.8 million. Restricted cash increased $19.3 million (8.9%), due in large part to the timing of the bond issuance at the end of the fiscal year.

Liabilities

During FY 2018, total bonds payable increased by $12.6 million (1.0%) to keep up with the demand for capital financing in the state. A total of $306.0 million in bonds (including premiums) were issued last year.

Undisbursed loan proceeds increased by $40.6 million (17.9 %), also due to the timing of bond issuances close to the end of the fiscal year. Advanced loan payments rose by $77,918 (0.1%) to a total of $86.4 million as the result of re-financings and payoffs by borrowers.

NMFA's *assets to liability coverage ratio* remained within the expected parameters. The chart below illustrates the results over the past three years:



Statement of Revenue, Expenses and Changes in Net Position

The table below presents in a condensed fashion the *statement of revenue, expenses and changes in net position* for 2018, 2017, and 2016 fiscal years and the corresponding net dollar amount and percentage changes from the 2017 to 2018 fiscal year.

Condensed Combined Statement of Revenue and Expenses

	2018	2017	Net Increase/ (Decrease)	Percentage Increase/ (Decrease)	2016
Operating Revenue					
Administrative fees	$ 5,460,694	$ 5,701,200	$ (240,506)	-4.2%	$ 7,049,654
Interest on loans	52,732,085	47,865,124	4,866,961	10.2%	51,736,376
Interest on investments	2,964,201	946,513	2,017,688	213.2%	2,195,762
Total Operating Revenues	**61,156,980**	**54,512,837**	**6,644,143**	**12.2%**	**60,981,792**
Expenses					
Grants to others	36,143,867	51,299,208	(15,155,341)	-29.5%	47,888,370
Bond interest expense	45,522,536	51,088,846	(5,566,310)	-10.9%	45,756,069
Loan refinancing pass-through	7,059,254	17,476,331	(10,417,077)	-59.6%	21,455,228
Salaries and benefits	4,110,925	4,463,828	(352,903)	-7.9%	4,515,210
Other operating costs	1,018,054	1,349,403	(331,349)	-24.6%	1,960,328
Professional services	2,155,028	2,570,063	(415,035)	-16.1%	2,389,037
Bond issuance costs	1,971,304	2,847,995	(876,691)	-30.8%	1,525,161
Interest expense	331,022	395,624	(64,602)	-16.3%	296,138
Rent and Utilities	393,992	389,092	4,900	1.3%	87,289
Provision for loan losses	534,614	458,701	75,913	16.5%	2,241
Depreciation expense	51,674	3,240	48,434	1494.9%	2,191
Total Operating Expenses	99,292,270	132,342,331	(33,050,061)	-25.0%	125,877,262
Net Operating Loss	**(38,135,290)**	**(77,829,494)**	**(39,694,204)**	**-51.0%**	**(64,895,470)**
Non-operating Revenue (Expenses)					
Appropriation revenue	36,463,733	34,578,969	1,884,764	5.5%	33,127,879
Grant revenue and transfers from State	40,589,738	53,454,414	(12,864,676)	-24.1%	56,602,986
Transfers to State	(34,329,468)	(10,406,942)	23,922,526	229.9%	(19,199,552)
Net Non-operating Revenue	**42,724,003**	**77,626,441**	**(34,902,438)**	**-45.0%**	**70,531,313**
Increase (decrease) in net position	4,588,713	(203,053)	4,791,766	2359.9%	5,635,843
Net position, beginning of year	505,439,312	505,642,365	(203,053)	0.0%	500,006,522
Net Position - End of Year	**$ 510,028,025**	**$ 505,439,312**	**$ 4,588,713**	**0.9%**	**$ 505,642,365**

Operating revenue increased $6.6 million (12.2%) in fiscal year 2018. Interest on loans increased by 10.2%, and interest on investments by 213.2%.

Net non-operating revenue decreased $34.9 million (45%) from $77.6 million to $42.7 million. The $12.9 million decrease in grant revenue and transfers from the State, primarily in the WTB Program, and an increase of $23.9 million in transfers to the State represent the biggest changes in this rubric.

Total operating expenses decreased $33.1 million (25%) from $132.3 million to $99.3 million. A $10.4 million decrease in loan financing pass-through, a $15.2 million decrease in grants to others, and a $5.6 million decrease in bond interest expense are the biggest factors driving this result.

The fiscal year 2018 increase in operating revenue and decrease in operating expenses offset the decrease in non-operating revenue and expenses, resulting in a net increase in net position of $4.6 million.

Long-Term Debt

NMFA's long-term debt consists of outstanding bond issues related principally to the PPRF program. At the end of fiscal year 2018, the total principal outstanding, including unamortized premiums, was $1.3 billion, excluding Governor Richardson's Investment Partnership (GRIP) bonds administered for the New Mexico Department of Transportation (NMDOT), which are not a direct liability of NMFA. More detailed information about NMFA's long-term debt is presented in Note 6 to the financial statements.

During the fiscal year, NMFA issued $280.3 million in PPRF bond principal to directly fund loans, to reimburse the PPRF loan fund for loans already made and to pay off $26 million drawn from its line of credit facility in October 2017.

Programs

NMFA accounts for each of its programs separately, each with its own assets, liabilities, net position, income and expense. The PPRF program is highlighted in the following discussion because of its materiality to NMFA's financial position. For example, PPRF assets comprise 89.4% of NMFA's total assets.

Public Project Revolving Fund

NMFA administers the PPRF, the purpose of which is to finance state and local public projects with qualified borrowers who cannot, on their own, access the bond market cost-effectively. Qualified entities, including counties, municipalities, school districts and tribes are eligible to borrow from the PPRF. For presentation and comparative purposes, the PPRF includes all combined PPRF related programs and financings.

Since 1993, 1,527 loans totaling $3.4 billion have been made to qualified entities and the State of New Mexico through the PPRF.

Loan Volume

	FY 2018*	FY 2017	Since Inception*
Amount of loans made	$252.7 million	$323.2 million	$3.4 billion
Number of loans made	133	96	1,527
Refunding loans (included above)	$101.5 million	$152.3 million	---
Average loan size	$1.8 million	$3.2 million	$2.2 million

* Since June 2017, this number includes the distinction between pledged sources within a loan.

The PPRF makes loans of less than $10 million from funds on hand. NMFA's cash is replenished at a later date by "packaging" the loans to be reimbursed by bonds that are sold in the open market. Loans larger than $10 million are funded through simultaneous closings with a reimbursement bond issue, ensuring a precise matching of loan and bond interest rates.

The PPRF accounts for most of NMFA's total financial activity. At June 30, 2018, the relationships were as follows:

	PPRF	Total NMFA	% PPRF
Total Assets	$1.95 billion	$2.18 billion	89.4%
Net Position	$280.8 million	$510.0 million	55.1%
Operating Revenue	$56.8 million	$61.1 million	93.0%

Public Project Revolving Fund Statement of Net Position at June 30

	2018	2017	Net Increase/ (Decrease)	Percentage Increase/ (Decrease)	2016
Assets					
Cash and equivalents					
Unrestricted	$ 23,271,873	$ 22,761,512	$ 510,361	2.2%	$ 15,433,532
Restricted	183,035,751	176,564,015	6,471,736	3.7%	92,735,939
Restricted investments	307,908,070	328,814,510	(20,906,440)	-6.4%	281,248,545
Interest and administrative fee receivable	9,061,155	5,363,136	3,698,019	69.0%	8,428,979
Loans receivable, net	1,419,505,173	1,358,863,694	60,641,479	4.5%	1,226,196,718
Capital assets	699,649	616,594	83,055	13.5%	278,916
Grants and other assets	6,283,549	4,991,302	1,292,247	25.9%	14,147,904
Total Assets	**1,949,765,220**	**1,897,974,763**	**51,790,457**	**2.7%**	**1,638,470,533**
Deferred Outflows of Resources					
Deferred loss on refunding	793,710	843,732	(50,022)	-5.9%	823,233
Total Deferred Outflows of Resources	**793,710**	**843,732**	**(50,022)**	**-5.9%**	**823,233**
Liabilities					
Accounts payable and accrued payroll liabilities	$ 1,008,855	944,748	64,107	6.8%	8,121,018
Undisbursed loan proceeds	267,191,118	226,538,142	40,652,976	17.9%	135,562,894
Borrowers' debt service and reserve deposits	89,710,597	89,910,023	(199,426)	-0.2%	86,119,297
Bonds payable, net	1,306,869,907	1,294,299,183	12,570,724	1.0%	1,113,198,718
Total Liabilities	**1,664,780,477**	**1,611,692,096**	**53,088,381**	**3.3%**	**1,343,001,927**
Deferred Inflows of Resources					
Deferred gain on refunding	4,971,687	5,663,528	(691,841)	-12.2%	1,575,177
Total Deferred Inflows of Resources	**4,971,687**	**5,663,528**	**(691,841)**	**-12.2%**	**1,575,177**
Net Position					
Invested in capital assets	699,649	616,594	83,055	13.5%	278,916
Restricted for program commitments	257,436,322	258,208,608	(772,286)	-0.3%	279,321,277
Unrestricted	22,670,795	22,637,669	33,126	0.1%	15,116,469
Total Net Position	**$ 280,806,766**	**$ 281,462,871**	**$ (656,105)**	**-0.2%**	**$ 294,716,662**

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

	2018	2017	Net Increase/ (Decrease)	Percentage Increase/ (Decrease)	2016
Interest Income					
Loans	$ 51,079,532	$ 46,217,201	$ 4,862,331	10.5%	$ 49,880,669
Investments	2,034,647	348,288	1,686,359	484.2%	1,547,385
Total Interest Income	**53,114,179**	**46,565,489**	**6,548,690**	**14.1%**	**51,428,054**
Interest Expense					
Bond interest expense	45,522,536	51,090,816	(5,568,280)	-10.9%	45,680,612
Loan financing pass-through	7,059,254	17,476,331	(10,417,077)	-59.6%	21,455,228
Short-term borrowing	331,022	395,624	(64,602)	-16.3%	296,138
Total Interest Expense	**52,912,812**	**68,962,771**	**(16,049,959)**	**-23.3%**	**67,431,978**
Net Interest Income (Loss)					
Interest income (loss)	201,367	(22,397,282)	22,598,649	100.9%	(16,003,924)
Provision for loan losses	190,138	120,313	69,825	58.0%	58,043
Net Interest Income (Loss) After Loan Loss Provision	**11,229**	**(22,517,595)**	**22,528,824**	**100.0%**	**(16,061,967)**
Non-interest Income					
Loan administration fees	3,693,061	3,333,747	359,314	10.8%	2,380,777
Appropriation revenue	30,663,733	29,540,672	1,123,061	3.8%	29,127,879
Total Non-interest Income	**34,356,794**	**32,874,419**	**1,482,375**	**4.5%**	**31,508,656**
Non-interest Expense					
Salaries and benefits	2,388,329	2,787,465	(399,136)	-14.3%	2,517,047
Professional services	1,569,428	1,557,894	11,534	0.7%	1,438,163
Bond issuance costs	1,971,304	2,847,995	(876,691)	-30.8%	1,525,161
Other	835,567	1,267,788	(432,221)	-34.1%	1,442,459
Total Non-interest Expense	**6,764,628**	**8,461,142**	**(1,696,514)**	**-20.1%**	**6,922,830**
Excess of revenue over expenditures	27,603,395	1,895,682	25,707,713	1356.1%	8,523,859
Transfers to other funds or agencies	(28,259,500)	(15,149,473)	13,110,027	86.5%	(19,479,644)
Decrease in Net Position	**(656,105)**	**(13,253,791)**	**(12,597,686)**	**-95.0%**	**(10,955,785)**
Net Position - Beginning of Year	**281,462,871**	**294,716,662**	**(13,253,791)**	**-4.5%**	**305,672,447**
Net Position - End of Year	**$ 280,806,766**	**$ 281,462,871**	**$ (656,105)**	**-0.2%**	**$ 294,716,662**

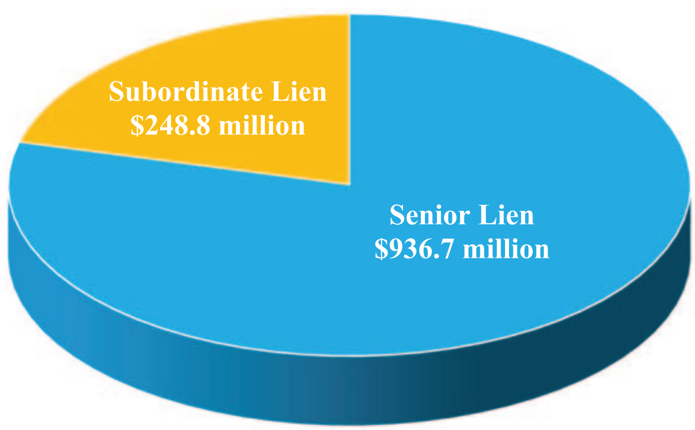
Net Interest Income

As a not-for-profit lender, NMFA attempts to pass on to its borrowers the same rates paid on the bonds issued to provide loaned funds. To accomplish this, it attempts to achieve a zero net interest income in the PPRF in its planning and management processes. In fiscal year 2018, net interest income for the PPRF increased by $22.6 million, with an ending balance of $0.2 million, compared to the net loss of $22.4 million in 2017. This is mostly a result of a combination of higher interest loans having been issued and callable portions of outstanding bonds having been replaced by lower interest bonds.

PPRF Indentures

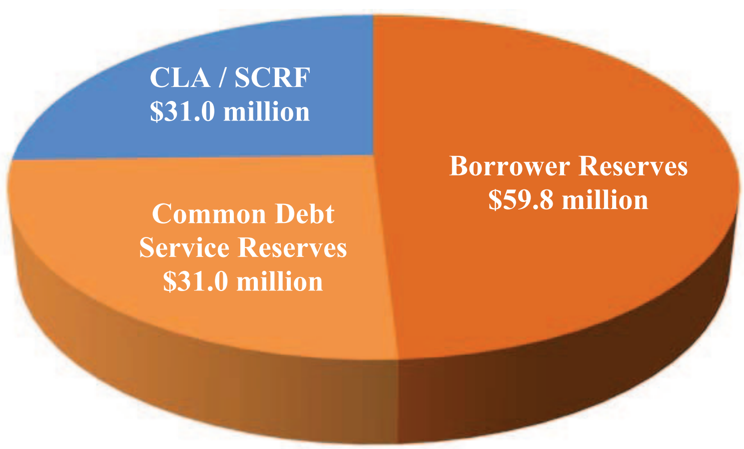
The PPRF maintains a General Indenture of Trust (Senior Lien) and a Subordinated Indenture of Trust (Subordinate Lien). At the end of Fiscal Year 2018, there were 780 active loans totaling $1.4 billion outstanding. This represents an increase of $60.6 million (4.5%) from last year. Most (75%) of the revenue from the PPRF loans is pledged to the Senior Lien Indenture, with the balance (25%) pledged to the Subordinate Lien Indenture. In terms of outstanding principal, the Senior Lien Indenture loans comprise 79% of the total.

**PPRF OUTSTANDING BOND PRINCIPAL:
SENIOR LIEN VS. SUBORDINATE LIEN**



As of September 1, 2018, the Senior Lien is rated AAA and the Subordinate Lien is rated AAA by Standard & Poor's, and the Senior Lien is rated Aa1 by Moody's and the Subordinate Lien is rated Aa2 by Moody's. In order to maintain these ratings, the PPRF holds reserves and credit enhancements. These include the Common Debt Service Reserve Fund, Supplemental Credit Reserve Fund (SCRF), and pooled borrower debt service reserve. The Common Debt Service Reserve is subject to the General Indenture of Trust for the Senior Lien, and the Supplemental Credit Reserve Fund is subject to the Subordinated Indenture governing the subordinate lien. Borrower reserves are pledged to the individual loans. On July 5, 2017, the Contingent Liquidity Account was deactivated, and the funds were transferred to the Trustee to establish the Supplemental Credit Reserve Fund. As a consequence of this and other positive factors, on July 28, 2017, Standard & Poor's upgraded the subordinate lien from AA/Stable to AAA/Stable.

DEBT SERVICE RESERVES



Governmental Gross Receipts Tax

The GGRT is a tax imposed on the gross receipts of state and local governments for services rendered to customers such as water, sewer and solid waste collection. Three quarters (75%) of GGRT collections are appropriated to the PPRF by statute. NMFA's share of GGRT collections was $30.1 million in 2018, up 2.4% from 2017. 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 are not cost-effective to reimburse in a bond issue.

Contacting NMFA's Financial Management

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

New Mexico Finance Authority
ATTN: Records Custodian
207 Shelby Street
Santa Fe, New Mexico 87501

FINANCIAL STATEMENTS

		2018	2017
Assets			
Current Assets			
Cash and cash equivalents			
Unrestricted		$ **23,271,873**	$ 22,761,512
Restricted		**237,742,689**	218,397,691
Interest receivable		**7,952,079**	5,370,899
Grants and other receivable		**358,508**	13,271
Prepaid rent		**19,500**	19,500
Administrative fees receivable		**2,106,456**	445,996
Loans receivable, net of allowance		**148,575,374**	115,007,192
	Total Current Assets	**420,026,479**	362,016,061
Non-current assets			
Restricted investments		**361,758,979**	385,451,491
Loans receivable, net of allowance		**1,399,561,290**	1,375,061,044
Capital assets, net of accumulated depreciation		**699,649**	616,594
	Total Assets	**2,182,046,397**	2,123,145,190
Deferred Outflows of Resources			
Deferred loss on refunding		**793,710**	843,732
	Total Deferred Outflows of Resources	**793,710**	843,732
Liabilities			
Current Liabilities			
Accounts payable		**353,917**	302,821
Accrued payroll		**233,251**	243,439
Compensated absences		**421,635**	328,848
Bond interest payable		**3,960,649**	4,183,050
Undisbursed loan proceeds		**267,191,118**	226,600,234
Advanced loan payments		**86,386,698**	86,308,780
Bonds payable, net		**101,240,000**	123,840,000
Other liabilities		**2,423,220**	619,727
	Total Current Liabilities	**462,210,488**	442,426,899
Non-current liabilities			
Bonds payable, net		**1,205,629,907**	1,170,459,183
	Total Liabilities	**1,667,840,395**	1,612,886,082
Deferred Inflows of Resources			
Deferred gain on refunding		**4,971,687**	5,663,528
	Total Deferred Inflows of Resources	**4,971,687**	5,663,528
Net Position			
Net investment in capital assets		**699,649**	616,594
Restricted for program commitments		**492,583,687**	486,992,135
Unrestricted		**16,744,689**	17,830,583
	Total net position	$ **510,028,025**	$ 505,439,312

The accompanying notes are an integral part of these financial statements

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

	2018	2017
Operating Revenue		
Interest on loans	$ 52,732,085	$ 47,865,124
Administrative fees revenue	5,460,694	5,701,200
Interest on investments	2,964,201	946,513
Total Operating Revenues	61,156,980	54,512,837
Operating Expenses		
Bond interest expense	45,522,536	51,088,846
Grants to others	36,143,867	51,299,208
Loan financing pass-through	7,059,254	17,476,331
Salaries and benefits	4,110,925	4,463,828
Bond issuance costs	1,971,304	2,847,995
Professional services	2,155,028	2,570,063
Other operating costs	1,018,054	1,349,403
Provision for loan losses	534,614	458,701
Interest expense	331,022	395,624
Rent and utilities	393,992	389,092
Depreciation expense	51,674	3,240
Total Operating Expenses	99,292,270	132,342,331
Net Operating Loss	(38,135,290)	(77,829,494)
Non-operating Revenue (Expenses)		
Appropriation revenue	36,463,733	34,578,969
Federal Grant Revenue	14,138,074	8,511,355
Transfers from the State of New Mexico	26,451,664	44,943,059
Transfers to the State of New Mexico	(34,329,468)	(10,406,942)
Increase (Decrease) in Net Position	4,588,713	(203,053)
Net Position, Beginning of Year	505,439,312	505,642,365
Net Position, End of Year	$ 510,028,025	$ 505,439,312

The accompanying notes are an integral part of these financial statements

	2018	2017
Cash flows from operating activities		
Cash paid for employee services	**$ (4,186,997)**	$ (3,748,240)
Cash paid to vendors for services	**(4,028,326)**	(4,000,907)
Loan payments received	**205,957,418**	202,654,868
Loans funded	**(223,086,829)**	(247,161,099)
Grants to local governments	**(36,143,867)**	(51,299,208)
Cash received from federal gov't capitalization grant	**14,138,074**	8,511,355
Interest on loans	**50,150,905**	50,999,298
Administrative fees received	**3,800,234**	5,701,200
Net cash provided by (used in) operating activities	**6,600,612**	(38,342,733)
Cash flows from noncapital financing activities		
Appropriations received from the State of New Mexico	**36,463,733**	34,578,969
Cash transfers from the State of New Mexico	**26,451,664**	44,943,059
Cash transfers to the State of New Mexico	**(34,329,468)**	(10,406,942)
Proceeds from the sale of bonds, including premiums	**305,982,111**	407,221,842
Payment of bonds	**(284,100,000)**	(216,100,000)
Bond issuance costs	**(1,971,304)**	(2,847,995)
Bond interest expense paid	**(55,885,612)**	(57,638,425)
Proceeds from line of credit	**26,700,000**	-
Payments on line of credit	**(26,700,000)**	-
Loan financing pass-through to borrowers	**(7,059,254)**	(17,476,331)
Net cash (used in) provided by noncapital financing activities	**(14,448,130)**	182,274,177
Cash flows from investing activities		
Purchase of investments	**(355,278,386)**	(308,018,209)
Sale of investments	**379,965,446**	253,470,040
Interest received on investments	**3,150,546**	1,547,727
Capital financing activities	**(134,729)**	(340,918)
Net cash provided by (used in) investing activities	**27,702,877**	(53,341,360)
Net increase in cash and cash equivalents	**19,855,359**	90,590,084
Cash and cash equivalents, beginning of year	**241,159,203**	150,569,119
Cash and cash equivalents, end of year	**$ 261,014,562**	$ 241,159,203
Reconciliation of Cash and Cash Equivalents		
Unrestricted cash and cash equivalents	**$ 23,271,873**	$ 22,761,512
Restricted cash and cash equivalents	**237,742,689**	218,397,691
Total Cash and Cash Equivalents	**$ 261,014,562**	$ 241,159,203

The accompanying notes are an integral part of these financial statements

	2018	2017
Reconciliation of Net Operating Loss to Net Cash Provided by (Used in) Operating Activities		
Net operating loss	$ (38,135,290)	$ (77,829,494)
Adjustments to change in net position		
Deferred Revenue	(1,800,000)	-
Depreciation	51,674	3,240
Amortization on bond premiums	(9,311,387)	(11,271,377)
Provision for loan losses	534,614	458,701
Interest on investments	(2,964,201)	(946,513)
Bond interest paid	54,774,863	62,156,581
Loan financing pass-through to borrowers	7,059,254	17,476,331
Bond issuance costs	1,971,304	2,847,995
Cash received from federal grants	14,138,074	8,511,355
Interest expense	331,022	395,624
Changes in assets and liabilities		
Interest receivable	(2,581,180)	3,134,174
Grants and other receivable	(345,237)	876,942
Administrative fees receivable	(1,660,460)	(255,058)
Loans receivable, net of allowance	(58,068,428)	(138,323,550)
Accounts payable	51,096	(4,476)
Accrued payroll	(10,188)	67,001
Compensated absences	92,787	(3,365)
Undisbursed loan proceeds	40,590,884	90,975,248
Advanced loan payments	77,918	3,300,772
Other liabilities	1,803,493	87,136
Net Cash Provided by (Used in) Operating Activities	$ 6,600,612	$ (38,342,733)

		2018		2017
Assets				
Cash held by Trustee	**$**	**28,003,690**	$	31,605,343
Total Assets	**$**	**28,003,690**	$	31,605,343
Liabilities				
Debt service payable	**$**	**13,245,875**	$	3,889,860
Program funds held for NM Dept of Transportation		**14,757,815**		27,715,483
Total Liabilities	**$**	**28,003,690**	$	31,605,343

1) Nature of Organization

The New Mexico Finance Authority ("NMFA"), 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. NMFA has broad powers to provide financing for an array of infrastructure and economic development projects. The Act also provides for long-term planning and assessment of state and local capital needs and improves cooperation among the executive and legislative branches of state government and local governments in financing public projects.

NMFA's governing board is composed of eleven members. The Secretary of the Department of Finance and Administration; the Secretary of the Economic Development Department; the Secretary of the Energy, Minerals and Natural Resources Department; 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 board with voting privileges. The Governor, with the advice and consent of the Senate, appoints to the NMFA Board. The Board's membership must include the Chief Financial Officer of a New Mexico institution of higher education and four other members who are residents of the state. The appointed members serve at the pleasure of the Governor.

NMFA issues loans to entities pursuant to the rules and regulations governing the Public Projects Revolving 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 collected by the State of New Mexico pursuant to section 7-1-6.1 New Mexico Statutes Annotated (NMSA), 1978. NMFA may issue bonds in amounts deemed necessary to provide sufficient money for the purposes set forth by the Act. During fiscal years 2018 and 2017, pursuant to legislative action, NMFA transferred $23,500,000 and $10,000,000, respectively, from collections of NMFA's portion of the Governmental Gross Receipts Tax (GGRT) to the State's general fund for purposes permitted by law. 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 NMFA.

NMFA may also serve as conduit issuer of revenue bonds for other governmental agencies. This activity is reported as an Agency Fund.

NMFA manages the Drinking Water State Revolving Loan Fund (DWSRLF) and the Water Trust Board Program (WTB).

The DWSRLF provides low-cost financing for the construction of and improvements to drinking water facilities throughout New Mexico in order to protect drinking water quality and public health. This program is primarily funded through a federal capitalization grant from the Environmental Protection Agency (EPA), with the State providing a 20% cost share.

The WTB program provides grants and interest-free loans to water projects supporting water use efficiency, resource conservation and protection, and fair distribution and allocation of water. In the accompanying statements, the receipts of funds for the WTB program are reflected as transfers from the State in the amount of $11,389,715 and $30,527,900 at June 30, 2018 and 2017, respectively.

Other significant programs and financing administered by NMFA include:

- The New Markets Tax Credit Program (NMTC), whereby NMFA acts as managing member in Finance New Mexico, LLC (FNMLLC), a subsidiary for-profit company that has received allocations of federal tax credits under the NMTC Program.
- The Smart Money Loan Participation Program (SM) provides comprehensive financing tools to stimulate economic development projects statewide.
- The Primary Care Capital Fund (PCCF) is a revolving loan program which provides financial assistance to eligible rural primary care health clinics for infrastructure, construction and capital equipment purchases. These loans provide 20 percent annual loan forgiveness if the borrower, through a contract-for-services, provides medical care free or at reduced prices to sick and indigent clients.
- The Local Government Planning Fund (LGPF) provides grants to qualified entities on a per-project basis for water and wastewater related studies, long-term water management plans, economic development plans and infrastructure plans.
- The Colonias Infrastructure Act appropriates to NMFA 4.5% 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, and roads. In the accompanying statements, the receipts of funds from the Colonias Infrastructure Fund (CIF) are reflected as transfers from the State of New Mexico in the amount of $15,061,949 and $14,415,159 at June 30, 2018 and 2017, respectively.
- Through a Memorandum of Understanding entered into with the New Mexico Economic Development Department, NMFA received federal State Small Business Credit Initiative (SSBCI) funds to help increase the flow of capital to small businesses by mitigating bank risk. NMFA used the funds to buy loan participations from banks for economic development projects under a program marketed as the Collateral Support Participation Program. New loans are no longer issued under the SSBCI program. Payments collected on existing loans in fiscal year 2018 totaled $4,621,640 and were remitted to the State.

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

The financial statements include the accounts of NMFA and its blended component unit, FNMLLC. All intercompany transactions and balances are eliminated. The condensed financial statements of FNMLLC are disclosed in Note 14.

2) Summary of Significant Accounting Policies

Accounting Principles

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

Basis of Presentation

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

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

Non-operating items primarily consist of GGRT and WTB designations from the State legislature, which are reported as appropriations. Transfers to the State consist of excess distributions and reversions of prior-year appropriated revenue.

Grant revenue and transfers from the State are restricted for specific uses and are recognized when the related costs are incurred. When restricted resources meet the criteria to be available for use and unrestricted resources are also available, NMFA uses restricted resources first. Expenses are recorded when they are incurred. Expenses charged to federal programs are recorded utilizing the cost principles prescribed or permitted by the various funding sources.

Agency Funds

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

Cash, Cash Equivalents and Investments

NMFA considers all highly liquid financial instruments with a maturity of three months or less when purchased to be cash equivalents. Cash and cash equivalents consist of cash on deposit with Wells Fargo Bank and the Bank of Albuquerque, which also acts as bond trustee. Certain proceeds of NMFA's bonds, as well as certain resources set aside for their repayment, are invested in allowable securities pursuant to its investment policy.

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 if they are sufficiently insured, guaranteed or collateralized.

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

State Loans Receivable

State loans receivable consist of amounts due from the State based on legislated appropriations of specified taxes for repayment of certain bonds issued by NMFA on behalf of State entities. The related statutes direct NMFA to issue bonds and make proceeds available to specified State entities to fund various projects. The statutes appropriate a portion of pledged future taxes or fees to fund the payment of the related bonds. No allowance has been established, as all such receivables are considered collectable.

Capital Assets

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

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

Deferred Outflows/Inflows of Resources

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

Bond Discounts and Premiums

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

Loan Financing Pass-Through

Loan financing pass-through expenses are bond premiums associated with certain financed loans passed through by NMFA to the respective borrowers. The financed loans were associated with certain bond premiums that reduced the outstanding principal. The reductions resulted in a loan financing pass-through expense to NMFA. For fiscal years 2018 and 2017, loan financing pass-through expenses were $7,059,254 and $17,476,331, respectively.

Compensated Absences

Full-time employees with up to ten years of employment with NMFA are entitled to fifteen days of vacation leave each fiscal year. Employees with more than ten years of service receive twenty days per fiscal year. 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 percent (25%) of their current hourly rate of accumulated unpaid sick leave, up to 320 hours. Part-time employees accrue vacation and sick leave on a prorated basis based on the number of hours they work. Accrued compensated absences are recorded and liquidated in the PPRF operating fund. Historically, the year-end balances are used within one year; thus the compensated absence liability is 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 vast majority of the balance in undisbursed loan proceeds is for loans in the PPRF program.

Advanced Loan Payments

Advanced loan payments represent the amounts received from loan recipients that have not been applied as a payment against their loan, as well as debt service reserve accounts funded from the loan proceeds. NMFA applies loan payments semi-annually; therefore, any payments received prior to being applied to the loan are held in an account that earns interest, and the interest is credited to the borrower. These funds are held by the trustee and in accounts at the State Treasurer's office. The balance of advanced loan payments was $86,386,698 and $86,308,780 at June 30, 2018 and 2017, respectively.

Net Position

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

Net investment in capital assets is intended to reflect the portion of net position associated with capital assets less any outstanding related debt. The net of related debt is the debt less the outstanding liquid assets and any associated unamortized cost. NMFA has no capital asset-related debt.

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

The following lists significant programs and the associated restricting statutes and bond covenants:

PPRF	6-21-6 NMSA 1978; General and Subordinated Indentures of Trust
DWSRLF	6-21A-4 NMSA 1978; EPA Capitalization Grant Agreements
WTB	72-4A-9 NMSA 1978
NMTC	6-25-6.1 NMSA 1978; NMTC Allocation Agreement
SM	6-25-1 NMSA 1978
PCCF	24-1C-4 NMSA 1978
LGPF	6-21-6.4 NMSA 1978
COLONIAS	6-30-1.0 NMSA 1978
SSBCI	6-25-13 NMSA 1978; SSBCI Allocation Agreement

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

Income Taxes

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

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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

NMFA'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 were reclassified to conform to the current year's presentation. These reclassifications had no impact on net position.

3) Cash and Cash Equivalents and Investments

NMFA's investments conform to the provisions of the Amended and Restated Investment Policy adopted on April 26, 2018. The investment policy applies to all of NMFA's funds, including funds NMFA 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 NMFA master investment policy and may be amended or supplemented as applied to specific categories of funds by adoption of the NMFA Board of Directors.

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

The policy provides investments are undertaken in a manner that seeks to ensure the preservation and principal in the overall portfolio while mitigating credit risk and interest rate risk.

NMFA invests PCCF funds in the New Mexico State Treasurer's Office (STO) investment pool. State law (Section 8-6-3 NMSA 1978) requires that investments of these funds be managed by the STO.

Credit Risk

NMFA minimizes credit risk (the risk of loss due to the failure of securities issuer or backer) by limiting investments; prequalifying financial institutions, broker/dealers, intermediaries and advisors with which NMFA does business; and diversifying the investment portfolio to minimize the impact of potential losses from any one type of security or from any individual issuer.

The STO 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, 2018 and 2017.

Interest Rate Risk

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

For the PCCF funds invested in the STO investment pool, the STO has an investment policy that limits investment maturities to five years or fewer 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 disclosure information regarding cash held by the STO, the reader should refer to the separate audit report for the New Mexico State Treasurer's Office for the fiscal years ended June 30, 2018 and 2017.

State General Fund Investment Pool

NMFA, as required by Section 24-1C-4, NMSA 1978, administers the PCCF which was created as a revolving fund in the STO. PCCF funds are deposited into the State General Fund Investment Pool (SGFIP), as are funds of state agencies, and as of fiscal year 2018 and 2017 totaled \$ 2,709,842 and \$1,284,081, respectively, representing less than 1% of total NMFA funds.

It is important to note that all other funds of NMFA, including PPRF funds that are subject to the General and Subordinated Indentures of Trust, are held outside of the STO with a Trustee and secured in accordance with NMFA's Investment Policy.

Permitted Investments

As provided in Sections 6-21-5 and 6-21-6 of the Act, money pledged for or securing payment of bonds issued by NMFA 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 NMFA's Investment Policy:

Issue Type	Maximum % Holdings	Maximum % per Issuer	Ratings
US Treasury Obligations	100%	100%	AA+ Or Current Rating
US Agency Obligations	75%	40%	AA+ OR Current Rating
SEC- Registered Money Market Fund	100%	50%	Govt Only- AAAm
Bank Deposits or Certificates of Deposit	20%	10%	NMSA Required collateral
Commercial Paper	10%	5%	A-1+
New Mexico Municipal Obligations	10%	5%	AA- or better
Repurchase Agreements	25%	10%	NMSA Required Collateral
Guaranteed Investment Contracts	Bond Only	N/A	AA- Underlying
Local Government Investment Pool	50%	50%	NMSA Statute Rating

Investment of Bond Proceeds

All or any portion of the proceeds of bonds or other obligations of NMFA may be invested in a guaranteed investment contract (GIC) or flexible repurchase agreement without regard to the investment allocation ranges set forth in NMFA's Investment Policy, if the GIC or repurchase agreement provides for disbursement upon request of NMFA in amounts necessary to meet expense requirements for the bonds or other obligations.

Cash and equivalents at June 30, 2018 and 2017 were as follows:

Description	Balance at June 30, 2018	Rated	Percentage of NMFA Funds [1]
Bank deposits	$ -	N/A	-
FNMLLC cash equivalents	6,320,331	N/A	1%
Wells Fargo deposit account book balance	739,760	N/A	<1%
Wells Fargo Repurchase agreement -fully secured[2]	282,135	N/A	<1%
Government Money Market Funds	250,962,494	AAA	40%
PCCF funds held with the SGFIP	2,709,842	N/A	<1%
Total Cash and Equivalents	$ 261,014,562		
Cash held in agency fund	$ 28,003,690		

Description	Balance at June 30, 2017	Rated	Percentage of NMFA Funds [1]
Bank deposits	$ -	N/A	-
FNMLLC cash equivalents	5,589,385	N/A	<1%
Wells Fargo deposit account book balance	286,899	N/A	<1%
Wells Fargo Repurchase agreement -fully secured [2]	520,567	N/A	<1%
Government Money Market Funds	233,478,271	AAA	37%
PCCF funds held with the SGFIP	1,284,081	N/A	<1%
Total Cash and Equivalents	$ 241,159,203		
Cash held in agency fund	$ 31,605,343		

Maturity Restrictions

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

[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 is secured by a pledge of NMFA securities in the name of the State of New Mexico monitored by the New Mexico State Treasurer's Office.

Investments consist of bond proceeds, which are restricted to uses specified in the related bond indentures. Such restricted investments at June 30, 2018 and 2017 are comprised of the following:

Description	Fair Value Level 1 at June 30, 2018	Average Years to Maturity	Percentage of NMFA Funds
U.S. Treasury notes	$293,618,426	1.25	47%
Federal Home Loan Mortgage Corporation Bonds	68,140,553	1.21	11%
Total restricted investments	$361,758,979		

Description	Fair Value Level 1 at June 30, 2017	Average Years to Maturity	Percentage of NMFA Funds
U.S. Treasury notes	$321,722,370	1.08	51%
Federal Home Loan Mortgage Corporation Bonds	63,729,121	1.78	10%
Total restricted investments	$385,451,491		

Fair Value Measurement

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

Level 1 – Investments reflect prices quoted in active markets.

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

Level 3 – Investments reflect prices based upon unobservable sources.

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

At June 30, 2018 and 2017, NMFA's investments are classified as Level 1.

4) Loans Receivable

Loans receivable activity for the fiscal year ending June 30, 2018 and 2017, respectively, was as follows:

Program	Term (Years)	Rates	2017	Increases	Decreases	2018
PPRF	1 to 30	0% to 6%	$ 1,360,054,265	$ 252,722,143	$ 191,890,526	$ 1,420,885,882
DWSRLF	1 to 30	0% to 4%	86,555,640	7,120,040	6,424,924	87,250,756
PCCF	10 to 20	3%	3,167,759	-	1,398,895	1,768,864
WPF	10 to 20	0%	31,778,267	3,039,968	3,142,743	31,675,492
SM	3 to 20	2% to 5%.	3,723,002	-	633,666	3,089,336
BHCF	15	3%	854,722	-	68,875	785,847
CIF	10 to 20	0%	3,235,664	881,750	361,871	3,755,543
SSBCI	10 to 20	3%	4,271,361	182,354	1,421,714	3,032,001
			1,493,640,680	263,946,255	205,343,214	1,552,243,721
Less allowance for loan losses			3,572,444	534,614	-	4,107,057
Net Total			$ 1,490,068,236	$ 263,411,642	$ 205,343,214	$ 1,548,136,664

Program	Term (Years)	Rates	2016	Increases	Decreases	2017
PPRF	1 to 30	0% to 6%	$ 1,227,266,976	$ 323,167,993	$ 190,380,704	$ 1,360,054,265
DWSRLF	1 to 30	0% to 4%	86,035,291	4,972,147	4,451,798	86,555,640
PCCF	10 to 20	3%	3,501,848	-	334,089	3,167,759
WPF	10 to 20	0%	27,501,675	7,620,899	3,344,307	31,778,267
SM	3 to 20	2% to 5%.	3,786,054	-	63,052	3,723,002
BHCF	15	3%	912,070	-	57,348	854,722
CIF	10 to 20	0%	2,272,268	1,261,662	298,266	3,235,664
SSBCI	10 to 20	3%	3,575,329	1,113,646	417,614	4,271,361
Other	8	3%	6,918	-	6,918	-
			1,354,858,429	338,136,347	199,354,096	1,493,640,680
Less allowance for loan losses			3,113,743	458,701	-	3,572,444
Net Total			$ 1,351,744,686	$ 337,677,646	$ 199,354,096	$ 1,490,068,236

The following is a summary of scheduled payments to be collected on loans receivable as of June 30, 2018:

	Principal	Interest	Total
Fiscal year ending June 30			
2019	$ 148,644,490	$ 48,722,725	$ 197,367,215
2020	127,115,223	45,521,191	172,636,414
2021	128,785,868	41,959,192	170,745,061
2022	112,698,029	38,373,641	151,071,670
2023	107,529,331	34,839,084	142,368,415
2024-2028	428,752,503	127,676,151	556,428,654
2029-2033	294,955,748	64,754,208	359,709,956
2034-2038	158,528,982	21,949,373	180,478,355
2039-2043	35,321,861	4,141,979	39,463,839
2044-2048	9,911,685	673,299	10,584,984
Subtotals	1,552,243,721	$ 428,610,842	$ 1,980,854,563
Less allowance for loan losses	4,107,057		
Loans receivable, net	$ 1,548,136,664		

State Loans Receivable

NMFA has agreements with various State entities relating to the issuance of bonds. Pursuant to the underlying legislation and resolutions, the bond proceeds financed various State projects in the PPRF. Pursuant to the legislation, the debt service on these bonds is payable solely from pledged future revenue from the State. The following activity represents amounts due to NMFA under these agreements during the year ended June 30, 2018 and 2017, respectively. These loans are included in the PPRF loans on page 32.

State Entity	Revenue Pledge	Rates	Maturity	2017	Increases	Decreases	2018	Due in One Year
Administrative Office of the Courts	Court Facilities fees	1.25% to 5.0%	6/15/2025	$ 25,325,000	$ -	$ 2,600,000	$ 22,725,000	$ 2,780,000
NM Department of Health	Cigarette excise tax	3.77% to 5.00%	6/1/2037	21,564,000	-	1,304,200	20,259,800	1,299,200
NM Cultural Affairs	State special tax	3.06% to3.82%	2/1/2023	993,472	-	168,421	825,051	175,004
University of New Mexico Health Sciences Center	Cigarette excise tax	4.91%	6/1/2025	21,470,000	-	1,965,000	19,505,000	1,995,000
NM General Services Department	State Gross Receipts tax	1.27% to 5.15%	6/1/2039	72,721,455	-	33,395,023	39,326,432	2,552,664
University of New Mexico Health Sciences Center	Cigarette excise tax	2.13% to 3.94%	4/1/2019	1,534,485	-	765,443	769,042	769,042
			Totals	$ 143,608,412	$ -	$ 40,198,087	$ 103,410,325	$ 9,570,910

State Entity	Revenue Pledge	Rates	Maturity	2016	Increases	Decreases	2017	Due in One Year
Administrative Office of the Courts	Court Facilities fees	1.25% to 5.0%	6/15/2025	$ 27,805,000	$ -	$ 2,480,000	$ 25,325,000	$ 2,600,000
NM Department of Health	Cigarette excise tax	3.77% to 5.00%	6/1/2037	22,888,200	-	1,324,200	21,564,000	1,304,200
NM Cultural Affairs	State special tax	3.06% to3.82%	2/1/2023	1,155,753	-	162,281	993,472	168,421
University of New Mexico Health Sciences Center	Cigarette excise tax	4.91%	6/1/2025	23,480,000	-	2,010,000	21,470,000	1,965,000
NM General Services Department	State Gross Receipts tax	1.27% to 5.15%	6/1/2039	75,185,354	-	2,463,899	72,721,455	2,530,023
University of New Mexico Health Sciences Center	Cigarette excise tax	2.13% to 3.94%	4/1/2019	2,298,299	-	763,814	1,534,485	765,443
			Totals	$ 152,812,606	$ -	$ 9,204,194	$ 143,608,412	$ 9,333,087

5) Capital Assets

The following is a summary of changes in capital assets during fiscal years 2018 and 2017:

	Balance at June 30, 2017	Increases	Decreases	Balance at June 30, 2018
Capital assets not being depreciated				
Construction in progress	$ 405,566	$ 113,706	$ -	$ 519,272
Capital assets being depreciated				
Furniture and fixtures	46,033	-	-	46,033
Computer hardware and software	928,517	21,023	-	949,540
Leasehold improvement	8,241	-	-	8,241
	1,388,357	134,729	-	1,523,086
Accumulated depreciation				
Furniture and fixtures	(28,665)	(5,789)	-	(34,454)
Computer hardware and software	(734,857)	(45,885)	-	(780,742)
Leasehold improvement	(8,241)	-	-	(8,241)
	(771,763)	(51,674)	-	(823,437)
Net total	$ 616,594	$ 83,055	$ -	$ 699,649

	Balance at June 30, 2016	Increases	Decreases	Balance at June 30, 2017
Capital assets not being depreciated				
Construction in progress	$ 276,240	$ 129,326	$ -	$ 405,566
Capital assets being depreciated				
Furniture and fixtures	28,665	17,368	-	46,033
Computer hardware and software	734,293	194,224	-	928,517
Leasehold improvement	8,241	-	-	8,241
	1,047,439	340,918	-	1,388,357
Accumulated depreciation				
Furniture and fixtures	(28,665)	-	-	(28,665)
Computer hardware and software	(731,617)	(3,240)	-	(734,857)
Leasehold improvement	(8,241)	-	-	(8,241)
	(768,523)	(3,240)	-	(771,763)
Net total	$ 278,916	$ 337,678	$ -	$ 616,594

Depreciation expense for the fiscal year ending June 30, 2018 and 2017, respectively, was $51,674 and $3,240.

6) Bonds Payable

Bonds have been issued to provide financing for various NMFA 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 NMFA.
- Amounts held in the Agreement Reserve Accounts.
- Additional pledged loans.
- Revenues received by NMFA from the allocation of NMFA'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 mainly Court Facilities Fees, Cigarette Excise and Tax, State Gross Receipts Tax.

Bonds payable consist of the following at June 30, 2018 and 2017:

Bond Series	Rate	Maturities	Original Amount	Outstanding Amount June 30, 2018	Outstanding Amount June 30, 2017
Public Project Revolving Fund Revenue Bonds - Senior Lien Debt					
2008 A	3.250% to 5.000%	June 1, 2018 to June 1, 2038	$ 158,965,000	$ -	$ 113,065,000
2008 B	4.000% to 5.000%	June 1, 2018 to June 1, 2035	36,545,000	-	20,725,000
2008 C	3.250% to 6.000%	June 1, 2018 to June 1, 2033	29,130,000	-	10,305,000
2009 A	2.000% to 5.000%	June 1, 2018 to June 1, 2038	18,435,000	10,470,000	11,370,000
2009 C	2.500% to 5.000%	June 1, 2018 to June 1, 2029	55,810,000	36,480,000	38,975,000
2009 D-1	3.000% to 4.000%	June 1, 2018 to June 1, 2030	13,570,000	5,465,000	6,455,000
2009 D-2	1.810% to 6.070%	June 1, 2018 to June 1, 2036	38,845,000	33,370,000	34,145,000
2009 E	3.000% to 4.500%	June 1, 2018 to June 1, 2019	35,155,000	4,365,000	8,610,000
2010 A-1	2.000% to 4.500%	June 1, 2018 to June 1, 2034	13,795,000	4,310,000	5,060,000
2010 A-2	3.777% to 5.880%	June 1, 2018 to June 1, 2039	15,170,000	11,270,000	12,145,000
2010 B-1	2.000% to 5.000%	June 1, 2018 to June 1, 2035	38,610,000	19,225,000	21,540,000
2010 B-2	2.230% to 4.740%	June 1, 2018 to June 1, 2035	17,600,000	16,590,000	16,775,000
2011 B-1	0.220% to 4.000%	June 1, 2018 to June 1, 2036	42,735,000	20,165,000	23,065,000
2011 B-2	2.000% to 4.450%	June 1, 2018 to June 1, 2031	14,545,000	8,950,000	9,800,000
2011 C	3.000% to 5.000%	June 1, 2018 to June 1, 2036	53,400,000	32,120,000	35,855,000
2012 A	1.500% to 5.500%	June 1, 2018 to June 1, 2038	24,340,000	17,520,000	18,780,000
2013 A	2.000% to 5.000%	June 1, 2018 to June 1, 2038	44,285,000	28,105,000	31,200,000
2013 B	2.000% to 5.000%	June 1, 2018 to June 1, 2036	16,360,000	10,695,000	11,865,000
2014 B	2.000% to 5.000%	June 1, 2018 to June 1, 2035	58,235,000	40,435,000	45,535,000
2015 B	2.250% to 5.000%	June 1, 2018 to June 1, 2045	45,325,000	37,240,000	39,905,000
2015 C	3.000% to 5.000%	June 1, 2018 to June 1, 2035	45,475,000	44,700,000	44,945,000
2016 A	2.500% to 5.000%	June 1, 2018 to June 1, 2036	52,070,000	41,795,000	45,290,000
2016 C	2.000% to 5.000%	June 1, 2018 to June 1, 2046	67,540,000	64,070,000	65,415,000
2016 D	2.000% to 5.000%	June 1, 2018 to June 1, 2046	116,485,000	108,255,000	112,820,000
2016 E	3.000% to 5.000%	June 1, 2018 to June 1, 2046	40,870,000	33,820,000	36,525,000
2016 F	3.375% to 5.000%	June 1, 2018 to June 1, 2046	38,575,000	34,625,000	38,330,000
2017A	3.000% to 5.000%	June 1, 2018 to June 1, 2046	60,265,000	56,420,000	58,825,000
2017 C	3.000% to 5.000%	June 1, 2018 to June 1, 2030	37,675,000	32,435,000	37,675,000
2017 E	5.000%	June 1, 2019 to June 1, 2038	40,190,000	39,740,000	-
2018 A	3.250% to 5.000%	June 1, 2019 to June 1, 2038	124,330,000	121,530,000	-
2018 B	2.50% to 5.000%	June 1, 2019 to June 1, 2031	22,530,000	22,530,000	-
			1,416,860,000	936,695,000	955,000,000

Bond Series	Rate	Maturities	Original Amount	Outstanding Amount June 30, 2018	Outstanding Amount June 30, 2017
Public Project Revolving Fund Revenue Bonds - Subordinate Lien Debt					
2007 B	4.750% to 5.000%	June 15, 2018 to June 15, 2034	$ 38,475,000	$ -	$ 18,195,000
2007 C	4.250% to 5.250%	June 15, 2018 to June 15, 2027	131,860,000	-	37,500,000
2013 C-1	2.000% to 4.000%	June 15, 2018 to June 15, 2028	3,745,000	-	2,540,000
2013 C-2	2.900% to 5.000%	June 15, 2018 to June 15, 2029	10,550,000	-	6,915,000
2014 A-1	2.000% to 5.000%	June 15, 2018 to June 15, 2033	15,135,000	12,900,000	13,490,000
2014 A-2	4.432% to 4.491%	June 15, 2018 to June 15, 2034	16,805,000	10,725,000	12,240,000
2015 A	3.000% to 5.000%	June 15, 2018 to June 15, 2035	63,390,000	53,670,000	56,325,000
2015 D	4.000% to 5.000%	June 15, 2018 to June 15, 2027	29,355,000	23,625,000	25,440,000
2016 B	5.000%	June 15, 2018 to June 15, 2021	8,950,000	4,630,000	6,045,000
2017 B	2.250% to 5.000%	June 15, 2018 to June 15, 2046	68,015,000	53,385,000	62,240,000
2017 D	5.000%	June 15, 2019 to June 15, 2033	41,395,000	38,955,000	-
2017 F	1.883% to 5.000%	June 15, 2019 to June 15, 2036	19,315,000	18,370,000	-
2018 C-1	4.000% to 5.000%	June 15, 2019 to June 15, 2039	19,400,000	19,400,000	-
2018 C-2	2.496% to 5.000%	June 15, 2019 to June 15, 2038	13,175,000	13,175,000	-
			479,565,000	248,835,000	240,930,000
Total bonds outstanding			$ 1,896,425,000	1,185,530,000	240,930,000
Add net unamortized premium				121,339,907	98,369,183
Total bonds payable, net				1,306,869,907	339,299,183
Less current portion of bonds payable				(101,240,000)	(123,840,000)
Noncurrent portion of bonds payable				$1,205,629,907	$ 215,459,183

Maturities of bonds payable and interest are as follows:

	Principal	Interest	Total
Fiscal year ending June 30			
2019	$ 101,240,000	$ 53,875,885	$ 155,115,885
2020	100,210,000	49,422,549	149,632,549
2021	101,165,000	44,690,824	145,855,824
2022	93,515,000	39,843,929	133,358,929
2023	88,320,000	35,384,427	123,704,427
2024-2028	333,795,000	120,954,785	454,749,785
2029-2033	203,800,000	58,055,514	261,855,514
2034-2038	127,000,000	19,531,547	146,531,547
2039-2043	29,530,000	3,423,036	32,953,036
2044-2048	6,955,000	418,200	7,373,200
	1,185,530,000	$ 425,600,696	$ 1,611,130,696
Add unamortized premium	121,339,907		
Bonds payable, net	$ 1,306,869,907		

The bonds payable activity is as follows:

Activity for Fiscal Year 2018

	Balance at June 30, 2017	Increases	Decreases	Balance at June 30, 2018	Due within One Year
Bonds payable	$ 1,195,930,000	$ 273,700,000	$ 284,100,000	$ 1,185,530,000	$ 101,240,000
Add unamortized premium	98,369,183	32,282,111	9,311,387	121,339,907	-
Total	$ 1,294,299,183	$ 305,982,111	$ 293,411,387	$ 1,306,869,907	$ 101,240,000

Activity for Fiscal Year 2017

	Balance at June 30, 2016	Increases	Decreases	Balance at June 30, 2017	Due within One Year
Bonds payable	$ 1,050,145,000	$ 361,885,000	$ 216,100,000	$ 1,195,930,000	$ 123,840,000
Add unamortized premium	64,303,718	45,336,842	11,271,377	98,369,183	-
Total	$ 1,114,448,718	$ 407,221,842	$ 227,371,377	$ 1,294,299,183	$ 123,840,000

Current and Advance Refunding of Debt

During the fiscal year ended June 30, 2018, there was no current and advance refunding of debt.

During the fiscal year ended June 30, 2017, the PPRF Revenue Refunding Bonds Senior Lien 2017C series, issued in the total par amount of $37,675,000, refunded the outstanding portion of the PPRF Revenue Bonds Senior Lien 2007E series in the amount of $34,672,636. The refunding resulted in debt service savings over 1 to 15 years of $7,299,799 and a Net Present Value (NPV) savings of $5,755,633.

Additionally, during the fiscal year ended June 30, 2017, the PPRF Revenue Refunding Bonds Senior Lien 2016E series, issued in the total par amount of $40,870,000, refunded the outstanding portion of the PPRF Revenue Bonds Senior Lien 2006B series in the amount of $24,589,330. The refunding resulted in debt service savings over 13 to 20 years of $7,945,508 and a NPV savings of $5,954,249.

7) Line of Credit

NMFA maintains a credit facility with Wells Fargo for the PPRF which provides for a borrowing limit of up to $100,000,000. Using the Supplemental Credit Reserve Fund as collateral, up to $15,000,000 of the line can be drawn for general PPRF liquidity purposes and can be repaid prior to the end of the fiscal year. Less any draws for liquidity purposes, the remainder of the line is available for obtaining necessary funding, on an interim basis, to make loans to qualified entities prior to the issuance, sale and delivery of certain PPRF Revenue Bonds and to reimburse NMFA for such loans that have been made. The terms of the credit facility require payment in full of any outstanding balance from the proceeds of the next PPRF bond issuance. Interest is due monthly on the outstanding balance and accrues at 70% of U.S. dollar monthly London Interbank Offered Rate (LIBOR) plus 55 basis points. The LIBOR rate at June 30, 2018, was 2.09%. NMFA pays a 25 basis point fee on the unused portion of the facility. For fiscal year 2018, the line of credit had $26,700,000 of proceeds and payments resulting in a zero balance at year end. During fiscal year 2017, the line of credit had no activity.

8) Operating Lease Commitment

NMFA is committed under various lease agreements for office space and office equipment. These leases are classified as operating leases. Lease expenditures for the years ended June 30, 2018 and 2017, were $393,992 and $389,092. Future minimum lease payments are as follows:

Fiscal year ending June 30		
2019		$383,127
2020		258,000
	Total	**$641,127**

9) Retirement Plans

The NMFA's retirement plan was organized under Section 401(a) of the Internal Revenue Code. The retirement plan is not subject to the general claims of the creditors of NMFA. Each eligible employee participating in the plan must contribute 3% of their compensation, to which NMFA makes a matching contribution of 15% of their compensation. Employees can make an additional, voluntary contribution of up to 4% of their compensation. NMFA also makes a 50% matching contribution on voluntary contributions. Employee contributions are 100% vested, and NMFA contributions will vest 100% to the employee over five years. The contributions are invested in various mutual funds selected by the employee. NMFA's contributions for this retirement plan for the years ended June 30, 2018 and 2017, respectively, were $514,163 and $524,015. Additionally, employee contributions for the retirement plan for the years ended June 30, 2018 and 2017, respectively, were $174,186 and $169,633. All full-time employees participate in this plan.

NMFA maintains a retirement plan in accordance with an "eligible deferred compensation plan" pursuant to Section 457 of the Internal Revenue Code for its highly compensated employees. Employer contributions are limited by IRS Code Section 457(e)(15)(A). The employee is fully vested at all times. The executive plan was in effect for the years ended June 30, 2018 and 2017.

10) Compensated Absences

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

Balance at June 30, 2017	$	328,848
Additions		242,085
Deletions		(149,298)
Balance at June 30, 2018		421,635
Due within one year	$	421,635

Balance at June 30, 2016	$	332,213
Additions		323,227
Deletions		(326,592)
Balance at June 30, 2017		328,848
Due within one year	$	328,848

11) Agency Transactions

NMFA acts as a fiscal agent for the NMDOT.

NMFA has been authorized since 2003 to issue bonds on behalf of NMDOT. Approximately $1.1 and $1.2 billion of such bonds are outstanding at June 30, 2018 and 2017, respectively.

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

12) Contingencies

Litigation

In the normal course of operations, NMFA is involved in certain litigation and arbitration proceedings involving former employee complaints and subcontractor claims.

Management and legal counsel believe the outcomes will not have a materially adverse impact on the financial position of NMFA.

NMFA is exposed to various risks of loss related to torts; theft of, damages to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. NMFA participates in the State of New Mexico self-insurance program offered through the Risk Management Division of the New Mexico General Services Department. Under this program, NMFA pays an annual premium to the State for the following types of insurance coverage:

- Workers' compensation insurance
- General liability insurance
- Civil rights
- Auto physical damage insurance
- Crime insurance

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

13) Related Party Transactions

NMFA has issued bonds or purchased securities for several other State entities to finance the construction of certain capital projects. Representatives of two of these entities (the Secretary of the New Mexico Department of Finance and Administration and the Secretary of the New Mexico Department of Energy, Minerals and Natural Resources) are members of NMFA's Board of Directors. Additionally, a representative serving on the Board holds a position as Cabinet Secretary of the New Mexico Environmental Department (NMED). NMFA is partnered with the NMED in the administration of the DWSRLF federal program pursuant to a Memorandum of Understanding.

14) Finance New Mexico, LLC

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

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

In accordance with the operating agreement of FNMLLC, 99% of profits, losses and cash flows are allocated to NMFA, the managing member, and 1% to New Mexico Community Capital, the non-managing member.

FNMLLC is a blended component unit of NMFA. As such, NMFA has consolidated FNMLLC's financial statement amounts within NMFA's NMTC program. The condensed component unit information for FNMLLC and subsidiaries for the years ended June 30, 2018 and 2017 was as follows:

Statement of Net Position	**2018**	2017
Assets		
Cash	**$ 6,320,331**	$ 5,589,385
Asset management fee receivable	**670,333**	214,999
Investment in Limited Liability Companies	**16,017**	13,271
Total assets	**$ 7,006,681**	$ 5,817,655
Liabilities		
Accrued Expenses	**$ 97,383**	$ 94,848
Due to affiliate	**896,660**	488,441
Total liabilities	**994,043**	583,289
Net Position		
Unrestricted	**6,012,638**	5,234,366
Total liabilities and net position	**$ 7,006,681**	$ 5,817,655

Statement of Revenue, Expenses and Changes in Net Position	**2018**	2017
Operating Revenue		
Interest earned on cash	**$ 3,990**	$ 1,698
Sponsor fee income	**450,000**	582,120
Exit fees	**297,279**	764,281
Asset management fee income	**609,573**	719,517
Total operating income	**1,360,842**	2,067,616
Operating Expenses		
Sponsor fee expense	**412,031**	533,731
Professional fees	**54,600**	83,450
Gross receipts tax	**114,298**	166,741
Bank fees	**480**	11,488
Total operating expenses	**581,409**	795,410
Net operating income	**779,433**	1,272,206
Nonoperating Income		
Share of income (loss) from investment in LLC's	**(1,161)**	722
Increase in net position	**778,272**	1,272,928
Net position, beginning of year	**5,234,366**	3,961,438
Net position, end of year	**$ 6,012,638**	$ 5,234,366

Statement of Cash Flow	2018	2017
Cash flows from operating activities		
Sponsor fees	**$ 450,000**	$ 582,120
Asset management fees	**154,239**	1,349,212
Exit fees	**297,279**	764,281
Total receipts	**901,518**	2,695,613
Payments to vendors	**(54,600)**	(112,600)
Payment of sponsor fees to NMFA	**-**	(549,088)
Payment of exit fees to NMFA	**-**	(746,905)
Payment of gross receipts tax	**(111,763)**	(161,987)
Bank fees	**(480)**	(11,494)
Total disbursements	**(166,843)**	(1,582,074)
Net cash provided by operating activities	**734,675**	1,113,539
Cash flows from investing activities		
Investment income	**3,990**	1,698
Capital contributions to Limited Liability Companies	**(4,000)**	(100)
Return of capital from Limited Liability Companies	**265**	2,255
Distributions from Limited Liability Companies	**841**	32
Deconsolidation of Limited Liability Companies	**(4,825)**	-
Net cash (used in) provided by investing activities	**(3,729)**	3,885
Net increase in cash and cash equivalents	**730,946**	1,117,424
Cash and cash equivalents at beginning of year	**5,589,385**	4,471,961
Cash and cash equivalents at end of year	**$ 6,320,331**	$ 5,589,385

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 Subordinated Indenture. These extracts do not purport to be complete. Please refer to the Subordinated Indenture itself for a full and complete statement of such provisions. During the offering period of the Series 2019A Bonds, copies of the Subordinated Indenture will be available at the principal office of the Municipal Advisor. Subsequent to the offering of the Series 2019A Bonds, copies of the Subordinated Indenture may be obtained from the Trustee. See "ADDITIONAL INFORMATION."

Definitions

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

"Fitch" means Fitch Ratings.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(a) Governmental Obligations;

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

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

(ii) Federal Housing Administration (FHA) Debentures;

(iii) General Services Administration Participation certificates;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

"State" means the State of New Mexico.

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

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

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

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

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

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

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

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

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

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

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

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

"Trustee" means BOKF, 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.

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

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

The Bonds and PPRF Secured Obligations

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Open Market Purchases of Bonds

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

Covenants of the NMFA

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

The NMFA covenants that it will promptly pay or cause to be paid the principal of, and premium, if any, and interest on every PPRF Secured Obligation secured under the Indenture at the place, on the dates and in the manner provided in the Indenture and in said PPRF Secured Obligation and the related Supplemental Indenture, according to the true intent and meaning thereof, but solely from the Subordinate Lien PPRF Revenues and other amounts pledged therefor which are from time to time held by Trustee in the Revenue Fund which amounts are specifically pledged by the Indenture to the payment thereof in the manner and to the extent in the Indenture and in the related Supplemental Indenture specified, and nothing in this Indenture shall be construed as pledging any other funds or assets of the NMFA. The NMFA shall in no event be liable for the payment of the principal of and premium, if any, or interest on any of the PPRF Secured Obligations or for the performance of any pledge, obligation or agreement undertaken by the NMFA, except to the extent that the aforementioned moneys pledged in the Indenture or assets granted therein as security are sufficient and available therefor. Agreement

Revenues and amounts on deposit in the Bond Fund, the Debt Service Fund, the Debt Service Reserve Fund, and the Agreement Reserve Fund are not pledged to the payment of PPRF Secured Obligations.

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

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

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

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

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

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

Financing Loan Agreements and Securities

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Establishment and Use of Funds

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

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

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

(c) a Bond Fund;

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

(e) an Expense Fund;

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

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

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

(i) a Supplemental Credit Reserve Fund; and

(i) a Reserve Instrument Fund.

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

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

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

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

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

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

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

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

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

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

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

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

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

Securities, the Trustee will, on the redemption date for such Bond, transfer the amount necessary for such redemption from the related Account in the Debt Service Fund to the Bond Fund.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(i) To the extent the Debt Service Reserve Requirement, if any, is not funded with a Reserve Instrument or Instruments, (A) to the Accounts in the Debt Service Reserve Fund any amounts required by the Indenture and by any Supplemental Indenture to accumulate therein the applicable Debt Service Reserve Requirement with respect to each Series of Bonds at the times and in the amounts provided in the Indenture and in any Supplemental Indenture and (B) if funds have been withdrawn from an Account in the Debt Service Reserve Fund or any Account in the Debt Service Reserve Fund is at any time funded in an amount less than the applicable Debt Service Reserve Requirement, the NMFA will transfer from the Revenue Fund in such Account(s) in the Debt Service Reserve Fund in an amount sufficient to restore such

Account(s) within one year with twelve (12) substantially equal payments during such period (unless otherwise provided for by the Supplemental Indenture governing the applicable Debt Service Reserve Requirement); or a ratable portion (based on the amount to be transferred pursuant to the Indenture) of remaining amounts if less than the amount necessary; and

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

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

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

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

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

(iii) refinancing, refunding, repurchase or advance refunding of any Bonds; or

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

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

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

Subordinate Lien PPRF Revenues. Additional Pledged Revenues, Revenues from Additional Pledged Loans and Agreement Revenues to be Held for All Bond Owners and Owners of PPRF Secured Obligations. All of the Subordinate Lien PPRF Revenues, Additional Pledged Revenues, revenues from Additional Pledged Loans and the Agreement Revenues will, until applied as provided in the Indenture, be held by the Trustee or the NMFA, as applicable, only for the benefit of the

Owners of Bonds, Owners of PPRF Secured Obligations (as to Subordinate Lien PPRF Revenues only), Security Instrument Issuers, SWAP Counterparties and Reserve Instrument Providers.

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

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

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

Investment of Moneys

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

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

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

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

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

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

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

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

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

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

Defeasance

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

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

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

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

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

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

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

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

Default Provisions and Remedies of the Trustee and Owners

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The Trustee

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Amendments and Supplements to Senior Indenture. The NMFA will be permitted to amend and supplement the provisions of the Senior Indenture as provided therein including amendments and supplements permitting the issuance of additional Senior Bonds under the Indenture, provided that without the prior written consent of the Owners of not less than a majority in aggregate principal amount of the Bonds then outstanding under the Indenture and the owners of PPRF Secured

Obligations, the NMFA and the Trustee will not amend or supplement the Senior Indenture to change the time for release of the PPRF Revenues from the lien of the Senior Indenture or to preclude such release as contemplated under the Indenture.

Miscellaneous

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

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

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

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

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

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

APPENDIX C

CERTAIN ECONOMIC AND DEMOGRAPHIC INFORMATION RELATING TO THE STATE

The following economic and demographic descriptions are furnished for information only. The Series 2019A 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 2019A 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 2017 population of the State was 2,088,070. The State has a semiarid subtropical climate with light precipitation. Its climate is characterized by sunshine and bright skies in both winter and summer. Every part of the State receives no less than 70 percent sunshine year-round. Humidity ranges from 60 percent (mornings) to 30 percent (afternoons). Thunderstorms in July and August bring most of the moisture. December to March snowfalls vary from 2 inches (lower Rio Grande Valley) to 300 inches (north central mountains).

Governmental Organization

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

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

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

The 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, 2017 was 2,088,070.

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
2008-2017

	Population		Annual Percentage Change	
Year	New Mexico	United States	New Mexico[1]	United States
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]	2,077,744	311,644,280	0.9%	0.9%
2012[2]	2,083,590	313,993,272	0.3%	0.8%
2013[2]	2,085,161	316,234,505	0.1%	0.7%
2014[2]	2,083,207	318,622,525	(0.1%)	0.8%
2015[2]	2,082,264	321,039,839	0.0%	0.8%
2016[2]	2,085,432	323,405,935	0.2%	0.7%
2017[2]	2,088,070	325,719,178	0.1%	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 2017.)

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 2008 through 2017.

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TOTAL FULL-TIME AND PART-TIME EMPLOYMENT BY INDUSTRY

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	Growth 2016-2017	Growth 2008-2017
Total employment	1,080,735	1,046,824	1,034,346	1,036,945	1,038,949	1,046,257	1,055,130	1,063,007	1,062,765	1,069,239	0.6%	(1.1%)
Wage and salary employment	867,481	830,703	816,910	823,130	827,038	835,402	845,778	854,438	854,243	862,954	1.0	(0.5)
Proprietors employment	5,309	5,228	5,183	5,221	5,133	5,235	5,675	5,540	5,819	5,658	(2.8)	6.6
Farm proprietors employment	28,341	24,439	27,064	28,340	34,212	36,857	38,222	36,655	31,808	33,725	6.0	19.0
Nonfarm proprietors employment	4,623	4,842	4,612	4,540	4,570	4,652	4,591	4,684	4,900	5,099	4.1	10.3
Farm employment	77,347	66,394	61,130	59,142	57,947	59,142	59,584	59,709	60,012	62,633	4.4	(19.0)
Nonfarm employment	40,635	36,548	34,574	35,740	35,749	35,463	34,022	34,158	33,188	33,239	0.2	(18.2)
Private employment	28,063	24,461	23,075	23,696	23,201	22,549	21,234	21,188	20,019	19,894	(0.6)	(29.1)
Forestry, fishing, related activities and other[1]	12,572	12,087	11,499	12,044	12,548	12,914	12,788	12,970	13,169	13,345	1.3	6.1
Mining[2]	28,701	26,622	26,905	26,490	26,475	26,688	28,856	28,502	25,379	24,946	(1.7)	(13.1)
Utilities	117,761	113,509	110,350	111,426	111,840	112,726	113,923	114,888	113,636	111,443	(1.9)	(5.4)
Construction[3]	26,613	24,221	23,437	24,330	25,379	25,502	25,903	27,243	26,672	27,060	1.5	1.7
Manufacturing	18,962	17,490	17,130	16,501	16,473	16,059	15,725	15,588	16,001	15,339	(4.1)	(19.1)
Durable goods manufacturing[4]	34,949	36,290	34,860	35,798	35,347	35,010	34,783	34,461	35,684	36,737	3.0	5.1
Nondurable goods manufacturing[5]	41,270	39,432	39,357	39,637	38,191	38,414	39,111	39,660	39,866	40,634	1.9	(1.5)
Wholesale trade	81,964	80,219	78,395	77,519	76,128	75,919	76,116	77,542	77,751	79,601	2.4	(2.9)
Retail trade[6]	5,901	5,566	5,377	5,485	5,435	5,502	5,631	5,877	6,337	6,449	1.8	9.3
Transportation and warehousing[7]	60,194	55,688	54,283	54,698	53,429	54,597	54,370	52,998	53,887	55,307	2.6	(8.1)
Information[8]	15,985	16,358	16,812	16,277	16,152	16,426	16,736	16,965	17,026	17,020	0.0	6.5
Finance and insurance[9]	114,627	117,842	119,461	121,582	123,225	123,737	124,796	129,720	134,269	134,712	0.3	17.5
Real estate and rental and leasing[10]	23,323	23,266	23,104	23,132	23,714	23,734	24,225	24,245	24,151	24,831	2.8	6.5
Professional and technical services	83,799	81,398	81,144	82,292	83,194	85,494	88,296	90,192	92,521	93,037	0.6	11.0
Management of companies and enterprises	57,177	55,351	53,732	54,980	54,445	54,245	55,213	55,811	55,336	55,484	0.3	(3.0)
Administrative and waste services[11]	213,254	216,121	217,436	213,815	211,911	210,855	209,352	208,569	208,522	206,285	(1.1)	(3.3)
Educational services	1,080,735	1,046,824	1,034,346	1,036,945	1,038,949	1,046,257	1,055,130	1,063,007	1,062,765	1,069,239	0.6	(1.1)
Health care and social assistance[12]	867,481	830,703	816,910	823,130	827,038	835,402	845,778	854,438	854,243	862,954	1.0	(0.5)
Arts, entertainment and recreation[13]	5,309	5,228	5,183	5,221	5,133	5,235	5,675	5,540	5,819	5,658	(2.8)	6.6
Accommodation and food services[14]	28,341	24,439	27,064	28,340	34,212	36,857	38,222	36,655	31,808	33,725	6.0	19.0
Other services, except public administration[15]	4,623	4,842	4,612	4,540	4,570	4,652	4,591	4,684	4,900	5,099	4.1	10.3
Government and government enterprises[16]	77,347	66,394	61,130	59,142	57,947	59,142	59,584	59,709	60,012	62,633	4.4	(19.0)

(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 25, 2018, including new statistics for 2017 and revised statistics for 2008-2016.)

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
2008-2017

Year	Civilian Labor Force (Thousands) New Mexico[1]	Civilian Labor Force (Thousands) United States[1]	Number of Employed (Thousands) New Mexico[1]	Number of Employed (Thousands) United States[1]	Unemployment Rate New Mexico	Unemployment Rate United States	Unemployment Rate N.M. as % of U.S. Rate
2008	940	154,287	902	145,362	4.5%	5.8%	78%
2009	936	154,142	869	139,877	7.5	9.3	81
2010	930	153,889	860	139,064	8.1	9.6	84
2011	928	153,617	860	139,869	7.5	8.9	84
2012	924	154,975	862	142,469	7.1	8.1	88
2013	927	155,389	860	143,929	6.9	7.4	93
2014	928	155,922	865	146,305	6.7	6.2	108
2015	929	157,130	867	148,834	6.5	5.3	123
2016	930	159,187	867	151,436	6.7	4.9	137
2017	945	160,320	872	153,337	6.2	4.4	141

[1] Figures rounded to nearest thousand.
[2] Preliminary estimate.
(Source: U.S. Bureau of Labor and Statistics (Last updated: January 19, 2018 for national data and March 12, 2018 for state data).)

PERSONAL INCOME
NEW MEXICO AND THE UNITED STATES
2008-2017

Year	Personal Income (000) New Mexico	Personal Income (000) United States	Annual Percentage Change New Mexico	Annual Percentage Change United States
2008	$67,065	$12,438,527	6.6%	4.1%
2009	66,679	12,051,307	(0.6)	(3.1)
2010	69,262	12,541,995	3.9	4.1
2011	72,821	13,315,478	5.1	6.2
2012	74,584	13,998,383	2.4	5.1
2013	73,406	14,175,503	(1.6)	1.3
2014	77,747	14,983,140	5.9	5.7
2015	79,953	15,711,634	2.8	4.9
2016	81,185	16,115,630	1.5	2.6
2017	83,127	16,820,250	2.4	4.4

(Source: U.S. Department of Commerce, Bureau of Economic Analysis, Regional Data. Last updated: September 25, 2018, including revised statistics for 2008-2017.)

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PER CAPITA PERSONAL INCOME
NEW MEXICO AND THE UNITED STATES
2008-2017

	Per Capita Income			Annual Percentage Change	
Year	New Mexico	United States	N.M. as a % of U.S.	New Mexico	United States
2008	$33,355	$40,904	82%	5.5%	3.2%
2009	32,737	39,284	83	(1.9)	(4.0)
2010	33,547	40,545	83	2.5	3.2
2011	35,048	42,727	82	4.5	5.4
2012	35,796	44,582	80	2.1	4.3
2013	35,204	44,826	79	(1.7)	0.5
2014	37,321	47,025	79	6.0	4.9
2015	38,397	48,940	78	2.9	4.1
2016	38,929	49,831	78	1.4	1.8
2017	39,811	51,640	77	2.3	3.6

(Sources: U.S. Department of Commerce, Bureau of Economic Analysis, Regional Data. Last updated: September 25, 2018, including revised statistics for 2008-2017.)

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WAGES AND SALARIES BY INDUSTRY SECTOR
2008-2017

NAICS Earnings by Place of Work [1] Applicable to 2007-2016	New Mexico (Thousands of Dollars)[2]		United States (Thousands of Dollars)[2]		Cumulative Percent Change 2008-2017		Distribution of 2017 Wages & Salaries	
	2008	2017	2008	2017	N.M.	U.S.	N.M.	U.S.
Total Wages and Salary	$34,012,587	$38,565,282	$6,531,099,000	$8,447,954,000	13.4%	29.3%	100.0%	100.0%
Farm Wages and Salary	219,716	258,172	21,132,000	24,305,000	17.5	15.0	0.7	0.3
Non-farm Wages and Salary	33,792,871	38,307,110	6,509,967,000	8,423,649,000	13.4	29.4	99.3	99.7
Private Non-farm Wages and Salary	24,846,430	28,244,744	5,381,050,000	7,097,155,000	13.7	31.9	73.2	84.0
Forestry, Fishing, and related activities	59,797	98,609	13,200,000	19,907,000	64.9	50.8	0.3	0.2
Mining, Quarrying, and Oil and Gas Extraction	1,454,855	1,624,155	62,731,000	63,949,000	11.6	1.9	4.2	0.8
Utilities	315,858	358,912	48,071,000	60,548,000	13.6	26.0	0.9	0.7
Construction	2,430,356	2,198,799	364,309,000	435,762,000	(9.5)	19.6	5.7	5.2
Manufacturing	1,714,830	1,456,710	739,941,000	846,435,000	(15.1)	14.4	3.8	10.0
Durable Goods Manufacturing	1,293,773	925,743	490,725,000	560,136,000	(28.4)	14.1	2.4	6.6
Nondurable Goods Manufacturing	421,057	530,967	249,216,000	286,299,000	26.1	14.9	1.4	3.4
Wholesale Trade	1,168,610	1,172,466	376,419,000	457,682,000	0.3	21.6	3.0	5.4
Retail Trade	2,496,992	2,731,248	414,425,000	511,053,000	9.4	23.3	7.1	6.0
Transportation and Warehousing	924,580	1,042,229	207,073,000	284,178,000	12.7	37.2	2.7	3.4
Information	686,008	660,453	214,078,000	300,488,000	(3.7)	40.4	1.7	3.6
Finance and Insurance	1,139,763	1,505,643	517,210,000	668,153,000	32.1	29.2	3.9	7.9
Real Estate and Rental and Leasing	367,900	404,781	95,686,000	128,332,000	10.0	34.1	1.0	1.5
Professional, Scientific, and Technical Services	3,814,340	4,499,706	597,550,000	858,042,000	18.0	43.6	11.7	10.2
Management of Companies and Enterprises	304,778	377,145	184,676,000	277,914,000	23.7	50.5	1.0	3.3
Administrative and Waste Services	1,486,387	1,576,162	266,690,000	370,206,000	6.0	38.8	4.1	4.4
Educational Services	308,100	351,000	108,598,000	155,584,000	13.9	43.3	0.9	1.8
Health Care and Social Assistance	3,660,003	5,046,782	678,734,000	975,776,000	37.9	43.8	13.1	11.6
Arts, Entertainment, and Recreation	194,586	246,996	69,765,000	96,369,000	26.9	38.1	0.6	1.1
Accommodations and Food Services	1,292,392	1,753,525	217,568,000	324,464,000	35.7	49.1	4.5	3.8
Other Services, Except Public Administration	1,026,295	1,139,423	204,326,000	262,313,000	11.0	28.4	3.0	3.1
Government and Government Enterprises	8,946,441	10,062,366	1,128,917,000	1,326,494,000	12.5	17.5	26.1	15.7
Federal, Civilian	1,970,201	2,201,523	188,048,000	231,362,000	11.7	23.0	5.7	2.7
Military	639,371	922,551	93,554,000	93,475,000	44.3	(0.1)	2.4	1.1
State and Local	6,336,869	6,938,292	847,315,000	1,001,657,000	9.5	18.2	18.0	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 2008-2010 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 25, 2018, including revised statistics for 2008-2017.)

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APPENDIX D

FORM OF OPINION OF BOND COUNSEL

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

__________, 2019

New Mexico Finance Authority
Santa Fe, New Mexico

Re: $37,145,000 New Mexico Finance Authority Subordinate Lien Public Project Revolving Fund Revenue Bonds, Series 2019A

We have acted as bond counsel to the New Mexico Finance Authority (the "Finance Authority") in connection with the issuance of its Subordinate Lien Public Project Revolving Fund Revenue Bonds, Series 2019A in the aggregate principal amount of $37,145,000 (the "Series 2019A Bonds"). The Series 2019A Bonds are being issued for the purpose of providing funds to (i) originate loans to or purchase securities from, or reimburse the Finance Authority for monies used to originate loans to or purchase securities from certain governmental units within the State of New Mexico (each a "Governmental Unit"), which loans or securities are used to finance or refinance a public project for the use and benefit of the respective Governmental Unit; and (ii) pay costs of issuance associated with the Series 2019A 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 2019A Bonds are authorized under and secured by a Subordinated General Indenture of Trust and Pledge dated as of March 1, 2005, as heretofore amended and supplemented (the "General Indenture"), and as further supplemented by a Nineteenth Supplemental Indenture of Trust dated as of February 1, 2019 (the "Nineteenth 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 2019A 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 2019A 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 2019A 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 2019A 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. 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 2019A 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 2019A Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2019A Bonds.

5. The interest on the Series 2019A 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 2019A 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 2019A 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 2019A 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 2019A Bonds, payment of principal, premium, if any, interest on the Series 2019A Bonds to DTC Participants or Beneficial Owners, confirmation and transfers of beneficial ownership interests in the Series 2019A 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 2019A Bonds. The Series 2019A 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 2019A Bond certificate will be issued for each maturity of the Series 2019A Bonds, each in the aggregate principal amount of such issue, and will be deposited with DTC.

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

Purchases of Series 2019A Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2019A Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2019A 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 2019A 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 2019A Bonds, except in the event that use of the book-entry system for the Series 2019A Bonds is discontinued.

To facilitate subsequent transfers, all Series 2019A 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 2019A 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 2019A Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2019A 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 2019A 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 2019A 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 2019A 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 2019A 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 2019A 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 2019A Bonds; (c) the selection of the Beneficial Owners to receive payment in the event of any partial redemption of the Series 2019A 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 2019A Bonds.

APPENDIX F

2019A GOVERNMENTAL UNITS; LARGEST REPAYMENT OBLIGATIONS

2019A Governmental Units

As previously stated, a portion of the proceeds of the Series 2019A Bonds is being used to finance or refinance Loans to be made to the 2019A Governmental Units or to reimburse the Finance Authority, in whole or in part, for Loans made to 2019A Governmental Units. The 2019A 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
South Central Solid Waste Authority (Enterprise System Revenues)	$ 1,067,094	$ 106,709	05/01/2025
Grants, City of (Enterprise System Revenues – Joint Utility Fund)	5,523,326	552,332	05/01/2034
Espanola, City of (Enterprise System Revenues – Wastewater Funds)	3,931,629	393,163	07/15/2034
Colfax County (Fire Protection Fund)	592,148	-	05/01/2039
Grants, City of (Fire Protection Fund)	365,000	-	05/01/2026
Otero County (Fire Protection Fund)	498,831	-	05/01/2034
Belen Consolidated School District No. 2 (Ad Valorem Taxes)	6,300,000	-	08/01/2032
Cimarron Municipal School District No. 3 (Ad Valorem Taxes)	420,050	-	08/01/2021
Dexter Consolidated School District No. 1 (Ad Valorem Taxes)	1,500,000	-	08/01/2030
Farmington Municipal School District No. 5 (Ad Valorem Taxes)	11,000,000	-	09/01/2033
Mesa Vista Consolidated School District (Ad Valorem Taxes)	385,000	-	09/01/2023
Tularosa Municipal School District No. 4 (Ad Valorem Taxes)	800,000	-	08/01/2031
Valencia County (Ad Valorem Taxes)	2,550,000	-	08/01/2029
Curry County (Gross Receipts Tax)	3,526,449	-	05/01/2038
Roswell, City of (Gross Receipts Tax)	736,000	-	08/01/2023
Lovington, City of (Gross Receipts Tax and Fire Protection Fund)	1,385,599	117,031	05/01/2033
Clayton, Town of (Local Special Tax)	284,087	28,409	05/01/2025
Las Cruces, City of (Local Special Tax)	2,575,000	-	06/01/2025
Rio Rancho, City of (Local Special Tax - Gasoline)	609,056	-	08/01/2025
Texico Municipal School District No. 2 (State Gross Receipts Tax – Energy Efficiency)	421,467	-	08/01/2036
Total	$44,470,736	$1,197,644	

(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.

(Source: The Finance Authority.)

Largest Repayment Obligations

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

State of New Mexico General Services Department. In 2018, the State of New Mexico refinanced and restructured outstanding lease appropriation bonds for Fort Bayard Medical Center ("FBMC"), a licensed and certified, 200-bed, long-term intermediate and skilled care facility, owned by Grant County and operating under the auspices of the Department of Health. The Department of Health, pursuant to Section 9-7-6.5 NMSA 1978, exercised its option to acquire by purchase the FBMC and the title to the facility is held in the name of the Facilities Management Division of the General Services Department. Annual lease appropriation payments are made from annual appropriations to the Department of Health. As of

February 28, 2019, the lease appropriation bonds will have an outstanding principal amount of $48,635,000 and a final scheduled maturity on July 1, 2038.

City of Santa Fe—Convention and Civic Center Loan. The Finance Authority has previously entered into a loan agreement in the amount of $33,790,000 with the City of Santa Fe (the "Santa Fe Agreement") secured by a pledge to the Finance Authority of the City of Santa Fe's Lodgers' Tax. Proceeds from the Santa Fe Agreement were used to finance the construction of a new Convention and Civic Center in the City of Santa Fe. As of February 28, 2019, the Santa Fe Agreement will have an outstanding aggregate principal amount of $30,945,000, with a final scheduled maturity on June 15, 2035.

Jicarilla Apache Nation—Refunding Loan. The Finance Authority has previously entered into a loan agreement in the amount of $29,355,000 with the Jicarilla Apache Nation (the "Jicarilla Apache Nation Agreement") secured by a pledge to the Finance Authority of all revenues available to the Jicarilla Apache Nation, a portion of which consists of investment and oil and gas revenues. Proceeds from the Jicarilla Apache Nation Agreement are being used to refinance certain outstanding obligations of the Jicarilla Apache Nation. As of February 28, 2019, the Jicarilla Apache Nation Agreement will have an outstanding aggregate principal amount of $23,625,000, with a final scheduled maturity on May 1, 2027.

Eastern New Mexico University — Residence Hall Construction and General Improvement Loan. The Finance Authority has previously entered into a loan agreement in the amount of $28,050,000 with Eastern New Mexico University (the "ENMU Agreement") secured by a pledge to the Finance Authority of ENMU gross system revenues. Proceeds from the ENMU Agreement were used to finance a new residence hall and make general improvements to the campus. As of February 28, 2019, the ENMU Agreement will have an outstanding aggregate principal amount of $23,440,000, with a final scheduled maturity on May 1, 2033.

Santa Ana Pueblo — Wastewater Treatment Facility Expansion and Refunding Loan. The Finance Authority has previously entered into a loan agreement with Santa Ana Pueblo (the "Santa Ana Pueblo Agreement") secured by a pledge to the Finance Authority of gross system revenues and certain local tax revenues. Proceeds from the Santa Ana Pueblo Agreement were used to finance an expansion to the Santa Ana Pueblo wastewater treatment facility and refinance an existing loan. As of February 28, 2019, the Santa Ana Pueblo Agreement will have an outstanding aggregate principal amount of $22,775,000, with a final scheduled maturity on May 1, 2033.

NEW MEXICO FINANCE AUTHORITY • SUBORDINATE LIEN PUBLIC PROJECT REVOLVING FUND REVENUE BONDS, SERIES 2019A

New Mexico FINANCE AUTHORITY

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