

## **OFFICIAL NOTICE OF BOND SALE**

(Electronic bids only)

**\$125,680,000\***

### **NEW MEXICO FINANCE AUTHORITY SENIOR LIEN PUBLIC PROJECT REVOLVING FUND REVENUE AND REFUNDING BONDS, SERIES 2018A**

PUBLIC NOTICE IS HEREBY GIVEN that the New Mexico Finance Authority (the “Finance Authority”) of the State of New Mexico (the “State”) will receive and publicly examine electronic bids for the purchase of the New Mexico Finance Authority Senior Lien Public Project Revolving Fund Revenue and Refunding Bonds, Series 2018A (the “Bonds”) in the aggregate principal amount of \$125,680,000\*, on Wednesday, February 21, 2018 (the “Original Bid Date”), at 8:15 a.m., prevailing Mountain Time (the “Original Deadline”), at the offices of the Finance Authority, 207 Shelby Street, Santa Fe, New Mexico or such other date and time as indicated below (the “Rescheduled Bid Date” and “Rescheduled Deadline,” respectively, and together with the Original Bid Date and the Original Deadline, the “Bid Date” and “Deadline,” respectively) or at such other place to be designated as provided below. Notice is hereby given that electronic proposals will be received via the facilities of the Grant Street Group (“Grant Street Group”), in the manner described below, until 8:15 a.m., prevailing Mountain Time, on February 21, 2018. Bids may be submitted electronically through the Grant Street Group electronic bidding web site at [www.grantstreet.com](http://www.grantstreet.com) pursuant to this Official Notice of Bond Sale from 7:45 a.m. until 8:15 a.m., prevailing Mountain Time, but no bid will be received after the time for receiving bids specified above, unless otherwise extended in accordance with the “Two-Minute Rule” described herein. No other method of submitting bids will be accepted. The date and time for submitting bids will be as follows:

**Bid Date: February 21, 2018**

**Bid Time: Between 9:45 a.m. and 10:15 a.m. Eastern Time**

**(Between 7:45 a.m. and 8:15 a.m. Mountain Time)**

**Submit Bid to: [www.grantstreet.com](http://www.grantstreet.com)**

Information related to this auction can be obtained from Grant Street Group Auction Support at (412) 391-5555 (x1370).

To bid, bidders must have both (1) completed the registration form on the Grant Street Group website and (2) requested and received admission to the Finance Authority’s auction, as described under “Submission of Bids” below. The use of Grant Street Group shall be at the bidder’s risk and expense, and the Finance Authority shall have no liability with respect thereto.

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\* Preliminary; subject to change.

Neither the Finance Authority, Grant Street Group, nor Bond Counsel shall be responsible for, and each bidder expressly assumes the risk of, any incomplete, inaccurate, or untimely bid submitted by Internet transmission by such bidder, including, without limitation, by reason of garbled transmissions, mechanical failure, engaged telephone or telecommunications lines, or any other cause arising from delivery by Internet transmission. Additionally, the Grant Street Group time stamp will govern the receipt of all bids. All bids will be deemed to incorporate the provisions of this Official Notice of Bond Sale.

Certain designated officers of the Finance Authority (the “Designated Officers”) have been authorized by a resolution adopted on January 25, 2018 (the “Authorizing and Delegating Resolution”), by the Finance Authority to publicly examine electronic bids on the Bid Date up to and at the Deadline and to accept the best bid if within parameters established by the Finance Authority). For purposes of the bids received through the electronic bidding process, the time maintained by Grant Street Group will constitute the official time.

This Official Notice of Bond Sale, and the information set forth herein, is not to be treated as a complete disclosure of all relevant information with respect to the Bonds. The information set forth herein is subject, in all respects, to a more complete description of the Bonds and the security therefor set forth in the Preliminary Official Statement dated February 6, 2018 (the “Preliminary Official Statement”). The Preliminary Official Statement may be viewed and downloaded from [www.grantstreet.com](http://www.grantstreet.com).

**Description of Issue:** The Bonds will be issued in the aggregate principal amount of \$125,680,000\*, will be dated the date of delivery, and will mature on June 1, 2018 and serially thereafter on June 1 of each year through 2042 in the following amounts:

<u>Year</u>	<u>Amount Maturing*</u>	<u>Year</u>	<u>Amount Maturing*</u>
2018	\$2,500,000	2031	\$6,165,000
2019	6,445,000	2032	6,255,000
2020	6,995,000	2033	5,625,000
2021	6,610,000	2034	5,370,000
2022	6,870,000	2035	4,375,000
2023	7,630,000	2036	4,505,000
2024	7,875,000	2037	2,405,000
2025	7,250,000	2038	2,120,000
2026	7,480,000	2039	805,000
2027	7,835,000	2040	830,000
2028	6,175,000	2041	855,000
2029	5,895,000	2042	880,000
2030	5,930,000		

\*Preliminary, subject to change.

The Bonds will be fully registered bonds in the denomination of \$5,000 each, or any integral multiple thereof. Interest will be payable on June 1, 2018 and semiannually thereafter on June 1 and December 1 of each year throughout the life of the Bonds.

The Bonds shall be sold at public sale and dated as provided in the Authorizing and Delegating Resolution. The Bonds shall be numbered consecutively from one upwards or otherwise requested by the purchasers of the Bonds.

**Adjustment of Principal Amounts, Modification or Clarification Prior to the Examination of Bids:** The Designated Officers may, after consultation with the Finance Authority's financial and bond advisors, in the Designated Officers' sole discretion and prior to the examination of bids, (i) adjust the aggregate principal amount set forth herein, (ii) adjust individual maturities, and/or (iii) modify or clarify any other term hereof by issuing a notification of the adjusted amounts, modification or clarification via Thomson Municipal News ("TM3") and/or Grant Street Group and/or Bloomberg Financial Services no later than 8:15 a.m., prevailing Mountain Time, on the Bid Date.

**Rescheduling of Bid Date and Deadline; Cancellation of Bid Opening:** The Designated Officers may, after consultation with the Finance Authority's financial and bond advisors, in the Designated Officers' sole discretion on notice given at least twenty-four (24) hours prior to the Original Deadline, reschedule the Original Bid Date and Original Deadline, and may, at that time or a subsequent time on at least twenty-four (24) hours prior notice, in each case via TM3 and/or Grant Street Group and/or Bloomberg Financial Services, establish a Rescheduled Bid Date and Rescheduled Deadline and a place where electronic bids will be publicly examined.

**Adjustments to Principal Amounts after Determination of Best Bid:** The aggregate principal amount of the Bonds is subject to increase or reduction, and each scheduled maturity thereof is subject to increase or reduction, by the Designated Officers after the determination of the bidder presenting the best bid (the "Successful Bidder"). Such adjustments will be made within no more than two (2) hours after the end of the time of bid examination and will be in the sole discretion of the Designated Officers in consultation with the Finance Authority's financial and bond advisors; provided, that the Designated Officers in consultation with the Finance Authority's financial and bond advisors will only make such adjustments so that the resulting debt service matches the loan repayments on the underlying loan that will be funded with proceeds of the Bonds. To cooperate with any adjustment in the principal amounts, the Successful Bidder is required to indicate the amount of any original issue discount or premium on the Bonds, the initial offering price of each maturity, the cost of bond insurance, if any, and the amount received from the sale of the Bonds to the public that will be retained by the Successful Bidder as its compensation.

The Designated Officers, in consultation with the Finance Authority's financial advisor, may, in the Designated Officers' sole discretion, change the dollar amount bid by a Successful Bidder if the aggregate principal amount of the Bonds is adjusted as described below, but the interest rates specified by the Successful Bidder for all maturities will not change. The Designated Officers, in consultation with the Finance Authority's financial advisor, will make every effort to ensure that the percentage net compensation to the Successful Bidder (i.e. the percentage resulting from dividing (i) the aggregate difference between the offering price of the Bonds to the public and the price to be paid to the Finance Authority, less any bond insurance premium to be paid by the bidder, by (ii) the principal amount of the Bonds) does not increase or decrease from what it would have been if no adjustment was made to principal amounts shown in the maturity schedule. The Finance Authority will notify the Successful Bidder of the final principal amounts and the

resulting adjusted prices no later than 12:00 p.m. prevailing Mountain Time, on the day of the sale and award of the Bonds. THE SUCCESSFUL BIDDER MAY NOT WITHDRAW OR MODIFY ITS BID ONCE SUBMITTED TO THE FINANCE AUTHORITY FOR ANY REASON, INCLUDING, WITHOUT LIMITATION, AS A RESULT OF ANY INCREASE OR DECREASE IN THE FINAL PRINCIPAL AMOUNTS AND THE AGGREGATE PURCHASE PRICE OF THE BONDS.

**Term Bonds:** The Successful Bidder may designate one or more term bonds, which consist of two or more consecutive maturities, which mature on the maturity date of the last of the consecutive maturities in an amount equal to the sum of the consecutive maturities, and which are subject to mandatory redemption at par and by lot in amounts equal to the consecutive maturities which were combined into term bonds. If a bidder desires term bonds, it should specify the term bonds in its bid.

**Optional Redemption:** The Bonds maturing on and after June 1, 2029\* will be subject to optional redemption at the option of the Finance Authority, in whole or in part, on any date on or after June 1, 2028\* at par plus accrued interest.

**Depository Participation:** The Bonds will be issued in book-entry form with no physical distribution of Bond certificates made to the public. The Depository Trust Company, New York, New York (“DTC”) will act as securities depository for the Bonds. A single certificate for each Bond maturity in the aggregate principal amount of such maturity will be issued to DTC or its nominee. The book-entry system maintained by DTC will evidence beneficial ownership of the Bonds in principal amounts of \$5,000 or integral multiples thereof with transfers of beneficial ownership effected on the records of DTC and its participants (the “Participants”). As a condition to delivery of the Bonds, the Successful Bidder for the Bonds will be required, immediately after acceptance of delivery of the Bonds, to deposit the Bond certificates with DTC, registered in the name of DTC or its nominee, principal and interest will be paid to DTC or its nominee as registered owner of the Bonds. The transfer of principal and interest payments to Participants will be the responsibility of DTC; the transfer of principal and interest payments to the beneficial owners of Bonds (the “Beneficial Owners”) by Participants will be the responsibility of such Participants and other nominees of Beneficial Owners maintaining a relationship with such Participants. The Finance Authority will not be responsible or liable for maintaining, supervising or reviewing the records maintained by DTC, Participants or persons acting through Participants. If (i) the Bonds are not eligible for DTC services, (ii) DTC determines to discontinue providing its services with respect to the Bonds, or (iii) the Finance Authority determines that a continuation of the system of book-entry transfers through DTC is not in the best interest of the Beneficial Owners or the Finance Authority, the Finance Authority will either identify another qualified securities depository or Bond certificates will be delivered to Beneficial Owners or their nominees. In any such event, the Finance Authority will mail an appropriate notice to DTC for notification to Participants and Beneficial Owners of the substitute depository or the issuance of Bond certificates to Beneficial Owners or their nominees, as applicable.

**Payment:** BOKF NA will act as transfer agent, paying agent and bond registrar (together with any successor or co-registrar, co-paying agent, and/or transfer agent, the “Fiscal Agent”) and

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\* Preliminary; subject to change.

make required payments of principal and interest to the registered owners of the Bonds. The Finance Authority may, in its discretion, appoint a successor or co-registrar and/or co-paying agent. The principal and redemption price of the Bonds will be payable upon presentation and surrender of the Bonds at the office of the Fiscal Agent. Interest on the Bonds will be payable by check or draft mailed to the registered owners of the Bonds, as shown on the registration books for the Bonds maintained by the Fiscal Agent at the addresses shown in such books at the close of business on the fifteenth (15th) day of the calendar month next preceding each interest payment date (the “regular record date”) or in such other manner as may be agreed upon by the Fiscal Agent and the registered owner. Interest that is not timely paid or duly provided for will cease to be payable to the owners of Bonds (or of one or more predecessor Bonds) as of the regular record date, but will be payable to the owners of Bonds (or of one or more predecessor Bonds) at the close of business on a special record date for the payment of that overdue interest to be fixed by the Fiscal Agent. Both principal and interest are payable in lawful money of the United States of America.

**Security:** The Bonds are special limited obligations of the Finance Authority payable solely from the Trust Estate (as defined in the Indenture). The Bonds do not constitute nor create a general obligation or other indebtedness of the State, the Finance Authority or any Governmental Unit (as defined in the General Indenture of Trust dated June 1, 1995, as previously supplemented and amended, and as further supplemented and amended by the Ninety-Seventh Supplemental Indenture dated as of March 1, 2018, each by and between the Finance Authority and BOKF NA, as successor trustee (collectively, the “Indenture”) within the meaning of any constitutional or statutory debt limitation. THE FINANCE AUTHORITY HAS NO TAXING POWERS. No provision of the 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 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.

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

The Indenture is available upon request from the Finance Authority at its offices, 207 Shelby Street, Santa Fe, New Mexico 87501, (505) 984-1454. For a further description of the Trust Estate, please refer to the Preliminary Official Statement for the Bonds, to be posted on or about February 6, 2018.

**Form of Bid:** The Bonds will be sold in one block on an “all or none” basis and at a price of not less than their par value plus premium, if any (“Bid Price”). The Bonds may be reoffered to the public as part of the initial offering at an original issue discount or at a premium. Each bidder will state in its bid the total interest cost in dollars, the premium, if any, and the true interest rate cost expressed as a percent per annum.

**Submission of Bids:** All bids must be submitted only by electronic bidding on Grant Street Group’s MuniAuction website (“MuniAuction”) accessible at [www.grantstreet.com](http://www.grantstreet.com). No other provider of bidding services and no other means of delivery (i.e., telephone, telefax or physical delivery) will be accepted. Bidding for the Bonds will begin at 9:45 a.m. EST (7:45 a.m. MST) as indicated above. The receipt of bids will end promptly at 10:15 a.m. EST (8:15 a.m. MST), unless extended in accordance with the “Two-Minute Rule” described herein.

To bid, bidders must first visit the Grant Street Group website where, if they have never registered with Grant Street Group, they can register and then request admission to bid on the Bonds. Bidders will be notified prior to the scheduled bidding time of their eligibility to bid. Only FINRA registered broker-dealers and dealer banks with DTC clearing arrangements will be eligible to bid. Bidders who have previously registered with Grant Street Group may call (412) 391-5555, x1370, for their ID Number or password.

**Two-Minute Rule:** If any bid becomes a leading bid two (2) minutes prior to the end of the auction, then the auction will be automatically extended by two (2) minutes from the time such new leading bid was received by MuniAuction. The auction end time will continue to be extended, indefinitely, until a single leading bid remains the leading bid for at least two (2) minutes.

**Bid Adjustment after Receipt of Bids:** The Finance Authority reserves the right, after receipt of bids, to adjust the principal amount and maturity schedule for the Bonds by increasing or decreasing the principal amount of each maturity, no later than two (2) hours following receipt of bids to obtain sufficient funds to complete the improvements; notice of any adjustment will be given promptly to the best bidder and any adjustment will be done in a “spread neutral” manner.

**Rules of Grant Street Group:** Bidders must comply with, and all bids must be made in accordance with, the Rules of Grant Street Group in addition to the requirements of this Official Notice of Bond Sale. The Rules of Grant Street Group can be viewed on the Grant Street Group website and are incorporated herein by reference. In the event the Rules of Grant Street Group conflict with this Official Notice of Bond Sale, this Official Notice of Bond Sale will prevail.

**Information Regarding Bids:** Bidders may change and submit bids as many times as they wish during the bidding, provided, however, that each bid submitted subsequent to a bidder’s initial bid must result in a lower true interest cost (“TIC”) with respect to a bid when compared to the immediately preceding bid of such bidder. During the bidding, no bidder will see any other bidder’s bid, but each bidder will be able to see its own ranking (i.e., “leader,” “cover,” “3rd,” etc.).

A bid made through the facilities of Grant Street Group shall be deemed an irrevocable offer to purchase the Bonds on the terms provided in this Notice of Bond Sale, and the bid shall be binding upon the bidder. The Finance Authority shall not be responsible for any malfunction or

mistake made by, or as a result of the use of the facilities of, Grant Street Group, the use of such facilities being the sole risk of the prospective bidder.

For information purposes only, bidders are requested to state in their electronic bids the true interest cost to the Finance Authority. All electronic bids shall be deemed to incorporate the provisions of this Notice of Bond Sale and the Required Bid Form.

**Ratings:** The Finance Authority will apply to Moody's Investors Service and Standard & Poor's, a Division of the McGraw-Hill Companies, Inc. for ratings on the Bonds. The Finance Authority will pay the costs of obtaining these ratings.

**Interest Rate and Bid Price.** The Bonds will be sold in one block on an "all or none" basis, and at a price of not less than one hundred percent (100%) of the principal amount of the Bonds. No serial bond maturity may bear a price of less than ninety-eight and one-half percent (98.5%). Bidders are invited to name the rate(s) of interest to be borne by the Bonds, provided that each rate bid must be a multiple of one-eighth (1/8) of one percent (1%) or one-twentieth (1/20) of one percent (1%). A zero rate of interest may not be specified, and the rate of interest on any Bond may not exceed the rate of interest on any other Bond by more than two-and-one-half percent (2.5%) per annum. The highest interest rate bid may not exceed five percent (5.0%) per annum for bonds maturing up to and including June 1, 2028. For bonds maturing June 1, 2029 through and including June 1, 2042 the highest rate bid may not exceed four percent (4.0%). No limitation is imposed upon bidders as to the number of rates which may be used, except that all Bonds of one maturity must bear one and the same interest rate. The winning bid will be selected on the basis of the true interest cost to the Finance Authority.

**Basis of Award:** Subject to the right of the Finance Authority to reject any and all bids, the Bonds will be awarded to the bidder offering to purchase all of the Bonds at the lowest true interest cost rate to the Finance Authority determined on a true interest cost basis, which will mean that rate which, as of the dated date of the Bonds, discounts semiannually all future payments on account of principal and interest to the Bid Price. If there are two or more bids with equal true interest cost rates which are the best bids received, the Finance Authority will determine by lot which bid to accept. In the event of any error in true interest cost calculation, the true interest cost rate determined from the annual interest rates set forth in the electronic bid will be considered the correct bid. The Finance Authority reserves the right to waive any irregularity or informality in any bid, to reject any and all bids, and to reoffer the Bonds for sale. The Finance Authority will take action on the Bonds by awarding the Bonds, or rejecting all bids on the Bonds, not later than 12:00 p.m. MST on the Bid Date.

The winning bid will be indicated on Grant Street Group and the auction results, as posted on such website, will be subject to verification by the Finance Authority. The Finance Authority will verify the auction results immediately following the close of the bidding period, and notice of confirmation by the Finance Authority of the winning bidder will be made by a posting on grant Street Group stating "Auction Results Verified and Confirmed."

An award may be made by the Finance Authority to any bidder in a principal amount less than the principal amount of the Bonds for which the bid is submitted. Further, in the event of an award by the Finance Authority for a principal amount less than the principal amount the bidder

submitted, any premium bid shall be ratably reduced. If two or more bids have the same true interest cost, the first bid submitted, as determined by reference to the time stamp displayed on Grant Street Group, shall be deemed to be the leading bid.

**Good Faith Deposit:** The Successful Bidder will be required to provide a deposit of \$1,256,800, which is equal to one percent (1%) of the preliminary issue size (the “Good Faith Deposit”), in immediately available funds wired to the New Mexico Finance Authority not later than 2:00 p.m. (Prevailing Mountain Time) on February 21, 2018. Wire information will be provided to the Successful Bidder by the New Mexico Finance Authority or the Financial Advisor upon bid award. The Good Faith Deposit will be held by the New Mexico Finance Authority from any loss resulting from the failure of the Successful Bidder complying with the terms of its bid. Wire information will be provided to the successful bidder by the Financial Advisor upon bid award.

**Purchase of Bonds:** The wire transfer representing the Good Faith Deposit of the Successful Bidder will be applied against the payment of the Bid Price (the “Purchase Price”) on the date of delivery of the Bonds. No interest will be credited to the Successful Bidder on any Good Faith Deposit. If the Successful Bidder fails or neglects to complete the purchase of the Bonds in accordance with its bid, the Good Faith Deposit will be forfeited to the Finance Authority, and the Finance Authority may accept the bid of the bidder making the next best bid for the Bonds should such bidder elect to purchase the Bonds on that basis, or if all bids are rejected, the Finance Authority may re-advertise the Bonds for sale or sell them as otherwise permitted by State law.

**Delivery:** The Finance Authority anticipates delivering the Bonds to The Depository Trust Company or its agent on or about March 7, 2018. The Successful Bidder will pay the Purchase Price on the date of delivery of the Bonds, without right of offset, except for the Good Faith Deposit. Payment of the Purchase Price must be made by wire transfer in federal funds, or other immediately available funds acceptable to the Finance Authority, for immediate and unconditional credit to the Finance Authority or as otherwise directed by the Finance Authority.

**Unforeseen Events:** The Finance Authority anticipates that delivery will be made on or about March 7, 2018. If for any reason the Finance Authority is unable to make delivery on or before March 7, 2018, due to unforeseen events, the Successful Bidder will have the right to withdraw its bid, in which event its Good Faith Deposit will be returned and both the Finance Authority and the Successful Bidder will be relieved of further obligation.

**CUSIP Number:** It is anticipated that CUSIP identification numbers will be printed on the Bonds, but neither the failure to print any such number nor any error with respect to any such number will constitute cause for a failure or refusal by the Successful Bidder to accept delivery of and pay for the Bonds. The purchaser of the Bonds will be responsible for subscribing for the CUSIP numbers, and will pay all charges by the CUSIP Service Bureau for the assignment of such numbers.

**Legal Opinion and Transcript:** The validity and legality of the Bonds will be approved by Gilmore & Bell, P.C., Bond Counsel to the Finance Authority (“Bond Counsel”), whose approving opinion, together with a complete transcript of the legal proceedings, will be furnished to the purchaser without charge.



The opinion of Bond Counsel will include an opinion that the interest on the Bonds (including any original issue discount properly allocable to an owner thereof) (i) is excludable from gross income for federal income tax purposes and (ii) is not an item of tax preference for purposes of computing the federal alternative minimum tax imposed on individuals and corporations. Such opinions are subject to the condition that the Finance Authority complies with all requirements of the Internal Revenue Code of 1986, as amended (the “Code”), that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excludable from gross in-come for federal income tax purposes. The Finance Authority has covenanted to comply with all of these requirements. Failure to comply with certain of these requirements may cause the interest on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. Bond Counsel is also of the opinion that the interest on the Bonds is exempt from taxation by the State of New Mexico.

The transcript of legal proceedings will include a certificate signed by the Finance Authority and an opinion of Andrews Kurth Kenyon LLP, Disclosure Counsel to the Finance Authority (“Disclosure Counsel”), which opinion will be subject to typical qualifications, to the effect that the final Official Statement relating to the Bonds does not at the time of closing contain any untrue statement of a material fact and such information does not omit any material fact required to be stated or necessary to make the statements made in the final Official Statement, in light of the circumstances under which they were made, not misleading. Neither the Finance Authority, nor Bond Counsel, nor Disclosure Counsel, has taken any action to qualify the Bonds for sale under any state securities laws.

**Federal Income Tax Matters:** The Finance Authority will covenant to take all actions which may be required of it for the interest on the Bonds to be and remain excluded from gross income for federal income tax purposes, and not to take any actions which would adversely affect that exclusion, under the provisions of the Code. Bond Counsel will express no opinion regarding federal income tax consequences other than as stated above under “Legal Opinion and Transcript” resulting from the receipt or accrual of interest on the Bonds. Bond Counsel will not independently verify the accuracy of the certifications and representations made by the Finance Authority.

The Code prescribes a number of qualifications and conditions for the interest on state and local government obligations to be and remain excluded from gross income for federal income tax purposes, some of which, including provision for rebate by the issuer of certain investment earnings to the federal government, require future or continued compliance after issuance of the obligations in order for the interest to continue to be so excluded from the date of issuance. Noncompliance with these requirements could cause the interest on the Bonds to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds and thus to be subject to regular federal income taxation.

Under the Code, the exclusion of interest from gross income for federal income tax purposes can have certain adverse federal income tax consequences in other respects for certain taxpayers. The applicability and extent of those other tax consequences under the Code will depend upon the particular tax status and other items of income and expense of the owner of the Bonds. Bond Counsel will express no opinion regarding such consequences.

**Establishment of Issue Price.** The Successful Bidder shall assist the Finance Authority in establishing the issue price of the Bonds and shall execute and deliver to the Finance Authority on the date of issuance of the Bonds an “issue price” or similar certificate setting forth the reasonably expected initial offering price to the public or the sales price or prices of the Bonds, substantially in the form attached hereto as Exhibit A, with such modifications as may be appropriate or necessary, in the reasonable judgment of the Successful Bidder, the Finance Authority, and Bond Counsel. All actions to be taken by the Finance Authority under this Official Notice of Bond Sale to establish the issue price of the Bonds may be taken on behalf of the Finance Authority by the Municipal Advisor identified herein and any notice or report to be provided to the Finance Authority may be provided to the Municipal Advisor.

The Finance Authority intends that the provisions of Treasury Regulation Section 1.148-1(f)(3)(i) (defining “competitive sale” for purposes of establishing the issue price of the Bonds) will apply to the initial sale of the Bonds (the “competitive sale requirements”) because:

- (i) the Finance Authority shall disseminate this Official Notice of Bond Sale to potential underwriters in a manner that is reasonably designed to reach potential underwriters;
- (ii) all bidders shall have an equal opportunity to bid;
- (iii) the Finance Authority may receive bids from at least three underwriters of municipal obligations who have established industry reputations for underwriting new issuances of municipal obligations; and
- (iv) the Finance Authority anticipates awarding the sale of the Bonds to the bidder who submits a firm offer to purchase the Bonds at the highest price (or lowest interest cost), as set forth in this Official Notice of Bond Sale.

Any bid submitted pursuant to this Official Notice of Bond Sale shall be considered a firm offer for the purchase of the Bonds, as specified in the bid.

In the event that the competitive sale requirements are not satisfied, the Finance Authority shall so advise the Successful Bidder. The Finance Authority shall then treat the first price at which 10% of a maturity of the Bonds (the “10% Test”) is sold to the public as the issue price of that maturity, applied on a maturity-by-maturity basis (and if different interest rates apply within a maturity, to each separate CUSIP number within that maturity). The successful bidder shall advise the Finance Authority if any maturity of the Bonds satisfies the 10% Test as of the date and time of the award of the Bonds. The Board will not require bidders to comply with the “Hold-The-Offering-Price Rule” and therefore in such case does not intend to use the initial offering price to the public as of the sale date of any maturity of the Bonds as the issue price of that maturity. Bids will not be subject to cancellation in the event that the competitive sale requirements are not satisfied. Bidders should prepare their bids on the assumption that the Bonds will be subject to the 10% Test in order to establish the issue price of the Bonds.

If the competitive sale requirements are not satisfied, then until the 10% Test has been satisfied as to each maturity of the Bonds, the successful bidder agrees to promptly report to the Finance Authority the prices at which the unsold Bonds of that maturity have been sold to the public. At or promptly after the award of the Bonds, the winning bidder shall report to the Finance

Authority the price at which it has sold to the public the Bonds of each maturity sufficient to satisfy the 10% Test. If as of the award of the Bonds the 10% Test has not been satisfied as to any maturity of the Bonds, the winning bidder agrees to promptly report to the Finance Authority the prices at which it subsequently sells Bonds of that maturity to the public until the 10% Test is satisfied. In either case, if Bonds constituting the first 10% of a certain maturity are sold at different prices, the winning bidder shall report to the Finance Authority the prices at which Bonds of such maturity are sold until the winning bidder sells 10% of the Bonds of such maturity at a single price. The winning bidder's reporting obligation shall continue as set forth above, whether or not the date of issuance of Bonds has occurred.

By submitting a bid, each bidder confirms that: (i) any agreement among underwriters, any selling group agreement and each retail distribution agreement (to which the bidder is a party) relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such retail distribution agreement, as applicable, to report the prices at which it sells to the public the unsold Bonds of each maturity allotted to it until it is notified by the successful bidder that either the 10% Test has been satisfied as to the Bonds of that maturity or all Bonds of that maturity have been sold to the public, if and for so long as directed by the successful bidder and as set forth in the related pricing wires, and (ii) any agreement among underwriters relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter that is a party to a retail distribution agreement to be employed in connection with the initial sale of the Bonds to the public to require each broker-dealer that is a party to such retail distribution agreement to report the prices at which it sells to the public the unsold Bonds of each maturity allotted to it until it is notified by the successful bidder or such underwriter that either the 10% Test has been satisfied as to the Bonds of that maturity or all Bonds of that maturity have been sold to the public, if and for so long as directed by the successful bidder or such underwriter and as set forth in the related pricing wires.]

Sales of any Bonds to any person that is a related party to an underwriter shall not constitute sales to the public for purposes of this Official Notice of Bond Sale. Further, for purposes of this Official Notice of Bond Sale:

- (i) "public" means any person other than an underwriter or a related party,
- (ii) "underwriter" means (A) any person that agrees pursuant to a written contract with the Finance Authority (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Bonds to the public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the public),
- (iii) a purchaser of any of the Bonds is a "related party" to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (i) at least 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct

ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and

(iv) “sale date” means the date that the Bonds are awarded by the Finance Authority to the successful bidder.

**Continuing Disclosure:** The Finance Authority has undertaken for the benefit of the Bond Owners (as defined in the Indenture) that, so long as the Bonds remain outstanding, the Finance Authority will provide certain annual financial information, operating data and audited financial statements with respect to the Finance Authority, and each Governmental Unit expected by the Finance Authority to have loan repayment obligations in the then-current fiscal year constituting more than twenty percent (20%) of the estimated Revenues (as defined in the Indenture) in the then-current fiscal year in an electronic format and notice of certain material events to the Municipal Securities Rulemaking Board in accordance with Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended (the “Rule”).

**Finance Authority Is Represented by Independent Registered Municipal Advisor:** The Finance Authority has engaged, is represented by and will rely on the advice of Western Financial Group, LLC, a wholly owned subsidiary of PFM Financial Advisors LLC, an independent registered municipal advisor, to advise it on the issuance of the Bonds offered for sale in this Official Notice of Bond Sale, and other aspects of the financing for which the Bonds are being issued. The Finance Authority intends that (i) this statement constitutes the “required representation” for purposes of the independent registered municipal advisor exemption set forth in SEC Rule 15Ba1-1(d)(3) and (ii) prospective bidders and other market participants may rely on this written statement and receive and use it for purposes of that exemption.

**Right to Modify or Amend Notice of Sale:** The Finance Authority reserves the right to modify or amend this Official Notice of Bond Sale, prior to the bid date. If any modifications occur, supplemental information with respect to the Bonds will be communicated by posting on the Grant Street Group website not later than 3:00 p.m., Santa Fe, New Mexico time on the business day preceding the day on which proposals may be submitted, and bidders shall bid upon the Bonds based upon the terms set forth in this Official Notice of Bond Sale, as so modified by such supplemental information.

**Postponement of Sale:** The Finance Authority reserves the right to postpone the date and time established for receipt of bids. Any such postponement will be announced by posting on the Grant Street Group website prior to commencement of the bidding. If any date and time fixed for the receipt of bids and the sale of the Bonds is postponed, an alternative sale date and time will be announced at least one business day prior to such alternative sale date. On any such alternative sale date and time, any bidder may submit bids electronically as described above for the purchase of the Bonds in conformity in all respects with the provision of this Official Notice of Bond Sale, except for the date and time of sale and except for any changes announced by posting on Grant Street Group at the time the sale date and time are announced.

**Additional Information:** The Finance Authority has prepared a Preliminary Official Statement for each bidder to review in connection with the sale of the Bonds. The Finance Authority deems final as of its date the Preliminary Official Statement for purposes of the Rule (except for certain omissions permitted and as described by the Rule). The Preliminary Official Statement is subject to revision, amendment and completion in a final Official Statement. The Preliminary Official Statement is available for viewing in electronic format at [www.grantstreet.com](http://www.grantstreet.com) and on the Finance Authority's website at [www.nmfa.net](http://www.nmfa.net). All bidders must review the Preliminary Official Statement and, by submitting a bid for the Bonds, each bidder certifies that such bidder has done so prior to participating in the bidding.

A copy of this Official Notice of Bond Sale is also available for viewing in electronic format at [www.grantstreet.com](http://www.grantstreet.com) and on the Finance Authority's website at [www.nmfa.net](http://www.nmfa.net). The Preliminary Official Statement, this Official Notice of Bond Sale, and other information may also be obtained from the offices of the New Mexico Finance Authority, 207 Shelby, Santa Fe, New Mexico 87501, (505) 984-1454, or from Western Financial Group, LLC, (503) 719-6113 or [pierce@pfn.com](mailto:pierce@pfn.com). Up to two hundred (200) copies of the final Official Statement will be provided to the Successful Bidder within seven (7) business days of the acceptance of the bid by the Finance Authority and additional copies of the final Official Statement may be obtained at the Successful Bidder's expense.

DATED at Santa Fe, New Mexico, this 6<sup>th</sup> day of February, 2018.

NEW MEXICO FINANCE AUTHORITY

## EXHIBIT A

### **Form of Issue Price Certificate**

The undersigned, on behalf of [NAME OF PURCHASER] (herein, the “Original Purchaser”), as the Original Purchaser of the \$[\_\_\_\_\_] New Mexico Finance Authority Senior Lien Public Project Revolving Fund Revenue and Refunding Bonds, Series 2018A (the “Bonds”), being issued on the date of this certificate by the New Mexico Finance Authority (the “Finance Authority”) certifies and represents as follows:

1. Receipt of Bonds. The undersigned, on behalf of the Original Purchaser, hereby certifies that it has received from BOKF, NA, as trustee, through the facilities of the Depository Trust Company the following described bonds:

“New Mexico Finance Authority Senior Lien Public Project Revolving Fund Revenue and Refunding Bonds, Series 2018A, in the aggregate principal amount of \$\_\_\_\_\_, dated the date hereof and deliverable as fully registered bonds initially in book-entry form only.”

2. Issue Price.

(a) *Public Offering.* The Original Purchaser offered all of the Bonds to the Public (as defined below) in a bona fide initial offering.

(b) *Reasonably Expected Initial Offering Price.* As of the sale date of the Bonds (February \_\_\_, 2018) (the “Sale Date”), the reasonably expected initial offering prices of the Bonds to the Public by the Original Purchaser are the prices listed in Schedule A (the “Expected Offering Prices”). The Expected Offering Prices are the prices for the Maturities of the Bonds used by the Original Purchaser in formulating its bid to purchase the Bonds.

[2. [To be used if there are not at least 3 bids received] [As of the date of this certificate, the first price at which at least 10% of each maturity of the Bonds was sold to the Public are the prices listed in Schedule A.] or

[(a) As of the date of this certificate, the Original Purchaser has not sold at least 10% of each maturity of the Bonds at any price.

(b) As of the date of this certificate, the Original Purchaser reasonably expects that the first sale to the Public of 10% or more of each maturity of the Bonds will be at or below the expected sale prices listed on the attached Schedule A (the “Expected First Sale Prices”).]

(c) *Defined Terms.*

(a) “Maturity” means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate maturities.

(b) “Public” means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an underwriter or a related party to an underwriter. The term “related party” as defined in U.S. Treasury Regulation Section 1.150–1(b) which generally provides that the term related party means any two or more persons who have greater than 50% common ownership, directly or indirectly.

(c) “Underwriter” means (i) any person that agrees pursuant to a written contract with the Finance Authority (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

[On the Sale Date the Original Purchaser purchased the Bonds from the Finance Authority by submitting electronically an “Official Bid Form” responsive to an “Official Notice of Bond Sale” and having its bid accepted by the Finance Authority. The Finance Authority has not modified the terms of the purchase since the Sale Date.]

[The undersigned understands that the foregoing information will be relied upon by the Finance Authority with respect to certain of the representations set forth in the No Arbitrage and Tax Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by Bond Counsel in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038–G, and other federal income tax advice that it may give to the Finance Authority from time to time relating to the Bonds.]

IN WITNESS WHEREOF, the undersigned has hereunto fixed his or her official signature this \_\_\_\_\_ day of \_\_\_\_\_, 2018.

[PURCHASER], as Original Purchaser

By: \_\_\_\_\_

Title: \_\_\_\_\_

Dated: [ISSUE DATE]

*To Be Attached:*

SCHEDULE A—EXPECTED OFFERING PRICES

(Attach initial offering prices used in formulating bid)