



Presentation to the
New Mexico Finance Authority Oversight Committee

Public Project Revolving Fund Update

Marquita Russel, NMFA CEO
Michael Zavelle, NMFA Chief Financial Strategist

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The Public Project Revolving Fund (PPRF)

- ❖ The PPRF, NMFA's flagship program, makes low-cost loans to State, local and Tribal governments to finance public infrastructure and equipment
 - ❖ Borrowers receive the PPRF's AAA interest rates regardless of the borrower's credit or size
 - ❖ NMFA's approval includes a 90-day interest rate cap
 - ❖ No fees since January 2020
 - ❖ Applications accepted monthly; loans greater than \$1 million must first receive legislative authorization
 - ❖ NMFA absorbs underwriting, rating, legal and other issuance costs, and produces the Official Statements, resulting in savings of time, effort, and costs to the borrower.
 - ❖ PPRF is large enough to weather the vagaries the municipal marketplace



PPRF Disadvantaged Funding

- ❖ In addition to low ‘AAA’ interest rates, clients with Median Household Incomes (“MHI”) below the State’s MHI may receive Disadvantaged Entity Funding:
 - ❖ A fixed 2% interest rate may be provided when the client’s MHI is between 80% -100% of the State’s MHI
 - ❖ A fixed 0% interest rate may be provided when client’s MHI is less than 80% of the State’s MHI
 - ❖ Equipment loans may receive up to \$150,000 in disadvantaged funds
 - ❖ Infrastructure and building loans may receive 10% of the PPRF loan in disadvantaged funding, up to \$500,000
 - ❖ Clients are limited to \$500,000 of disadvantaged funds per fiscal year
 - ❖ Disadvantaged funding is not provided for loans in excess of \$5 million or for refunding loans



Measuring the Success of the PPRF

- ❖ **Some Possible Measures of *Success* include:**
 - ❖ **Diversity of the PPRF's Client Base**
 - ❖ **Diversity of the PPRF's Revenue Base**
 - ❖ **Depth of the PPRF's Involvement Geographically**
 - ❖ **Positive Changes to the PPRF's Reach Over Time**
 - ❖ **Positive Changes to the PPRF's Financial Profile**
 - ❖ **Effective Use of GGRT**

- ❖ **This Presentation will provide a state of the PPRF Program report as of June 30, 2022 focusing on diversity, depth and PPRF changes over time. Comparisons to June 30, 2013 are provided for context.**



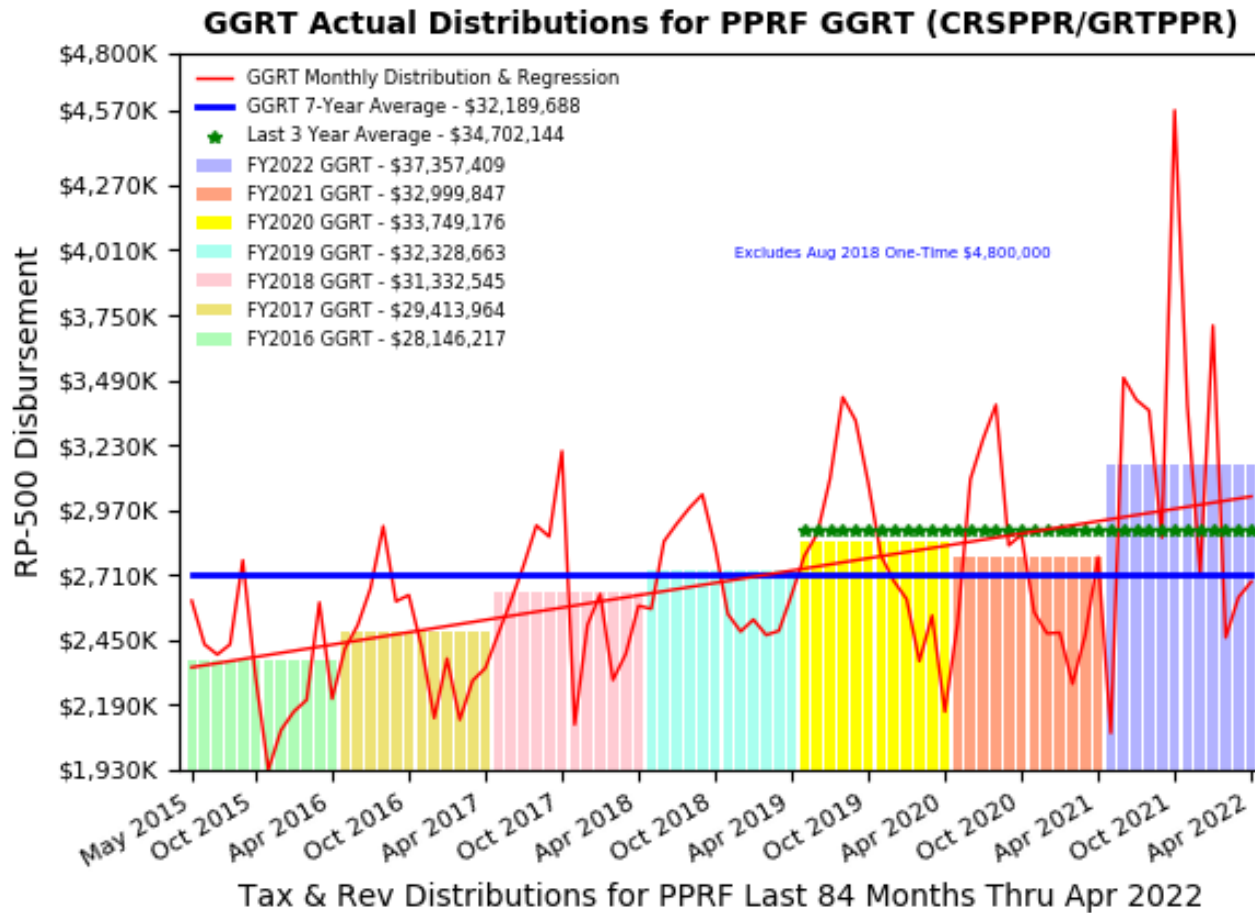
PPRF and the Governmental Gross Receipts Tax

- ❖ No PPRF Report could begin without mention of GGRT
- ❖ GGRT, or Governmental Gross Receipts Tax, is a 5% tax on services provided by New Mexico Governments. GGRT tax revenue comes predominately from water related services.
 - ❖ About 25% of all GGRT is generated by the Albuquerque Bernalillo County Water Utility Authority (ABCWUA)
- ❖ By statute, and incorporated into the bond indentures, 75% of GGRT tax revenues flow to the PPRF and are held by PPRF's Trustee until released to NMFA in June for PPRF purposes
- ❖ Of this 75%, ~35% is appropriated for other programs – netting the PPRF ~50% of annual state GGRT tax revenues
- ❖ The importance of GGRT to the PPRF Program cannot be overstated; however, credit structuring and enhancements to credit are equally vital to PPRF program success.

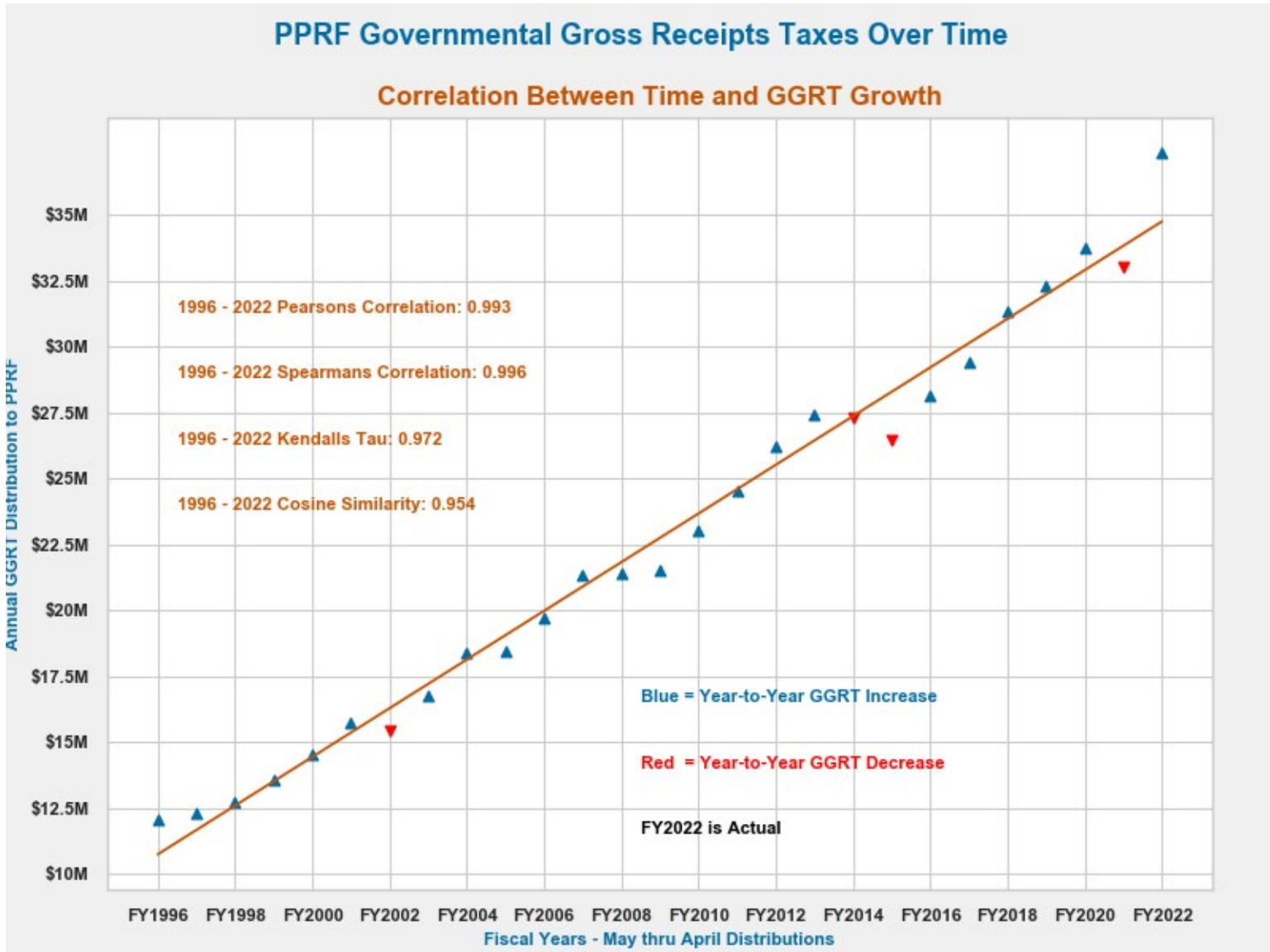


GGRT is Critical

- ❖ GGRT provides a Critical PPRF Credit Enhancement and is the key to the PPRF’s AAA/AAA S&P and Aa1/Aa1 Moody’s ratings
- ❖ Most Recent 7 Fiscal Year GGRT Results – PPRF 75% Share



GGRT Over Time





The Public Project Revolving Fund (PPRF)

- ❖ Net GGRT and Loan Revenues above Bond Debt Service allows for increased Equity Funding, which has a Multiplier Effect over time
- ❖ In the next 30 Years Loan Revenues exceed Bond Debt Service by \$300 million as of FY2022 End.
- ❖ Net GGRT could add another \$700 million plus over 30 Years

PPRF Loan Revenues vs. PPRF Bond Debt Service

	Bond Debt Service vs Loan Revenue	17,641,592 2023	14,571,728 2024	15,462,786 2025	21,985,351 2026	20,546,409 2027
PPRF Bond Debt Service	1,701,118,573	175,709,681	167,629,654	159,612,142	140,092,800	134,781,836
Pledged Loan Revenue Total	2,007,861,338	193,351,273	182,201,382	175,074,928	162,078,151	155,328,245
PPRF Loans Tied to Bonds	1,699,991,021	160,489,994	150,025,958	144,817,902	132,954,691	127,851,500
PPRF Replacement Loans	127,923,928	16,421,243	14,550,570	13,756,647	12,826,503	12,018,941
PPRF Equity & Other Loans	69,752,741	5,714,125	7,828,546	6,179,573	6,142,834	5,460,296
PPRF Orphan Loans	110,193,648	10,725,912	9,796,308	10,320,806	10,154,123	9,997,509
	Bond Debt Service vs Loan Revenue	22,304,803 2028	23,677,330 2029	24,357,858 2030	21,431,010 2031	19,379,293 2032
PPRF Bond Debt Service	123,075,197	110,475,756	98,655,977	91,779,525	84,762,045	
		145,380,000	134,153,086	123,013,835	113,210,535	104,141,338
PPRF Loans Tied to Bonds		118,127,704	111,261,823	105,168,377	96,281,807	90,338,146
PPRF Replacement Loans		11,373,902	11,654,479	6,989,650	6,476,061	4,141,382
PPRF Equity & Other Loans		6,317,494	4,911,983	4,687,650	4,369,989	4,051,540
PPRF Orphan Loans		9,560,900	6,324,801	6,168,157	6,082,677	5,610,269

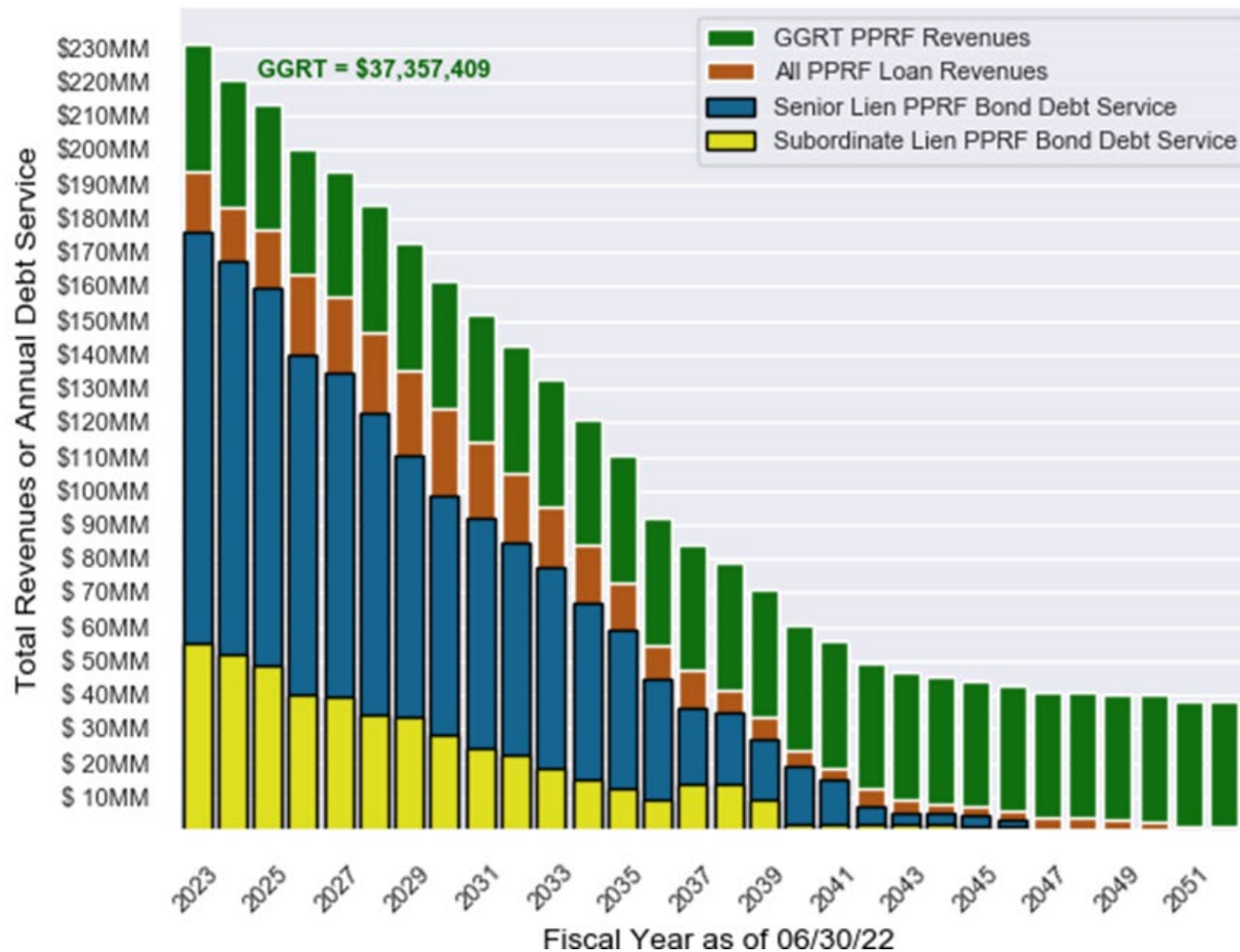
- ❖ The PPRF has \$76.5 million in Disadvantaged Loans Outstanding



The Public Project Revolving Fund (PPRF)

❖ PPRF Bonds have High Default Tolerance and Decreasing Average Life

PPRF Loan Revenues plus GGRT vs. Debt Service





The Public Project Revolving Fund (PPRF)

- ❖ The PPRF is strengthened by Borrower and Revenue Pledge Diversity and by Bond Indenture and Policy Driven Credit Enhancements
- ❖ Today, the PPRF has a Diverse Client Base across all 33 Counties

	Grand Total Number of Loans	Grand Total Amount of Loans	Grand Total Average of Loans		Number of Loans	Amount of Loans	Average of Loans
New Mexico Counties	1,008	1,630,447,059	1,617,507	New Mexico Counties			
Bernalillo County	11	72,021,218	6,547,383	McKinley County	19	87,668,083	4,614,110
Catron County	18	3,275,935	181,996	Mora County	16	7,162,986	447,687
Chaves County	43	31,434,224	731,028	Otero County	60	41,423,899	690,398
Cibola County	26	29,260,592	1,125,407	Quay County	41	10,210,132	249,028
Colfax County	69	52,522,756	761,199	Rio Arriba County	36	85,809,144	2,383,587
Curry County	31	34,953,050	1,127,518	Roosevelt County	32	68,790,185	2,149,693
De Baca County	10	5,604,851	560,485	San Juan County	26	114,014,069	4,385,157
Dona Ana County	67	157,104,631	2,344,845	San Miguel County	30	51,737,828	1,724,594
Eddy County	9	7,211,745	801,305	Sandoval County	74	138,810,009	1,875,811
Grant County	35	32,951,322	941,466	Santa Fe County	46	228,828,321	4,974,529
Guadalupe County	19	5,049,501	265,763	Sierra County	36	45,651,046	1,268,085
Harding County	8	758,734	94,842	Socorro County	53	27,155,893	512,375
Hidalgo County	15	10,281,677	685,445	Taos County	30	41,537,319	1,384,577
Lea County	11	41,817,296	3,801,572	Torrance County	28	32,199,656	1,149,988
Lincoln County	36	46,325,624	1,286,823	Union County	26	14,266,484	548,711
Los Alamos County	4	22,406,736	5,601,684	Valencia County	30	71,018,915	2,367,297
Luna County	13	11,183,198	860,246				

NOTE: Santa Fe County includes State Government Loans



The Public Project Revolving Fund (PPRF)

❖ Today, the PPRF has a Diverse Base across Revenue Pledges and Client Types

PPRF Client Types	# of Loans	Outstanding	Per Centage	Average
	1,008	1,630,447,059	100%	1,617,507
County	239	181,648,213	11.14%	760,034
Education	331	540,416,407	33.15%	1,632,678
Hospital	5	58,107,876	3.56%	11,621,575
Municipality	346	510,871,045	31.33%	1,476,506
Special District	17	35,171,980	2.16%	2,068,940
State	13	180,639,661	11.08%	13,895,359
Tribe	17	98,599,641	6.05%	5,799,979
Utility	40	24,992,236	1.53%	624,806

Revenue Pledge Categories	# of Loans	Outstanding	Per Centage	Average
	1,008	1,630,447,059	100%	1,617,507
Appropriation Loan	15	102,610,044	6.29%	6,840,670
Fire Protection Fund	256	41,664,437	2.56%	162,752
General Obligation	343	461,016,986	28.28%	1,344,073
Governmental Gross Receipts Tax	2	681,248	0.04%	340,624
Gross Receipts Tax	202	399,343,109	24.49%	1,976,946
Law Enforcement Protection Fund	14	646,578	0.04%	46,184
Local Special Tax	29	101,069,448	6.20%	3,485,153
Mill Levy	16	5,730,086	0.35%	358,130
System Revenue	108	396,464,803	24.32%	3,670,970
Special Assessment	8	26,817,961	1.64%	3,352,245
State Gross Receipts Tax	15	94,402,359	5.79%	6,293,491



The Public Project Revolving Fund (PPRF)

❖ Mostly, PPRF Loans Outstanding have Increased Across Counties Across Revenue Pledges and Across Client Type since 2013

❖ ABCWUA reduced from \$192,485,000 Outstanding in 2013 to \$-0- in 2022

Net Change 2013 to 2022

New Mexico Counties	# of Loans	Outstanding	Without ABCWUA	New Mexico Counties	# of Loans	Outstanding
Bernalillo County	(6)	(269,345,937)	(76,860,937)	McKinley County	10	49,435,295
Catron County	5	1,059,038		Mora County	6	3,757,469
Chaves County	20	21,807,323		Otero County	18	(4,670,684)
Cibola County	14	25,986,691		Quay County	7	1,528,185
Colfax County	41	9,807,743		Rio Arriba County	19	58,449,020
Curry County	10	21,722,548		Roosevelt County	22	34,606,775
De Baca County	3	2,550,602		San Juan County	10	68,232,656
Dona Ana County	39	128,554,879		San Miguel County	7	5,525,494
Eddy County	4	6,154,977		Sandoval County	21	62,096,230
Grant County	11	(1,779,405)		Santa Fe County	8	10,624,707
Guadalupe County	3	(1,046,809)		Sierra County	8	(45,074,942)
Harding County	3	(173,111)		Socorro County	26	14,771,203
Hidalgo County	3	1,773,611		Taos County	11	4,957,491
Lea County	3	36,245,147		Torrance County	4	27,165,373
Lincoln County	8	33,719,487		Union County	5	3,312,018
Los Alamos County	2	4,540,944		Valencia County	12	55,900,655
Luna County	7	8,816,876				

NOTE: Santa Fe County includes State Government Loans



The Public Project Revolving Fund (PPRF)

❖ Client Type and Revenue Pledge Changes June 2013 to June 2022

Net Change 2013 to 2022

PPRF Client Types	# of Loans	Outstanding	Without ABCWUA
	364	381,011,549	573,496,549
County	24	5,626,476	
Education	234	308,900,498	
Hospital	5	58,107,876	
Municipality	103	157,811,257	
Special District	15	11,986,414	
State	(13)	(17,886,145)	
Tribe	7	50,316,727	
Utility	(11)	(193,851,554)	(1,366,554)

Net Change 2013 to 2022

Revenue Pledge Categories	# of Loans	Outstanding	Without ABCWUA
	364	381,011,549	573,496,549
Appropriation Loan	15	102,610,044	
Fire Protection Fund	32	1,458,320	
General Obligation	253	353,010,191	
Governmental Gross Receipts Tax	(7)	(12,167,559)	
Gross Receipts Tax	49	57,869,330	
Law Enforcement Protection Fund	(2)	(313,541)	
Local Special Tax	(15)	(162,603,760)	
Mill Levy	6	3,581,343	
System Revenue	31	43,445,347	235,930,347
Special Assessment	-	(11,252,093)	
State Gross Receipts Tax	2	5,373,927	



The Public Project Revolving Fund (PPRF)

❖ PPRF 20 Largest Borrowers – 70% of the Portfolio in 2013 and 52% in 2022

PPRF Largest Borrowers June 30, 2022

Top 5 Borrowers =	24.490%	399,294,046
Top 10 Borrowers =	36.687%	598,159,415
Top 15 Borrowers =	45.219%	737,273,508
Top 20 Borrowers =	52.299%	852,704,498

PPRF Largest Borrowers June 30, 2013

Top 5 Borrowers =	38.607%	482,364,715
Top 10 Borrowers =	52.685%	658,265,964
Top 15 Borrowers =	63.134%	788,817,646
Top 20 Borrowers =	69.614%	869,780,608

Total All Outstanding Loans & Top 20 Outstanding Loans = 1,630,447,058 852,704,497

Total All Outstanding Loans & Top 20 Outstanding Loans = 1,249,435,510 869,780,608

1	New Mexico General Services Department	7.800%	127,170,594
2	Rio Rancho, City of	5.436%	88,630,011
3	Gallup McKinley County School District 1	3.762%	61,345,000
4	Las Cruces, City of	3.757%	61,248,263
5	Santa Fe, City of	3.735%	60,900,178
6	Jicarilla Apache Nation	2.995%	48,835,000
7	Farmington, City of	2.989%	48,727,600
8	Eastern New Mexico University Board of Regents	2.395%	39,052,950
9	New Mexico Spaceport Authority	1.923%	31,349,819
10	Gadsden Independent School District 16	1.895%	30,900,000
11	University of New Mexico Health Sciences Center	1.892%	30,845,000
12	Farmington Municipal School District 5	1.836%	29,940,000
13	Taos County	1.664%	27,123,082
14	Gallup, City of	1.604%	26,146,011
15	Moriarty Edgewood School District	1.537%	25,060,000
16	Sierra Vista Hospital	1.488%	24,260,506
17	Alamogordo, City of	1.479%	24,118,389
18	Los Lunas School District 1	1.467%	23,915,000
19	Lincoln County	1.399%	22,817,095
20	New Mexico Highlands University	1.246%	20,320,000

Albuquerque Bernalillo County WUA	15.406%	192,485,000
General Services Department	7.080%	88,460,144
Santa Fe	5.563%	69,500,201
New Mexico Spaceport Authority	5.382%	67,250,000
Albuquerque	5.176%	64,669,370
Alamogordo	3.287%	41,065,070
Bernalillo County Metropolitan Court	3.208%	40,085,000
Gallup Mckinley - School	2.680%	33,490,000
Taos County	2.469%	30,846,179
New Mexico Highlands University	2.434%	30,415,000
Rio Rancho	2.379%	29,725,316
Eastern New Mexico University	2.167%	27,075,000
Department of Health	2.161%	27,000,800
University of New Mexico Health Sciences Center	1.886%	23,565,000
Angel Fire Public Improvement District	1.856%	23,185,566
Western New Mexico University	1.521%	19,000,000
Isleta Pueblo	1.465%	18,305,000
Los Alamos County	1.430%	17,865,792
Raton	1.051%	13,137,057
Las Cruces	1.013%	12,655,113



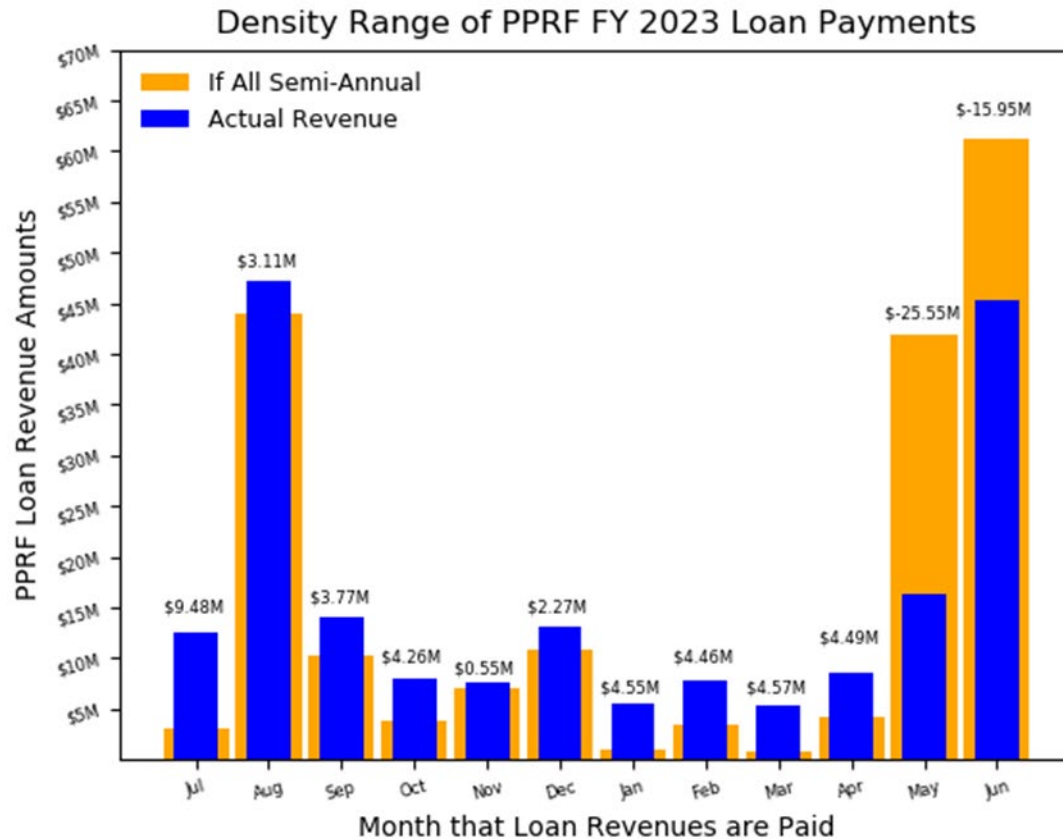
The Public Project Revolving Fund (PPRF)

- ❖ Some PPRF Credit Enhancements are Subtle
- ❖ Monthly Loan Repayment Allows Earlier Accumulation of Bond Debt Service Repayment Funds and Allows Early Detection of Potential Loan Repayment Issues

Loan amortization schedules are on a semi-annual basis with many payments on a monthly basis

Some revenue pledges qualify to repay semi-annually

NMFA pays interest earned on monthly payments held in advance of semi-annual due dates





The Public Project Revolving Fund (PPRF)

❖ Overall, PPRF Credit Enhancements are Varied and Effective

<p>PPRF Bonds Outstanding</p> <p>\$ 1,285,255,000</p> <p>40 Bonds</p>	<p>PPRF Loans Outstanding</p> <p>\$ 1,630,447,059</p> <p>1008 Loans</p>
<p>PPRF Bond 2023 Debt Service</p> <p>Paid to Investors Semi-Annually</p> <p>\$ 175,709,687</p> <p>Senior = \$ 120,388,860 Sub = \$ 55,320,827</p>	<p>PPRF Loan 2023 Revenue</p> <p>Paid to NMFA Mostly Monthly</p> <p>\$ 193,351,290</p> <p>\$ 17,641,603 Difference</p>
<p>Common Debt Service Reserve Fund</p> <p>\$ 33,037,678</p> <p>27.4% of Senior Debt Service Fund</p> <p>2023 Debt Service Year</p>	<p>Individual Loans Debt Service Reserve Funds</p> <p>\$ 63,401,970</p> <p>\$ 41,299,133</p> <p>Without an Intercept</p>
<p>Supplemental Credit Reserve Fund</p> <p>\$ 33,036,926</p> <p>59.7% of Subordinate Lien Debt Service</p>	<p>Intercepts - NMFA 1st in Line for Tax Receipts</p> <p>\$ 110,202,071</p> <p>of Loan Revenues Intercepted in 2023</p>
<p>Core Credit Enhancements</p> <p>~\$ 235,217,411</p> <p>vs. \$ 175,709,687</p> <p>of 2023 Debt Service > 100%</p>	<p>Governmental Gross Receipts Tax</p> <p>75% of New Mexico GGRT by Statute</p> <p>\$ 37,357,409 Growing ~ 2% / year</p> <p>Additional Credit Enhancement</p>
<p>PPRF Bond Debt Service 2023 - 2053</p> <p>\$ 1,701,118,573</p> <p>Bonds are Fixed Rate with 10-Year Calls</p>	<p>PPRF Loan Revenue 2023 - 2053</p> <p>\$ 2,007,861,338</p> <p>\$ 306,742,765 - Difference</p>



PPRF FY 2022 Bond Delegation Report

- ❖ **2021 C bonds sold August 18, 2021; Closed August 31, 2021**
 - ❖ **Par amount of \$43,620,000**
 - ❖ Average Life of 7.78 years
 - ❖ Bank of America Lead Manager
 - ❖ Effective True Interest Cost of 1.33%
 - ❖ Wells Fargo and Stifel Nicolaus as Co-Managers
 - ❖ **Reimbursed \$25.9 million of PPRF loans; funded \$29.129 million in project funds for University of New Mexico Cancer Center**
- ❖ **2022A bonds sold March 9, 2022; Closed March 29, 2022**
 - ❖ **Par amount of \$65,570,000**
 - ❖ Average Life of 8.09 years
 - ❖ JP Morgan Lead Manager
 - ❖ Effective True Interest Cost of 2.32%
 - ❖ Morgan Stanley and RBC as Co-Managers
 - ❖ **Reimbursed \$74,258,000 of PPRF loans**
- ❖ **2022B bonds sold June 8, 2022; Closed June 29, 2022**
 - ❖ **Par amount of \$53,215,000**
 - ❖ Average Life of 8.73 years
 - ❖ Morgan Stanley Lead Manager
 - ❖ Effective True Interest Cost of 2.99%
 - ❖ Stifel Nicolaus and Wells Fargo as Co-Managers
 - ❖ **Reimbursed \$59,775,000 of PPRF loans, including a \$25 million loan for Gallup-McKinley County Schools Teacherage Project**