S&P Global Ratings

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Summary:

New Mexico Finance Authority; State Revolving Funds/Pools

Primary Credit Analyst:
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Rationale

Outlook

Summary:

New Mexico Finance Authority; State Revolving Funds/Pools

Credit Profile		
US$68.8 mil subordinate lien pub proj revolving fund rev bnds ser 2017B due 06/15/2026		
Long Term Rating	AA+/Stable	New
US$57.435 mil sr lien pub proj revolving fund rev bnds ser 2017A due 06/01/2036		
Long Term Rating	AAA/Stable	New

Rationale

S&P Global Ratings has assigned its 'AAA' rating to the New Mexico Finance Authority's series 2017A senior-lien public project revolving fund (PPRF) revenue bonds. At the same time, we assigned our 'AA+' rating to the authority's series 2017B subordinate-lien PPRF revenue refunding bonds. We also affirmed our 'AAA' rating on the authority's outstanding senior-lien bonds and our 'AA+' rating on its outstanding subordinate-lien bonds. The outlook is stable.

The 'AAA' rating on the senior-lien bonds reflects our view of the combination of a very strong enterprise risk profile score and an extremely strong financial risk profile score, resulting from:

- A very strong market position;
- An extremely strong loss coverage score (LCS), partially offset by the high degree of concentration in the program as a whole, but bolstered by a history of positive growth in government gross receipt taxes (GGRT);
- A history of very low delinquency rates and no defaults; and
- Generally strong financial policies and practices.

The 'AAA' rating also reflects the application of available overrides given exceptionally low default and delinquency history and the program's ability to withstand a level of defaults well above that needed to maintain the current LCS. Because we view securitizations backed by pools of public-sector assets as highly sensitive to country risk, the rating on the securitization is capped at two notches above the sovereign. However, no specific sovereign default stress is applied, given the U.S. sovereign rating is 'AA+'.

The 'AA+' rating on the subordinate-lien bonds reflects many of the same credit strengths associated with the senior-lien bonds. However, differentiating credit factors include the lack of a pledged reserve fund for the subordinate-lien bonds and the ability for the defaults, delinquencies, or changes in GGRT to affect available pass-through revenues.

Authority officials intend to use proceeds from the senior-lien bonds for 12 loan reimbursements and two new loans. Proceeds from the subordinate-lien bonds will be used to refund portions of three outstanding series of bonds. The senior-lien bonds are secured by trust estate revenues (including the authority's 75% portion of statewide GGRT collections) and aggregate payments under borrower loan agreements. These primarily include municipal, state, and gross receipts taxes at 33% of loan principal; net system revenue pledges (25%); general obligation (GO) ad valorem taxes (17%); and miscellaneous local special taxes (13%). The subordinate-lien bonds have a subordinate pledge of the trust estate revenues, plus specific borrower loan payments related to the subordinate-lien bonds. The subordinate-lien bonds do not have access to the common debt service reserve fund (DSRF).

The very strong enterprise risk score is the result of a low industry risk score, which is characteristic of all public finance long-term municipal pool programs, and a very strong market position, reflecting the enabling legislation that created the authority and the current management structure, along with ongoing support provided by the state through the ongoing disbursements of its GGRT. The authority was established by the legislature of the State of New Mexico in 1992 and is a governmental instrumentality separate and apart from the state created to coordinate the planning and financing of state and local public projects. The authority is composed of 11 members, who serve as the governing body. An executive committee provides oversight and direction relating to the authority's operations.

The extremely strong financial risk profile results from the program's ability to absorb a very high level of defaults. This is due to a combination of ongoing GGRT revenue and the availability of funds in the common DSRF, with a current balance of $30.5 million. Additionally, there is another $30.5 million available in the authority's contingent liquidity account. Although these funds are not technically pledged to support the bonds, they are restricted in use, available only for execution of new loans or to address delinquencies.

Currently, there are approximately $948 million of senior-lien bonds outstanding. There are more than 600 loans to about 200 different borrowers supporting the senior-lien bonds, with about $1.1 billion of loans outstanding. The leading borrowers, in terms of loan amount outstanding, include the city of Santa Fe and certain departments of the state. There have been no defaults in the history of the program. In addition to loan repayments, there is also a steady stream of GGRT revenues supporting the bonds. Authority management routinely projects annual receipts will remain stable. GGRTs have experienced only three declines in the past 17 years; however, in two of the last three years, they declined slightly. Based on the last 12 months of actual receipts, GGRT collections for 2016 would reflect a 6.4% growth rate to about $28.1 million. Under a no-default scenario, these revenues are passed through the PPRF program for other authority programs. As a further enhancement, about 60% of the loan payments are subject to an intercept of state funds.

Loan revenues plus GGRT revenues are projected to provide annual senior-lien debt service coverage of at least 1.3x. The excess coverage is then available to cover subordinate-lien debt service, though annual subordinate-lien loan revenue alone is projected to provide just over 1.0x coverage of subordinate-lien debt service. At the subordinate-lien level, there are about $269 million of bonds outstanding, supported by $281 million of loan principal outstanding through approximately 125 loan agreements. Program management policies are generally considered adequate to strong. There are formal loan application guidelines, with an evaluation of credit risks undertaken. Borrowers are required to submit annual financial statements, though not every financial report may be reviewed annually. To guard against any timing concerns, loan payments are received monthly. Additionally, there are approved investment guidelines that match the state's investment policies.

Outlook

The stable outlook reflects our expectation for continued stable borrower credit quality and timely borrower loan repayment, coupled with steady GGRT revenues. Neither the enterprise risk nor the financial risk profile scores are likely to change given the stability of revenues; therefore, we do not anticipate any negative rating action in the short or medium term.

Downside scenario

Should there be a significant change in the credit quality of the borrower portfolio, a sudden spike in loan defaults, or a sizable reduction in over-collateralization provided by GGRT, we would likely lower the ratings.

Ratings Detail (As Of February 7, 2017)		
New Mexico Fin Auth subord lien pub proj revolv fd rev bnds		
Long Term Rating	AA+/Stable	Affirmed
New Mexico Fin Auth SRFPOOL		
Long Term Rating	AA+/Stable	Affirmed
New Mexico Fin Auth pub proj revolving fd rev bnds		
Unenhanced Rating	AAA(SPUR)/Stable	Affirmed
New Mexico Fin Auth sr lien pub proj revolv fd ser 2000B		
Unenhanced Rating	AAA(SPUR)/Stable	Affirmed
New Mexico Fin Auth sub lien		
Unenhanced Rating	AA+(SPUR)/Stable	Affirmed
New Mexico Fin Auth sr lien		
Unenhanced Rating	AAA(SPUR)/Stable	Affirmed

Many issues are enhanced by bond insurance.

Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed to them in our criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at www.standardandpoors.com for further information. Complete ratings information is available to subscribers of RatingsDirect at www.globalcreditportal.com. All ratings affected by this rating action can be found on the S&P Global Ratings' public website at www.standardandpoors.com. Use the Ratings search box located in the left column.

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Rationale

Outlook

Summary:

New Mexico Finance Authority; State Revolving Funds/Pools

Credit Profile		
US$37.395 mil sr lien pub proj revolving fd rev and rfdg bnds ser 2017C due 06/01/2030		
Long Term Rating	AAA/Stable	New
New Mexico Fin Auth subord lien pub proj revolv fd rev bnds		
Long Term Rating	AA+/Positive	Outlook Revised
New Mexico Fin Auth subord lien pub proj revolv fd rev bnds		
Long Term Rating	AA+/Positive	Outlook Revised

Rationale

S&P Global Ratings has assigned its 'AAA' rating to the New Mexico Finance Authority's series 2017C senior-lien public project revolving fund (PPRF) revenue bonds. We also have affirmed our 'AAA' rating on the authority's outstanding senior-lien bonds and our 'AA+' rating on its outstanding subordinate-lien bonds. The outlook remains stable on the senior-lien bonds. We have revised the outlook on the subordinate-lien bonds to positive from stable. The outlook revision reflects the intent of the NMFA board to establish an indentured subordinate-lien reserve fund using funds from the contingent liquidity account.

The 'AAA' rating on the senior-lien bonds reflects our view of the combination of a very strong enterprise risk profile score and an extremely strong financial risk profile score, resulting from:

- A very strong market position;
- An extremely strong loss coverage score (LCS), partially offset by the high degree of concentration in the program as a whole, but bolstered by a history of positive growth in government gross receipt taxes (GGRT);
- A history of very low delinquency rates and no defaults; and
- Generally strong financial policies and practices.

The 'AAA' rating also reflects the application of available overrides given exceptionally low default and delinquency history and the program's ability to withstand a level of defaults well above that needed to maintain the current LCS. Because we view securitizations backed by pools of public-sector assets as highly sensitive to country risk, the rating on the securitization is capped at two notches above the sovereign. However, no specific sovereign default stress is applied, given the U.S. sovereign rating is 'AA+'.

The 'AA+' rating on the subordinate-lien bonds reflects many of the same credit strengths associated with the senior-lien bonds. However, differentiating credit factors currently include the lack of a pledged reserve fund for the subordinate-lien bonds and the ability for the defaults, delinquencies, or changes in GGRT to affect available pass-through revenues. However, the board has recently approved the establishment of a dedicated debt service reserve for the subordinate-lien bonds.

Authority officials intend to use proceeds from the senior-lien issue for four loan reimbursements and the refunding of the outstanding 2007E bonds. The senior-lien bonds are secured by trust estate revenues (including the authority's 75% portion of statewide GGRT collections) and aggregate payments under borrower loan agreements. These primarily include municipal, state, and GGRT at 33% of loan principal; net system revenue pledges (25%), general obligation (GO) ad valorem taxes (17%); and miscellaneous local special taxes (13%). The subordinate-lien bonds have a subordinate pledge of the trust estate revenues, plus specific borrower loan payments related to the subordinate-lien bonds. The subordinate-lien bonds do not have access to the common debt service reserve fund (DSRF).

The very strong enterprise risk score is the result of a low industry risk score, which is characteristic of all public finance long-term municipal pool programs, and a very strong market position, reflecting the enabling legislation that created the authority and the current management structure, along with ongoing support provided by the state through the ongoing disbursements of its GGRT. The authority was established by the legislature of the State of New Mexico in 1992 and is a governmental instrumentality separate and apart from the state created to coordinate the planning and financing of state and local public projects. The authority is composed of 11 members, who serve as the governing body. An executive committee provides oversight and direction relating to the authority's operations.

The extremely strong financial risk profile results from the program's ability to absorb a very high level of defaults. This is due to a combination of ongoing GGRT revenue and the availability of funds in the common DSRF, with a current balance of $30.5 million. Additionally, there is another $30.5 million available in the authority's contingent liquidity account. Although these funds are not technically pledged to support the bonds, they are restricted in use, available only for execution of new loans or to address delinquencies.

Currently, there are approximately $948 million of senior-lien bonds outstanding. There are more than 600 loans to about 200 different borrowers supporting the senior-lien bonds, with about $1.1 billion of loans outstanding. The leading borrowers, in terms of loan amount outstanding, include the City of Santa Fe and certain departments of the state. There have been no defaults in the history of the program. In addition to loan repayments, there is also a steady stream of GGRT revenues supporting the bonds. Authority management routinely projects annual receipts will remain stable. GGRTs have experienced only three declines in the past 17 years; however, in two of the last three years, they declined slightly. Based on the last 12 months of actual receipts, GGRT collections for 2017 would reflect a 7.34% growth rate to about $29.7 million. Under a no-default scenario, these revenues are passed through the PPRF program for other authority programs. As a further enhancement, about 60% of the loan payments are subject to an intercept of state funds.

Loan revenues plus GGRT revenues are projected to provide annual senior-lien debt service coverage of at least 1.3x. The excess coverage is then available to cover subordinate-lien debt service, though annual subordinate-lien loan revenue alone is projected to provide just over 1.0x coverage of subordinate-lien debt service. At the subordinate-lien level, there are about $269 million of bonds outstanding, supported by $281 million of loan principal outstanding through approximately 125 loan agreements. Program management policies are generally considered adequate to strong. There are formal loan application guidelines, with an evaluation of credit risks undertaken. Borrowers are required to submit annual financial statements, though not every financial report may be reviewed annually. To guard against any timing concerns, loan payments are received monthly. Additionally, there are approved investment guidelines that match the state's investment policies.

Outlook

The positive outlook on the subordinate-lien bonds reflects the potential for a higher rating following the board's approval of a dedicated debt service reserve fund.

The stable outlook on the senior-lien bonds reflects our expectation for continued stable borrower credit quality and timely borrower loan repayment, coupled with steady GGRT revenues. Neither the enterprise risk nor the financial risk profile scores are likely to change given the stability of revenues; therefore, we do not anticipate any negative rating action in the short or medium term.

Downside scenario

Should there be a significant change in the credit quality of the borrower portfolio, a sudden spike in loan defaults, or a sizable reduction in over-collateralization provided by GGRT, we would likely lower the ratings.

Ratings Detail (As Of May 9, 2017)		
New Mexico Fin Auth state revolv/fds pool		
Long Term Rating	AAA/Stable	Affirmed
New Mexico Fin Auth SRFPOOL		
Long Term Rating	AA+/Positive	Affirmed
New Mexico Fin Auth pub proj revolving fd rev bnds		
Unenhanced Rating	AAA(SPUR)/Stable	Affirmed
New Mexico Fin Auth sr lien pub proj revolv fd ser 2000B		
Unenhanced Rating	AAA(SPUR)/Stable	Affirmed
New Mexico Fin Auth sub lien		
Unenhanced Rating	AA+(SPUR)/Positive	Affirmed
New Mexico Fin Auth sr lien		
Unenhanced Rating	AAA(SPUR)/Stable	Affirmed

Many issues are enhanced by bond insurance.

Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed to them in our criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at www.standardandpoors.com for further information. Complete ratings information is available to subscribers of RatingsDirect at www.globalcreditportal.com. All ratings affected by this rating action can be found on the S&P Global Ratings' public website at www.standardandpoors.com. Use the Ratings search box located in the left column.

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Rationale

Outlook

Summary:

New Mexico Finance Authority; State Revolving Funds/Pools

Credit Profile		
US$42.8 mil sub ln pub proj revolving fd rev and rfdg bnds ser 2017D due 06/15/2033		
Long Term Rating	AAA/Stable	New
New Mexico Fin Auth subord lien pub proj revolv fd rev bnds		
Long Term Rating	AAA/Stable	Upgraded
New Mexico Fin Auth subord lien pub proj revolv fd rev bnds		
Long Term Rating	AAA/Stable	Upgraded
New Mexico Fin Auth SRFPOOL		
Long Term Rating	AAA/Stable	Upgraded
New Mexico Fin Auth sub lien		
Unenhanced Rating	AAA(SPUR)/Stable	Upgraded

Rationale

S&P Global Ratings has raised its rating on the New Mexico Finance Authority's (NMFA) subordinate-lien bonds to 'AAA' from 'AA+'. Earlier this year, we revised the outlook on the subordinate-lien bonds to positive from stable, reflecting the potential for the rating to be raised to 'AAA'. Subsequently, the NMFA Board formally established an indentured subordinate-lien reserve fund using funds from the contingent liquidity account, thereby enhancing the collateral now available for the subordinate-lien bonds.

At the same time, S&P Global Ratings has assigned its 'AAA' rating to the NMFA's series 2017D subordinate-lien public project revolving fund (PPRF) revenue bonds. S&P Global Ratings also affirmed its 'AAA' rating on the authority's previously issued senior-lien bonds.

The stable outlook reflects our expectation for continued stable borrower credit quality and timely borrower loan repayment, coupled with steady GGRT revenues. Neither the enterprise risk nor the financial risk profile scores are likely to change given the stability of revenues; therefore, we do not anticipate any negative rating action in the short or medium term.

Should there be a significant change in the credit quality of the borrower portfolio, a sudden spike in loan defaults, or a sizable reduction in over-collateralization provided by GGRT, we would likely lower the ratings.

The 'AAA' rating on the senior-lien and subordinate-lien bonds reflects our view of the combination of a very strong enterprise risk profile score and an extremely strong financial risk profile score, resulting from:

- A very strong market position;

- An extremely strong loss coverage score (LCS), partially offset by the high degree of concentration in the program as a whole, but bolstered by a history of positive growth in government gross receipt taxes (GGRT);
- A history of very low delinquency rates and no defaults; and
- Generally strong financial policies and practices.

The 'AAA' rating also reflects the application of available overrides given the exceptionally low default and delinquency history and the program's ability to withstand a level of defaults well above that needed to maintain the current LCS. Because we view securitizations backed by pools of public-sector assets as highly sensitive to country risk, the rating on the securitization is capped at two notches above the sovereign. However, no specific sovereign default stress is applied, given the U.S. sovereign rating is 'AA+'. Authority officials intend to use proceeds from this subordinate-lien issue for 16 loan reimbursements and refund the authority's 2007B bonds.

The senior-lien bonds are secured by trust estate revenues (including the authority's 75% portion of statewide GGRT collections) and aggregate payments under borrower loan agreements. These primarily include municipal, state, and GGRT at 33% of loan principal; net system revenue pledges (25%), general obligation (GO) ad valorem taxes (17%); and miscellaneous local special taxes (13%). The subordinate-lien bonds have a subordinate pledge of the trust estate revenues, plus specific borrower loan payments related to the subordinate-lien bonds.

The very strong enterprise risk score is the result of a low industry risk score, which is characteristic of all public finance long-term municipal pool programs, and a very strong market position, reflecting the enabling legislation that created the authority and the current management structure, along with ongoing support provided by the state through the ongoing disbursements of its GGRT. The authority was established by the legislature of the State of New Mexico in 1992 and is a governmental instrumentality separate and apart from the state created to coordinate the planning and financing of state and local public projects. The authority is composed of 11 members, who serve as the governing body. An executive committee provides oversight and direction relating to the authority's operations.

The extremely strong financial risk profile results from the program's ability to absorb a very high level of defaults. This is due to a combination of ongoing GGRT revenue and the availability of funds in the common debt service reserve funds, with a current balance of $30.6 million in both the senior and subordinate accounts. The GGRT contributions to the NMFA remain a critical aspect of the rating. Any actions that result in a decrease in the annual flow of GGRT revenues to the NMFA would like result in a negative rating action.

Currently, there are approximately $948 million of senior-lien bonds outstanding. There are more than 600 loans to about 200 different borrowers supporting the senior-lien bonds, with about $1.1 billion of loans outstanding. The leading borrowers, in terms of loan amount outstanding, include the City of Santa Fe and certain departments of the state. There have been no defaults in the program's history. In addition to loan repayments, there is also a steady stream of GGRT revenues supporting the bonds. Authority management routinely projects annual receipts will remain stable. GGRTs have experienced only three declines in the past 20 years. Based on the last 12 months of actual receipts, GGRT collections for 2017 reflect a 4.5% growth rate to about $29.4 million. Under a no-default scenario, these revenues are passed through the PPRF program for other authority programs. As a further enhancement, about 60% of the loan payments are subject to an intercept of state funds.

Loan revenues plus GGRT revenues are projected to provide annual senior-lien debt service coverage of at least 1.3x.

The excess coverage is then available to cover subordinate-lien debt service, though annual subordinate-lien loan revenue alone is projected to provide just over 1.0x coverage of subordinate-lien debt service. At the subordinate-lien level, there are about $228 million of bonds outstanding, supported by loan repayments through approximately 125 loan agreements. Program management policies are generally considered adequate to strong. There are formal loan application guidelines, with an evaluation of credit risks undertaken. Borrowers are required to submit annual financial statements, though not every financial report may be reviewed annually. To guard against any timing concerns, loan payments are received monthly. Additionally, there are approved investment guidelines that match the state's investment policies.

Outlook

The stable outlook reflects our expectation for continued stable borrower credit quality and timely borrower loan repayment, coupled with steady GGRT revenues. Neither the enterprise risk nor the financial risk profile scores are likely to change given the stability of revenues; therefore, we do not anticipate any negative rating action in the short or medium term.

Downside scenario

Should there be a significant change in the credit quality of the borrower portfolio, a sudden spike in loan defaults, or a sizable reduction in over-collateralization provided by GGRT, we would likely lower the ratings.

Ratings Detail (As Of July 28, 2017)		
New Mexico Fin Auth state revolv/fds pool		
Long Term Rating	AAA/Stable	Affirmed
New Mexico Fin Auth pub proj revolving fd rev bnds		
Unenhanced Rating	AAA(SPUR)/Stable	Affirmed
New Mexico Fin Auth sr lien pub proj revolv fd ser 2000B		
Unenhanced Rating	AAA(SPUR)/Stable	Affirmed
New Mexico Fin Auth sr lien		
Unenhanced Rating	AAA(SPUR)/Stable	Affirmed

Many issues are enhanced by bond insurance.

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Rationale

Outlook

Summary:

New Mexico Finance Authority; State Revolving Funds/Pools

Credit Profile		
US$53.91 mil sr ln pub proj revolving fd rev bnds ser 2017E due 06/01/2038		
Long Term Rating	AAA/Stable	New
US$19.465 mil sub ln pub proj revolving fd rev bnds ser 2017F due 06/15/2036		
Long Term Rating	AAA/Stable	New
New Mexico Fin Auth sr lien pub proj revolv fd ser 2000B		
Unenhanced Rating	AAA(SPUR)/Stable	Affirmed

Rationale

S&P Global Ratings has assigned its 'AAA' rating to the New Mexico Finance Authority's series 2017E senior-lien and 2017F subordinate-lien public project revolving fund (PPRF) revenue bonds. We also have affirmed our 'AAA' rating on the authority's previously issued senior- and subordinate-lien bonds.

The 'AAA' rating on the senior- and subordinate-lien bonds reflects our view of the combination of a very strong enterprise risk profile score and an extremely strong financial risk profile score, resulting from:

- A very strong market position;
- An extremely strong loss coverage score (LCS), partially offset by the high degree of concentration in the program as a whole, but bolstered by a history of positive growth in government gross receipt taxes (GGRT);
- A history of very low delinquency rates and no defaults; and
- Generally strong financial policies and practices.

The 'AAA' rating also reflects the application of available overrides given exceptionally low default and delinquency history and the program's ability to withstand a level of defaults well above that needed to maintain the current LCS. Because we view securitizations backed by pools of public-sector assets as highly sensitive to country risk, the rating on the securitization is capped at two notches above the sovereign. However, no specific sovereign default stress is applied, given the U.S. sovereign rating is 'AA+'. Authority officials intend to use proceeds from these series for 41 loan reimbursements.

The senior-lien bonds are secured by trust estate revenues (including the authority's 75% portion of statewide GGRT collections) and aggregate payments under borrower loan agreements. These primarily include pledges of municipal and state gross receipt taxes, and allocations of the state's GGRT at 33% of loan principal; net system revenue pledges (23%); general obligation ad valorem taxes (21%); and miscellaneous local special taxes (12%). The subordinate-lien bonds have a subordinate pledge of the trust estate revenues, plus specific borrower loan payments related to the subordinate-lien bonds.

The very strong enterprise risk score is the result of a low industry risk score, which is characteristic of all public finance long-term municipal pool programs, and a very strong market position, reflecting the enabling legislation that created the authority and the current management structure, along with ongoing support provided by the state through the ongoing disbursements of its GGRT. The authority was established by the legislature of the State of New Mexico in 1992 and is a governmental instrumentality separate and apart from the state created to coordinate the planning and financing of state and local public projects. The authority is composed of 11 members, who serve as the governing body. An executive committee provides oversight and direction relating to the authority's operations.

The extremely strong financial risk profile results from the program's ability to absorb a very high level of defaults. This is due to a combination of ongoing GGRT revenue and the availability of funds in the common debt service reserve funds, with a current balance of $30.6 million in both the senior and subordinate accounts.

Following this issuance, there will be about $1.01 billion of senior-lien bonds outstanding. There are more than 620 loans to about 200 different borrowers supporting the senior-lien bonds, with about $1.49 billion of loans principal and interest anticipated to provide coverage to about $1.39 billion of bond principal and interest outstanding. The leading borrowers, in terms of loan amount outstanding, include the city of Santa Fe and certain departments of the state. There have been no defaults in the history of the program. In addition to loan repayments, there is also a steady stream of GGRT revenues supporting the bonds. Authority management routinely projects annual receipts will remain stable. GGRTs have experienced only three declines in the past 20 years. Based on the last 12 months of actual receipts, GGRT collections for 2017 reflect a 4.5% growth rate to about $29.4 million. Under a no-default scenario, these revenues are passed through the PPRF program for other authority programs. As a further enhancement, about 60% of the loan payments are subject to an intercept of state funds.

Loan revenues plus GGRT revenues are projected to provide annual senior-lien debt service coverage of at least 1.3x. The excess coverage is then available to cover subordinate-lien debt service, though annual subordinate-lien loan revenue alone is projected to provide just over 1.0x coverage of subordinate-lien debt service. At the subordinate-lien level, following this issuance, there will be about $246 million of bonds outstanding, supported by $304 million of loan principal outstanding through approximately 165 loan agreements. Program management policies are generally considered adequate to strong. There are formal loan application guidelines, with an evaluation of credit risks undertaken. Borrowers are required to submit annual financial statements, though not every financial report may be reviewed annually. To guard against any timing concerns, loan payments are received monthly. Additionally, there are approved investment guidelines that match the state's investment policies.

Outlook

The stable outlook reflects our expectation for continued stable borrower credit quality and timely borrower loan repayment, coupled with steady GGRT revenues. Neither the enterprise risk nor the financial risk profile scores are likely to change given the stability of revenues; therefore, we do not anticipate any negative rating action in the short or medium term.

Downside scenario

Should there be a significant change in the credit quality of the borrower portfolio, a sudden spike in loan defaults, or a sizable reduction in overcollateralization provided by GGRT, we would likely lower the ratings.

Ratings Detail (As Of October 24, 2017)		
New Mexico Fin Auth state revolv/fds pool		
Long Term Rating	AAA/Stable	Affirmed
New Mexico Fin Auth subord lien pub proj revolv fd rev bnds		
Long Term Rating	AAA/Stable	Affirmed
New Mexico Fin Auth subord lien pub proj revolv fd rev bnds		
Long Term Rating	AAA/Stable	Affirmed
New Mexico Fin Auth SRFPOOL		
Long Term Rating	AAA/Stable	Affirmed
New Mexico Fin Auth pub proj revolving fd rev bnds		
Unenhanced Rating	AAA(SPUR)/Stable	Affirmed
New Mexico Fin Auth sub lien		
Unenhanced Rating	AAA(SPUR)/Stable	Affirmed
Many issues are enhanced by bond insurance.		

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