

PRELIMINARY OFFICIAL STATEMENT DATED MAY 27, 2020

NEW ISSUE
BOOK-ENTRY ONLY

S&P Rating: Applied For

In the opinion of Modrall, Sperling, Roehl, Harris & Sisk, P.A., Bond Counsel to the City interest on the Series 2020A-D Bonds is exempt from all taxation by the State of New Mexico or any political subdivision thereof. Bond Counsel observes that interest on the Series 2020A-D Bonds is not excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Series 2020A-D Bonds. See "TAX MATTERS" herein.

\$39,185,000*
CITY OF ALBUQUERQUE, NEW MEXICO
Gross Receipts Tax/Lodgers' Tax Refunding
Revenue Bonds
Taxable Series 2020A

\$7,705,000*
CITY OF ALBUQUERQUE, NEW MEXICO
Gross Receipts Tax/Lodgers' Tax/Hospitality Fee
Refunding Revenue Bonds
Taxable Series 2020B

\$31,015,000*
CITY OF ALBUQUERQUE, NEW MEXICO
Gross Receipts Tax Refunding
Revenue Bonds
Taxable Series 2020C

\$4,800,000*
CITY OF ALBUQUERQUE, NEW MEXICO
Gross Receipts Tax/Stadium Refunding
Revenue Bonds
Taxable Series 2020D

Dated: Date of Delivery

Due: July 1, as shown on inside cover

The City of Albuquerque, New Mexico Gross Receipts Tax/Lodgers' Tax Refunding Revenue Bonds, Taxable Series 2020A (the "Series 2020A Bonds"), the City of Albuquerque, New Mexico Gross Receipts Tax/Lodgers' Tax/Hospitality Fee Refunding Revenue Bonds, Taxable Series 2020B (the "Series 2020B Bonds"), the City of Albuquerque, New Mexico Gross Receipts Tax Refunding Revenue Bonds, Taxable Series 2020C (the "Series 2020C Bonds") and the City of Albuquerque, New Mexico, Gross Receipts Tax/Stadium Refunding Revenue Bonds, Taxable Series 2020D (the "Series 2020D Bonds," and together with the Series 2020A Bonds, the Series 2020B Bonds and the Series 2020C Bonds, the "Series 2020A-D Bonds") are being issued as fully registered bonds to be sold in denominations of \$5,000 or any integral multiple thereof. The Depository Trust Company ("DTC") will act as securities depository for the Series 2020A-D Bonds through its nominee, Cede & Co. One fully registered bond equal to the principal amount of each maturity of the Series 2020A-D Bonds will be registered in the name of Cede & Co. Individual purchases of Series 2020A-D Bonds will be made in book-entry form only and beneficial owners of the Series 2020A-D Bonds will not receive physical delivery of bond certificates, except as described herein. Upon receipt of payments of principal and interest, DTC will remit such payments to its participants for subsequent disbursement to the beneficial owners of the Series 2020A-D Bonds.

Principal of and interest on the Series 2020A-D Bonds will be payable to DTC, or its nominee, as owner of the Series 2020A-D Bonds, by the City Treasurer of the City of Albuquerque, New Mexico, as Paying Agent and Registrar. Interest on the Series 2020A-D Bonds will be payable semi-annually on each January 1 and July 1, commencing July 1, 2020 until maturity or prior redemption.

See Inside Cover Pages for Maturities, Principal Amounts, Interest Rates, Prices or Yields and CUSIPS.

The Series 2020A Bonds and Series 2020C Bonds will be subject to optional redemption as described herein. The Series 2020B Bonds and Series 2020D Bonds are not subject to optional redemption.

The Series 2020A-D Bonds are being issued for the purpose of financing the cost of (i) refunding certain of the City's outstanding bonds, as described herein, and (ii) expenses related to the issuance of the Series 2020A-D Bonds.

The Series 2020A-D Bonds are special, limited obligations of the City, payable from and secured by an irrevocable first lien (but not necessarily an exclusive first lien) on: (i) the revenues received by the City from the State of New Mexico gross receipts tax which are equal to 1.225% (or such greater amount as is hereafter provided to be remitted under applicable law) of the taxable gross receipts reported to the City for the month for which remittance is made and certain revenues received by the City in lieu of such gross receipts tax revenues; and (ii) amounts on deposit in certain funds and accounts which may be established and held under the Bond Ordinance (defined herein) relating to the Series 2020A-D Bonds. The Series 2020A-B Bonds are also payable from and secured by a pledge of 50% of Lodgers' Tax Revenues pursuant to the Lodgers' Tax Act, Sections 3-38-13 through 3-38-24 NMSA 1978. The Series 2020B Bonds are also payable from and secured by a pledge of 50% of Hospitality Fee Revenues imposed on a 1% gross receipts taxable rent for lodgings pursuant to the Hospitality Fee Act, Sections 3-38A-1 through 3-38A-12 NMSA. The Series 2020D Bonds are also payable from and secured by a pledge of Stadium Lease Revenues and Surcharges. The Series 2020A-D Bonds will not constitute indebtedness within the meaning of any constitutional, charter or statutory provision or limitation, nor will they be considered or held to be general obligations of the City.

In connection with the issuance of the Series 2020A-D Bonds, the City will commit to provide certain annual information and notice of certain events as described herein under the caption "CONTINUING DISCLOSURE UNDERTAKING."

This Cover Page, including the two inside cover pages, contains information for convenient and quick reference only. It is not a summary of this Official Statement. Investors must read this entire Official Statement to obtain information essential and material to the making of an informed investment decision, paying particular attention to the matters discussed under the caption "CERTAIN INVESTMENT CONSIDERATIONS."

* Preliminary, subject to change.

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. These securities may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or a solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

In the opinion of Modrall, Sperling, Roehl, Harris & Sisk, P.A., Bond Counsel, based upon its examination of the documents described in its opinion, under existing statutes, regulations, rulings and court decisions, the interest on the Series 2020A-D Bonds is included in gross income for federal income tax purposes.

Bond Counsel is also of the opinion based on existing laws of the State of New Mexico as enacted and construed that interest on the Series 2020A-D Bonds is exempt from all taxation by the State of New Mexico or any political subdivision thereof for present State of New Mexico income tax purposes. Certain legal matters will be passed on by Modrall, Sperling, Roehl, Harris & Sisk, P.A., Albuquerque, New Mexico, as Bond Counsel. Certain legal matters will also be passed on for the City by the office of the City Attorney and by Sherman & Howard L.L.C., Albuquerque, New Mexico, as Disclosure Counsel to the City. The Underwriters are being represented by McCall, Parkhurst & Horton L.L.P., Dallas, Texas. RBC Capital Markets, LLC, Albuquerque, New Mexico, serves as Municipal Advisor to the City. It is expected that the Series 2020A-D Bonds will be delivered to DTC in New York, New York on or about June 23, 2020.

BAIRD

WELLS FARGO SECURITIES

Official Statement dated June __, 2020

MATURITY SCHEDULE

\$39,185,000*
CITY OF ALBUQUERQUE, NEW MEXICO
Gross Receipts Tax/Lodgers' Tax Refunding Revenue Bonds
Taxable Series 2020A
(CUSIP© 6-digit issuer number: _____)

<u>Maturity Date</u> <u>(July 1)</u>	<u>Principal</u> <u>Amount*</u>	<u>Interest Rate</u>	<u>Price or</u> <u>Yield</u>	<u>Cusip© No.*</u>
2020	\$635,000			
2021	260,000			
2022	260,000			
2023	265,000			
2024	525,000			
2025	535,000			
2026	545,000			
2027	555,000			
2028	560,000			
2029	575,000			
2030	2,890,000			
2031	4,830,000			
2032	5,035,000			
2033	5,255,000			
2034	3,050,000			
2035	5,790,000			
2036	1,200,000			
2037	6,420,000			

\$7,705,000*
CITY OF ALBUQUERQUE, NEW MEXICO
Gross Receipts Tax/Lodgers' Tax/Hospitality Fee Refunding Revenue Bonds
Taxable Series 2020B
(CUSIP© 6-digit issuer number: _____)

<u>Maturity Date</u> <u>(July 1)</u>	<u>Principal</u> <u>Amount*</u>	<u>Interest Rate</u>	<u>Price or</u> <u>Yield</u>	<u>Cusip© No.*</u>
2020	\$120,000			
2021	75,000			
2022	1,025,000			
2023	1,035,000			
2024	1,050,000			
2025	1,070,000			
2026	1,090,000			
2027	1,110,000			
2028	1,130,000			

* Preliminary, subject to change.

* Copyright 2020, American Bankers Association. CUSIP herein is provided by Standard & Poor's, CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc. The CUSIP numbers listed above are being provided solely for the convenience of bondholders only at the time of issuance of the Series 2020A-D Bonds and the City does not make any representation with respect to such CUSIP numbers nor undertake any responsibility for their accuracy now or at any time in the future. The CUSIP numbers are subject to being changed after the issuance of the Series 2020A-D Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of the Series 2020A-D Bonds.

\$31,015,000*
CITY OF ALBUQUERQUE, NEW MEXICO
Gross Receipts Tax Refunding Revenue Bonds
Taxable Series 2020C
(CUSIP© 6-digit issuer number: _____)

<u>Maturity Date</u> <u>(July 1)</u>	<u>Principal</u> <u>Amount*</u>	<u>Interest Rate</u>	<u>Price or</u> <u>Yield</u>	<u>Cusip© No.*</u>
2020	\$565,000			
2021	410,000			
2022	415,000			
2023	420,000			
2024	2,260,000			
2025	2,305,000			
2026	2,345,000			
2027	2,385,000			
2028	2,440,000			
2029	2,490,000			
2030	2,545,000			
2031	2,605,000			
2032	2,665,000			
2033	2,730,000			
2034	2,800,000			
2035	1,635,000			

\$4,800,000*
CITY OF ALBUQUERQUE, NEW MEXICO
Gross Receipts Tax/Stadium Revenue Refunding Bonds
Taxable Series 2020D
(CUSIP© 6-digit issuer number: _____)

<u>Maturity Date</u> <u>(July 1)</u>	<u>Principal</u> <u>Amount*</u>	<u>Interest Rate</u>	<u>Price or</u> <u>Yield</u>	<u>Cusip© No.*</u>
2020	\$95,000			
2021	65,000			
2022	905,000			
2023	910,000			
2024	925,000			
2025	940,000			
2026	960,000			

* Preliminary, subject to change.

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CITY OF ALBUQUERQUE

MAYOR

Tim Keller

CITY COUNCIL

Lan Sena	District 1
Isaac Benton	District 2
Klarissa J. Peña	District 3
Brook Bassan	District 4
Cynthia Borrego	District 5
Pat Davis (President)	District 6
Diane G. Gibson (Vice-President)	District 7
Trudy Jones	District 8
Don Harris	District 9

ADMINISTRATION

Sarita Nair, JD, MCRP, Chief Administrative Officer
Lawrence Rael, MPA, Chief Operations Officer
Sanjay M. Bhakta, CPA, CGFM, CFE, CGMA, Chief Financial Officer
Ethan Watson, City Clerk

DEPARTMENT OF FINANCE AND ADMINISTRATIVE SERVICES

Renée Martinez, Director
Cilia E. Aglioloro, CTP, Treasurer
Pamela S. Fanelli, CMA, City Controller
Christopher H. Daniel, CFA, CPA, CTP, Chief Investment Officer

OFFICE OF MANAGEMENT AND BUDGET

Lawrence Davis, Budget Officer
Christine Boerner, City Economist

LEGAL DEPARTMENT

Esteban Aguilar, Jr., JD, City Attorney
Alan M. Varela, JD, Assistant City Attorney

BOND COUNSEL

Modrall, Sperling, Roehl, Harris & Sisk, P.A., Albuquerque, New Mexico

DISCLOSURE COUNSEL

Sherman & Howard L.L.C., Albuquerque, New Mexico

MUNICIPAL ADVISOR

RBC Capital Markets, LLC, Albuquerque, New Mexico

No dealer, salesperson or other person has been authorized by the City of Albuquerque (the “City”) to give any information or to make any statements or representations, other than those contained in this Official Statement, and, if given or made, such other information, statements or representations must not be relied upon as having been authorized. This Official Statement does not constitute an offer to sell or solicitation of an offer to buy any of the Series 2020A-D Bonds in any jurisdiction in which such offer or solicitation is not authorized, or in which any person making such offer or solicitation is not qualified to do so, or to any person to whom it is unlawful to make such offer or solicitation in such jurisdiction. This Official Statement contains, in part, estimates and matters of opinion that are not intended as statements of fact, and no representation or warranty is made as to the correctness of such estimates and opinions or that they will be realized.

The information contained in this Official Statement has been obtained from the City and other sources which are deemed to be reliable. The Municipal Advisor and Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their respective responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Municipal Advisor and Underwriters do not guarantee the accuracy or completeness of such information. The information in this Official Statement is subject to change without notice, and neither the delivery of this Official Statement nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City or others since the date hereof.

This Official Statement contains statements relating to future results that are “forward-looking statements” as defined in the Private Securities Litigation Reform Act of 1995, as amended. When used in this Official Statement, the words “estimate,” “anticipate,” “forecast,” “project,” “intend,” “propose,” “plan,” “expect” and similar expressions identify forward-looking statements. Any forward-looking statement is subject to uncertainty and risks that could cause actual results to differ, possibly materially, from those contemplated in such forward-looking statements. Inevitably, some assumptions used to develop forward-looking statements will not be realized or unanticipated events and circumstances may occur. Therefore, investors should be aware that there are likely to be differences between forward-looking statements and actual results; those differences could be material.

The Series 2020A-D Bonds have not been registered under the Securities Act of 1933, as amended, in reliance upon exemptions contained in such Act, nor have the Series 2020A-D Bonds been registered or qualified in any state. Neither the United States Securities and Exchange Commission (the “SEC”) nor any other federal, state, municipal or other governmental entity, nor any agency or department thereof, has passed upon the merits of the Series 2020A-D Bonds or the accuracy or completeness of this Official Statement. Any representation to the contrary may be a criminal offense.

THIS PRELIMINARY OFFICIAL STATEMENT IS MADE AVAILABLE TO PROSPECTIVE PURCHASERS OF THE SERIES 2020A-D BONDS FOR REVIEW PRIOR TO PURCHASE AND IS IN A FORM “DEEMED FINAL” BY THE CITY AS OF ITS DATE (EXCEPT FOR PERMITTED OMISSIONS) FOR PURPOSES OF SEC RULE 15c2-12, BUT IS SUBJECT TO REVISION, AMENDMENT AND COMPLETION. THE CITY HAS COVENANTED TO PROVIDE SUCH ANNUAL FINANCIAL STATEMENTS AND OTHER INFORMATION IN THE MANNER AS MAY BE REQUIRED BY REGULATIONS OF THE SEC OR OTHER REGULATORY BODY.

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OFFICIAL STATEMENT

\$39,185,000*
CITY OF ALBUQUERQUE, NEW MEXICO
Gross Receipts Tax/Lodgers' Tax Refunding
Revenue Bonds
Taxable Series 2020A

\$7,705,000*
CITY OF ALBUQUERQUE, NEW MEXICO
Gross Receipts Tax/Lodgers' Tax/Hospitality
Fee Refunding Revenue Bonds
Taxable Series 2020B

\$31,105,000*
CITY OF ALBUQUERQUE, NEW MEXICO
Gross Receipts Tax Refunding
Revenue Bonds
Taxable Series 2020C

\$4,800,000*
CITY OF ALBUQUERQUE, NEW MEXICO
Gross Receipts Tax/Stadium Refunding
Revenue Bonds
Taxable Series 2020D

INTRODUCTION

Generally

This Official Statement, which includes the cover page and appendices hereto, provides certain information in connection with the offer and sale by the City of Albuquerque, New Mexico (the "City") of its Gross Receipts Tax/Lodgers' Tax Refunding Revenue Bonds, Taxable Series 2020A (the "Series 2020A Bonds") in the original aggregate principal amount of \$39,185,000*, its Gross Receipts Tax/Lodgers' Tax/Hospitality Fee Refunding Revenue Bonds, Taxable Series 2020B (the "Series 2020B Bonds") in the original aggregate principal amount of \$7,705,000*, its Gross Receipts Tax Refunding Revenue Bonds, Taxable Series 2020C (the "Series 2020C Bonds") in the original aggregate principal amount of \$31,105,000*, and its Gross Receipts Tax/Stadium Refunding Revenue Bonds, Taxable Series 2020D (the "Series 2020D Bonds" and, collectively, with the Series 2020A Bonds, the Series 2020B Bonds, the Series 2020C Bonds, the "Series 2020A-D Bonds") in the original aggregate principal amount of \$4,800,000*. Capitalized terms used herein and not defined have the meanings specified in City Ordinance Council Bill No. F/S O-20-5, adopted by the City on April 6, 2020 (the "Bond Ordinance"). See Appendix B – "DESCRIPTION OF SELECTED PROVISIONS OF THE BOND ORDINANCE."

This introduction is not a summary of this Official Statement. It is only a brief description of and guide to, and is qualified by, more complete and detailed information contained in the entire Official Statement, including the cover page and appendices hereto, and the documents summarized or described herein. A full review should be made of the entire Official Statement. The offering of Series 2020A-D Bonds to potential investors is made only by means of the entire Official Statement.

The City of Albuquerque

The City, founded in 1706, is the largest city in the State of New Mexico (the "State"), accounting for approximately one-quarter of the State's population. The City is a home rule municipality, with its charter originally adopted in 1971, and has a Mayor-Council form of government with a salaried full-time Mayor elected every four years. In 2018, the City had a population of approximately 560,218 people and, as of 2019, spanned 189.21 square miles. The Albuquerque Metropolitan Statistical Area had a population of approximately 915,927 people as of 2019. For financial and other information concerning the City, see Appendix A – "ECONOMIC, DEMOGRAPHIC AND FINANCIAL INFORMATION, INCLUDING AUDITED FINANCIAL STATEMENTS FOR FISCAL YEAR 2019". The City's Fiscal Year ends June 30 and is referred to in this Official Statement as the "Fiscal Year."

* Preliminary, subject to change.

Purpose of the Series 2020A-D Bonds

Proceeds from the sale of the Series 2020A Bonds will be used to finance the cost of (i) advance refunding \$35,080,000* principal amount of the City's Gross Receipts Tax/Lodgers' Tax Refunding and Improvement Revenue Bonds, Series 2014A (the "Series 2014A Bonds") (the "Series 2020A Refunding Project"), and (ii) expenses related to issuance of the Series 2020A Bonds. Proceeds from the sale of the Series 2020B Bonds will be used to finance the cost of (i) advance refunding \$7,340,000* principal amount presently outstanding of the City's Gross Receipts Tax/Lodgers' Tax/Hospitality Fee Improvement and Refunding Revenue Bonds, Series 2011A (the "Series 2011A Bonds") (the "Series 2020B Refunding Project"), and (ii) expenses related to the issuance of the Series 2020B Bonds. Proceeds from the sale of the Series 2020C Bonds will be used to finance the cost of (i) advance refunding \$27,355,000* principal amount presently outstanding of the City's Gross Receipts Tax Improvement Revenue Bonds, Series 2013 (the "Series 2013 Bonds") (the "Series 2020C Refunding Project") and (ii) expenses related to issuance of the Series 2020C Bonds. Proceeds from the sale of the Series 2020D Bonds will be used to finance the cost of (i) advance refunding \$4,515,000* principal amount presently outstanding of the City's Gross Receipts Tax/Lodgers' Tax Revenue Bonds, Series 2011B (the "Series 2011B Bonds")(the "Series 2020D Refunding Project") and (ii) expenses related to issuance of the Series 2020D Bonds. Collectively, the four series of bonds to be refunded are referred to herein as the "Refunded Bonds" and the refunding of the Refunded Bonds is referred to herein collectively as the "Refunding Project." At the time of issuance of the Series 2020A-D Bonds, the City will deposit a portion of the proceeds of the Series 2020A-D Bonds, together with certain other available moneys of the City, to an escrow fund held with the BOKF, N.A. (the "Escrow Agent") pursuant to an Escrow Agreement (the "Escrow Agreement") by and between the City and the Escrow Agent, resulting in the defeasance of all or a portion of the Refunded BondsSee "PLAN OF FINANCING – The Refunding Project."

Authority for Issuance

The Series 2020A-D Bonds are being issued under the authority of and pursuant to the Constitution and laws of the State, including Sections 3-31-1 to 3-31-12, 3-38-13 to 3-38-24, 3-38A-1 to 3-38A-12, 3-65-1 to 3-65-10 and 6-14-8 to 6-14-11 NMSA 1978, as amended, the powers of the City as a home rule city under authority given by the Constitution of the State and the City Charter and all enactments of the City Council relating to the issuance of the Series 2020A-D Bonds, including the Bond Ordinance.

Sources of Payment for the Series 2020A Bonds

Special Limited Obligations

The Series 2020A Bonds will be special limited obligations of the City payable from State-Shared Gross Receipts Tax Revenues and Pledged Lodgers' Tax Revenues (both defined below and collectively, the "Series 2020A Pledged Revenues"), amounts on deposit in certain funds and accounts established and held under the Bond Ordinance and the earnings thereon.

All of the Series 2020A Bonds, together with the interest accruing thereon, shall be payable and collectible solely out of the Series 2020A Pledged Revenues, which are irrevocably so pledged by the Bond Ordinance. **The registered owner or owners of the Series 2020A Bonds may not look to any general or other fund for the payment of the principal of or interest on such obligations, except the designated special funds pledged therefor.** The Series 2020A Bonds shall not constitute an indebtedness or a debt within the meaning of any constitutional or statutory provision or limitation; nor

* Preliminary, subject to change.

shall they be considered or held to be general obligations of the City; and each of the Series 2020A Bonds shall recite that it is payable and collectible solely from the Series 2020A Pledged Revenues, the income from which is so pledged, and that the registered owner thereof may not look to any general or other municipal fund for the payment of principal and interest on the Series 2020A Bonds.

Series 2020A Pledged Revenues

The Series 2020A Bonds are payable and collectible from an irrevocable first lien (but not necessarily an exclusive first lien) on the Series 2020A Pledged Revenues comprised of both the State-Shared Gross Receipts Tax Revenues and the Pledged Lodgers' Tax Revenues. "State-Shared Gross Receipts Tax Revenues" is defined by the Bond Ordinance to mean the revenues from the State gross receipts tax derived pursuant to Section 7-9-4 NMSA 1978, imposed on persons engaging in business in the State, which revenues are remitted monthly by the Revenue Division of the Taxation and Revenue Department of the State to the City as authorized by Sections 7-1-6.1 and 7-1-6.4 NMSA 1978, and which remittances as of the date of adoption of the Bond Ordinance are equal to one and two hundred twenty-five thousandths percent (1.225%) of the taxable gross receipts reported to the City for the month for which such remittance is made; provided that if a greater amount of such gross receipts tax revenues are hereafter provided to be remitted to the City under applicable law, such additional amounts shall be included as revenues pledged pursuant to the Bond Ordinance; and provided further that the amount of revenues pledged pursuant to the Bond Ordinance shall never be less than the greater of: (i) 1.225% of the taxable gross receipts remitted to the City as set forth above, or (ii) the maximum amount at any time provided hereinafter to be remitted to the City under applicable law; and provided further, the City intends that Section 3-31-6(C) NMSA 1978 applies expressly to the amount of revenues pledged pursuant to the Bond Ordinance. State-Shared Gross Receipts Tax Revenues also includes (i) the portion of the gross receipts tax distribution to the City to be made pursuant to Section 7-1-6.46 NMSA 1978, which represents the amount of State-Shared Gross Receipts Tax Revenues set forth in the sentence above that would have been remitted to the City but for the deductions provided by Sections 7-9-92 and 7-9-93 NMSA 1978 (the "Make-Whole Distributions"), and (ii) any similar distributions made to the City in lieu of State-Shared Gross Receipts Tax Revenues, but State-Shared Gross Receipts Tax Revenues do not include any similar distributions in lieu of any municipal local option gross receipts tax revenues. The City is not pledging and the term "State-Shared Gross Receipts Tax Revenues" does not include any local option gross receipts tax income received by the City or any distributions pursuant to Section 7-1-6.46 NMSA 1978, related to those local option gross receipts taxes.

In the 2013 New Mexico legislative session, legislation was adopted that began reductions in Make-Whole Distributions starting in Fiscal Year 2016 related to tax deductions for food and medical expenses. The Make-Whole Distributions, under Section 7-1-6.46 NMSA 1978, were implemented when the deductions became law and were designed to make the municipalities financially whole as related to those deductions. Historically, the Make-Whole Distributions represented approximately 10% of the City's gross receipts tax distributions from the State. The Make-Whole Distributions will be reduced incrementally over a 15 year period. See "CERTAIN INVESTMENT CONSIDERATIONS – State Legislative Modifications Related to State-Shared Gross Receipts Tax Revenues." Under legislation passed in the 2013 State legislative session, the City was authorized to impose up to 0.375% in gross receipts taxes related to the reduction in Make-Whole Distributions from the State. On March 5, 2018, the City Council approved an ordinance imposing such 0.375% increase. The increase became effective July 1, 2018 and after July 1, 2019 remained in effect but was "de-earmarked." See "SECURITY AND SOURCES OF PAYMENT – State-Shared Gross Receipts Tax Revenues – Taxing Authority and Payments." **Such 0.375% increase does not generate State-Shared Gross Receipts Tax Revenues and is not pledged as security for the 2020A-D Bonds.**

"Pledged Lodgers' Tax Revenues" is defined to mean fifty percent (50%) of the Lodgers' Tax Revenues received by the City, after deduction of the administrative costs pertaining to the Lodgers' Tax,

provided that the City is not pledging, and the term “Pledged Lodgers’ Tax Revenues” does not include, any of the Lodgers’ Tax Revenues in excess of fifty percent (50%) thereof. “Lodgers’ Tax Revenues” means revenues received by the City pursuant to the Lodgers’ Tax Act (Sections 3-38-13 through 3-38-24 NMSA 1978, as amended) which tax is imposed, with certain limited exceptions, on all revenues derived from the furnishing of lodging within the City. The tax rate imposed by the City is 5% and is imposed on the gross taxable rent paid for lodging (but not including state gross receipts tax or local gross receipts tax). Under the Lodgers’ Tax Act, a municipality located in a class A county, such as the City, imposing an occupancy tax (such as the Lodgers’ Tax) of more than two percent (2%) is required to use not less than one-half of the proceeds derived from the tax for the purposes of advertising, publicizing, and promoting the convention center and certain other tourist facilities or attractions within the City. The City uses the 50% of the Lodgers’ Tax Revenues not pledged to the payment of bonds to satisfy this requirement.

It is the City’s practice to pay debt service on obligations secured by the Pledged Lodgers’ Tax Revenues (the “Lodgers’ Tax Obligations”) solely from available Pledged Lodgers’ Tax Revenues and only access State-Shared Gross Receipts Tax Revenues if there is a deficiency in Pledged Lodgers’ Tax Revenues available for debt service. Since Fiscal Year 2004, the City has paid debt service on outstanding Lodgers’ Tax Obligations solely from Pledged Lodgers’ Tax Revenues. Accordingly, the City expects to pay debt service on the Series 2020A Bonds and Series 2020B Bonds solely from available Pledged Lodgers’ Tax Revenues and only access State-Shared Gross Receipts Tax Revenues if there is a deficiency in Pledged Lodgers’ Tax Revenues available for the payment of debt service on the Series 2020A Bonds and Series 2020B Bonds.

Sources of Payment for the 2020B Bonds

Special Limited Obligations

The Series 2020B Bonds will be special, limited obligations of the City, payable solely from State-Shared Gross Receipts Tax Revenues, Pledged Lodgers’ Tax Revenues (both as described above under “Series 2020A Pledged Revenues”) and Pledged Hospitality Fee Revenues (as defined below under “Series 2020B Pledged Revenues”) (collectively, “Series 2020B Pledged Revenues”), amounts on deposit in certain funds and accounts established and held under the Bond Ordinance and the earnings thereon.

All of the Series 2020B Bonds, together with the interest accruing thereon, shall be payable and collectible solely out of the Series 2020B Pledged Revenues, which are irrevocably so pledged by the Bond Ordinance. **The registered owner or owners of the Series 2020B Bonds may not look to any general or other fund for payment of the principal of or interest on such obligations, except the designated special funds pledged therefor.** The Series 2020B Bonds shall not constitute an indebtedness or a debt within the meaning of any constitutional or statutory provision or limitation; nor shall they be considered or held to be general obligations of the City; and each of the Series 2020B Bonds shall recite that it is payable and collectible solely from the Series 2020B Pledged Revenues, the income from which is so pledged, and that the registered owner thereof may not look to any general or other fund for the payment of principal and interest on the Series 2020B Bonds.

Series 2020B Pledged Revenues

The Series 2020B Bonds are payable and collectible solely from an irrevocable and first lien (but not necessarily an exclusive first lien) on the Series 2020B Pledged Revenues. The Series 2020B Pledged Revenues are comprised of the State-Shared Gross Receipts Tax Revenues, the Pledged Lodgers’ Tax Revenues and the Pledged Hospitality Fee Revenues. “Pledged Hospitality Fee Revenues” is defined in the Bond Ordinance to mean 50% of the revenues received by the City from a hospitality fee imposed by the Sixteenth Council Bill No. O-04-17, Enactment No. O-2004-19, imposed on gross receipts tax rent for

lodging within the City in an amount equal to one percent (1%) of the gross taxable rent paid for lodging (not including State or local gross receipts tax) collected by the City from persons furnishing such lodging. Such revenues do not include administrative costs or any hospitality fees in excess of 5% thereof.

Sources of Payment for the 2020C Bonds

Special Limited Obligations

The Series 2020C Bonds will be special, limited obligations of the City, payable solely from the State-Shared Gross Receipts Tax Revenues (as described above under “Series 2020A Pledged Revenues”) (the “Series 2020C Pledged Revenues”), amounts on deposit in certain funds and accounts established and held under the Bond Ordinance and the earnings thereon.

All of the Series 2020C Bonds, together with the interest accruing thereon, shall be payable and collectible solely out of the Series 2020C Pledged Revenues, which are irrevocably so pledged by the Bond Ordinance. **The registered owner or owners of the Series 2020C Bonds may not look to any general or other fund for payment of the principal of or interest on such obligations, except the designated special funds pledged therefor.** The Series 2020C Bonds shall not constitute an indebtedness or a debt within the meaning of any constitutional or statutory provision or limitation; nor shall they be considered or held to be general obligations of the City; and each of the Series 2020C Bonds shall recite that it is payable and collectible solely from the Series 2020C Pledged Revenues, the income from which is so pledged, and that the registered owner thereof may not look to any general or other fund for the payment of principal and interest on the Series 2020C Bonds.

Series 2020C Pledged Revenues

The Series 2020C Bonds are payable and collectible solely from an irrevocable and first lien (but not necessarily an exclusive first lien) on the Series 2020C Pledged Revenues.

Sources of Payment for the 2020D Bonds

Special Limited Obligations

The Series 2020D Bonds will be special, limited obligations of the City, payable solely from the State-Shared Gross Receipts Tax Revenues (as described above under “Series 2020A Pledged Revenues), the Pledged Stadium Lease Revenues and the Pledged Surcharge Revenues (both as described below under “Series 2020D Pledged Revenues”) (collectively, the “Series 2020D Pledged Revenues”), amounts on deposit in certain funds and accounts established and held under the Bond Ordinance and the earnings thereon.

All of the Series 2020D Bonds, together with the interest accruing thereon, shall be payable and collectible solely out of the Series 2020D Pledged Revenues, which are irrevocably so pledged by the Bond Ordinance. **The registered owner or owners of the Series 2020D Bonds may not look to any general or other fund for payment of the principal of or interest on such obligations, except the designated special funds pledged therefor.** The Series 2020D Bonds shall not constitute an indebtedness or a debt within the meaning of any constitutional or statutory provision or limitation; nor shall they be considered or held to be general obligations of the City; and each of the Series 2020D Bonds shall recite that it is payable and collectible solely from the Series 2020D Pledged Revenues, the income from which is so pledged, and that the registered owner thereof may not look to any general or other fund for the payment of principal and interest on the Series 2020D Bonds.

Series 2020D Pledged Revenues

The Series 2020D Bonds are payable and collectible solely from an irrevocable and first lien (but not necessarily an exclusive first lien) on the Series 2020 Pledged Revenues. The Series 2020 Pledged Revenues are comprised of the State-Shared Gross Receipts Tax Revenues, the Pledged Stadium Lease Fee Revenues and the Pledged Surcharge Revenues. “Pledged Stadium Lease Revenues” is defined in the Bond Ordinance to mean all revenues derived by the City from a Stadium Lease Agreement between the City and the Albuquerque Baseball Club, LLC (the “Team”) executed in October 2001 pursuant to which the City leases a minor league baseball stadium to the Team (the “Lease”) including, but not limited to: (1) base rent payment of \$700,000 per lease year as set forth in the Lease but subject to rental adjustment as set forth in the Lease, (2) additional base rent not to exceed \$75,000 as set forth in the Lease, (3) additional percentage rent, equal to 12.5% of the Team’s gross revenues (as defined in the Lease) in excess of \$5,500,00 per lease year or \$437,500, whichever is less, as set forth in the Lease, (4) any Net Proceeds (as defined in the Lease) received by the City as shared revenues pursuant to the Lease, (5) any parking revenues received by the City pursuant to the Lease, subject, however, to any escrow established pursuant to the Lease; and (6) any and all other revenues derived by the City pursuant to the Lease. “Pledged Surcharge Revenues” is defined in the Bond Ordinance to mean revenues derived by the City pursuant to City Fourteenth Council Bill No. O-01-140, and equal to ten percent of Stadium Revenues as described therein.

Due to the COVID-19 pandemic, events at the minor league baseball stadium that generate Pledged Stadium Lease Revenues and Pledged Surcharge Revenues have been indefinitely postponed. See “CERTAIN INVESTMENT CONSIDERATIONS-Certain Risks Associated with COVID-19.”

Terms of the Series 2020A-D Bonds

Payments

The Series 2020A-D Bonds will be dated their date of initial delivery to the Underwriters. Interest on the Series 2020A-D Bonds is payable on January 1 and July 1, commencing July 1, 2020 until maturity or prior redemption. The Series 2020A-D Bonds will be issued in the aggregate principal amounts and will mature on the dates and in the amounts shown on the inside cover pages of this Official Statement. Payments on the Series 2020A-D Bonds will be made by the City Treasurer, as the initial Paying Agent and Registrar for the Series 2020A-D Bonds (the “Fiscal Agent”).

Denominations

The Series 2020A-D Bonds are issuable in denominations of \$5,000 or integral multiples thereof.

Book-Entry System

Individual purchases will be made in book-entry form only and purchasers of the Series 2020A-D Bonds will not receive physical delivery of bond certificates except as more fully described herein. Payments of principal of and interest on the Series 2020A-D Bonds will be made directly to The Depository Trust Company (“DTC”) or its nominee, Cede & Co., by the Paying Agent, so long as DTC or Cede & Co. is the sole registered owner. Upon receipt of such payments, DTC is to remit such payments to DTC participants for subsequent disbursement to the beneficial owners of the Series 2020A-D Bonds, all as more fully described in Appendix E – “BOOK-ENTRY ONLY SYSTEM.”

In reading this Official Statement, it should be understood that while the Series 2020A-D Bonds are in book-entry only form, references in other sections of this Official Statement to owners of the Series

2020A-D Bonds should be read to include the person for whom the Participant (as hereinafter defined) and indirect participants acquire an interest in the Series 2020A-D Bonds, but (i) all rights of ownership must be exercised through DTC and the book-entry only system as described more fully herein, and (ii) notices that are to be given to owners by the City or the Paying Agent will be given only to DTC.

Redemption

The Series 2020A Bonds and Series 2020C Bonds are subject to optional redemption prior to maturity as provided herein. The Series 2020B Bonds and Series 2020D Bonds are not subject to optional redemption prior to maturity. See “THE SERIES 2020A-D BONDS – Redemption Prior to Maturity” and Appendix B – “DESCRIPTION OF SELECTED PROVISIONS OF THE BOND ORDINANCE.”

Commitment to Provide Continuing Disclosure

The City will agree for the benefit of the owners of the Series 2020A-D Bonds that, so long as the Series 2020A-D Bonds remain outstanding, the City will provide when available its annual audited financial statements and certain other financial information and operating data with the Municipal Securities Rulemaking Board (“MSRB”) using its Electronic Municipal Market Access System (“EMMA”) in conformity with Rule 15c2-12, and will file notice of certain specific events with the MSRB, or as otherwise requested by the MSRB, as described in “CONTINUING DISCLOSURE UNDERTAKING” and Appendix D hereto.

Forward-Looking Statements

This Official Statement contains statements relating to future results that are “forward-looking statements” as defined in the Private Securities Litigation Reform Act of 1995, as amended. When used in this Official Statement, the words “estimate,” “anticipate,” “forecast,” “project,” “intend,” “propose,” “plan,” “expect” and similar expressions identify forward-looking statements. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements. Any forecast is subject to such uncertainties. Inevitably, some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between forecasts and actual results, and those differences may be material.

Professionals Involved in the Offering

At the time of the issuance and sale of the Series 2020A-D Bonds, Modrall, Sperling, Roehl, Harris & Sisk, P.A., Albuquerque, New Mexico, as Bond Counsel, will deliver a bond opinion, the form of which is included in Appendix C hereto. Certain legal matters will be passed upon for the City by the City Attorney and by Sherman & Howard L.L.C., Denver, Colorado, as Disclosure Counsel. See “LEGAL MATTERS.” The Underwriters are being represented in connection with their purchase of the Series 2020A-D Bonds by McCall, Parkhurst & Horton L.L.P., Dallas, Texas.

RBC Capital Markets, LLC (“RBC”) is employed as Municipal Advisor to the City in connection with the issuance of the Series 2020A-D Bonds. The Municipal Advisor’s fee for services rendered with respect to the sale of the Series 2020A-D Bonds is contingent upon the issuance and delivery of the Series 2020A-D Bonds. RBC, in its capacity as Municipal Advisor, has not verified and does not assume any responsibility for the possible impact of any present, pending or future actions taken by any legislative or judicial bodies. The Municipal Advisor is not obligated to undertake, and has not undertaken to make, an independent verification of, or assume responsibility for, the accuracy, completeness, or fairness of the information in this Official Statement.

Offering and Delivery of the Series 2020A-D Bonds

The Series 2020A-D Bonds are offered when, as and if issued, subject to approval as to their legality by Bond Counsel and the satisfaction of certain other conditions. See “UNDERWRITING.” It is anticipated that a single certificate for each maturity of the Series 2020A-D Bonds will be delivered to DTC in New York, New York on or about June 23, 2020.

Other Information

This Official Statement speaks only as of its date, and the information contained herein is subject to change.

The quotations from, and summaries and explanations of, the statutes, regulations and documents contained herein do not purport to be complete and reference is made to said laws, regulations and documents for full and complete statements of their provisions. Copies, in reasonable quantity, of such laws, regulations and documents may be obtained during the offering period, upon request to the City and upon payment to the City of a charge for copying, mailing and handling, at One Civic Plaza, N.W., Albuquerque, New Mexico 87102, Attention: Treasurer.

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the City and the purchasers or owners of any of the Series 2020A-D Bonds.

The purchase of the Series 2020A-D Bonds involves special risks and the Series 2020A-D Bonds may not be appropriate investments for all types of investors. Each prospective investor is encouraged to read this Official Statement in its entirety and to give particular attention to the factors described under “CERTAIN INVESTMENT CONSIDERATIONS,” which, among other factors discussed herein, could affect the payment of debt service on the Series 2020A-D Bonds and could affect the market price of the Series 2020A-D Bonds to an extent that cannot be determined at this time.

PLAN OF FINANCING

Sources and Uses of Funds

The sources and uses of funds to be available in connection with the sale of the Series 2020A-D Bonds are set forth below.

SOURCES OF FUNDS:

	<u>2020A Bonds</u>	<u>2020B Bonds</u>	<u>2020C Bonds</u>	<u>2020D Bonds</u>
Par Amount.....	\$39,185,000*	\$7,705,000*	\$31,105,000*	\$4,800,000*
Reoffering Premium.....				

TOTAL SOURCES OF FUNDS

USES OF FUNDS:

Series 2020A Refunding Project.....
Series 2020B Refunding Project.....
Series 2020C Refunding Project.....
Series 2020D Refunding Project.....
Underwriters' Discount ⁽¹⁾
Costs of Issuance ⁽²⁾

TOTAL USES OF FUNDS

(1) See "Underwriting."

(2) The costs of issuance of the Series 2020A-D Bonds include legal and accounting fees, printing, rating fees, escrow fees and other miscellaneous costs.

The Refunding Project

Proceeds from the sale of the Series 2020A-D Bonds will be used to finance the Refunding Project described herein under "INTRODUCTION – Purpose of the Series 2020A-D Bonds" and to pay costs of issuance for the Series 2020A-D Bonds.

The specific principal amount, if any, of each maturity of the Refunded Bonds will be determined by the City, at the time the City and the Underwriters sign the Bond Purchase Agreement (as defined herein under "UNDERWRITING"). The refunding of the Refunded Bonds are subject to market conditions, and the Refunded Bonds will only be refunded if such refunding results in acceptable debt service savings to the City.

The principal and interest due on the Series 2011A Bonds and Series 2011B Bonds are to be paid on the scheduled interest payment dates up to the redemption date of July 1, 2021 from amounts to be deposited on the closing date to an escrow fund pursuant to the Escrow Agreement. The principal and interest due on the Series 2013 Bonds and Series 2014A Bonds are to be paid on the scheduled interest payment dates up to the redemption date of July 1, 2023 from amounts to be deposited on the closing date to an escrow fund pursuant to the Escrow Agreement. The Bond Ordinance provides that from a portion of the proceeds of the sale of the Series 2020A-D Bonds received from the Underwriters and other available moneys, the City will deposit with the Escrow Agent the amount necessary to accomplish the discharge and final payment of the Refunded Bonds on the respective redemption dates. Such funds will be held by the Escrow Agent in a special escrow fund (the "Escrow Fund") and used to purchase direct

* Preliminary, subject to change.

obligations of the United States of America (the “Federal Securities”). Under the Escrow Agreement, the Escrow Fund is irrevocably pledged to the payment of the principal and interest on the Refunded Bonds.

Causey, Demgen & Moore, P.C., Certified Public Accountants, Denver, Colorado, will verify at the time of delivery of the Series 2020A-D Bonds to the Underwriters, the mathematical accuracy of the schedules and demonstrate that the Federal Securities will mature and bear interest in such amounts which, together with uninvested funds, if any, in the Escrow Fund, will be sufficient to pay when due, the principal of and interest on the Refunded Bonds. Such maturing principal of and interest on the Federal Securities will not be available to pay the Series 2020A-D Bonds. See “VERIFICATION OF CERTAIN MATHEMATICAL COMPUTATIONS.”

By the deposit of the Federal Securities and cash, if necessary, with the Escrow Agent pursuant to the Escrow Agreement, the City will have effected the defeasance of the Refunded Bonds in accordance with the requirements of the ordinances authorizing issuance of the Refunded Bonds and applicable law, and the Refunded Bonds will no longer be outstanding. The City has covenanted in the Escrow Agreement to make timely deposits to the Escrow Fund of any additional amounts required to pay the principal of and interest on the Refunded Bonds if, for any reason, the cash balance on deposit or scheduled to be on deposit in the Escrow Fund is insufficient to make such payments.

THE SERIES 2020A-D BONDS

Generally

The Series 2020A-D Bonds will bear interest at the rates and mature on the dates set forth on the inside cover page of this Official Statement. Interest will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The Series 2020A-D Bonds will be dated their date of initial delivery to the Underwriters, and will bear interest from that date payable semi-annually on January 1 and July 1 of each year, commencing July 1, 2020 (each an “Interest Payment Date”) until maturity or prior redemption. The Series 2020A-D Bonds will bear interest from the most recent date to which interest has been paid or provided, or if no interest has been paid or provided for, from their date until maturity.

The Series 2020A-D Bonds will be issued in denominations of \$5,000 or integral multiples thereof, will be issued in fully registered form and, when issued, will be registered in the name of Cede & Co., as registered owner and nominee of DTC. DTC will act as securities depository for the Series 2020A-D Bonds. Individual purchases may be made in book-entry form only. Purchasers will not receive certificates representing their interest in the Series 2020A-D Bonds purchased. So long as Cede & Co., as nominee of DTC, is the registered owner of the Series 2020A-D Bonds, references herein to the bondholders, owners or registered owners shall mean Cede & Co. and shall not mean the beneficial owners of the Series 2020A-D Bonds.

So long as Cede & Co. is the registered owner of the Series 2020A-D Bonds, principal of and interest on the Series 2020A-D Bonds are payable by wire transfer by the Fiscal Agent to Cede & Co., as nominee for DTC, which is required, in turn, to remit such amounts to the DTC Participants. See Appendix E – “BOOK-ENTRY ONLY SYSTEM.”

Redemption Prior to Maturity

Optional Redemption

The Series 2020A Bonds maturing on and after July 1, ____ are subject to redemption prior to maturity at the option of the City, in whole or in part, at any time on or after July 1, ____ at the

redemption price of 100% of the principal amount of the Series 2020A Bonds to be redeemed, plus accrued interest, if any, to the date fixed for redemption.

The Series 2020C Bonds maturing on and after July 1, ____ are subject to redemption prior to maturity at the option of the City, in whole or in part, at any time on or after July 1, ____ at the redemption price of 100% of the principal amount of the Series 2020C Bonds to be redeemed, plus accrued interest, if any, to the date fixed for redemption.

The Series 2020B Bonds and Series 2020D Bonds are not subject to optional redemption prior to maturity.

Partial Redemption

If less than all of the Outstanding Series 2020A Bonds or Series 2020C Bonds are to be redeemed, the Maturity Dates of the Series 2020A Bonds or Series 2020C Bonds to be redeemed shall be selected by the City. If less than all Series 2020A Bonds or Series 2020C Bonds of a given Maturity Date are redeemed, the Series 2020A Bonds or Series 2020C Bonds of that Maturity Date to be redeemed shall be selected by lot in such manner as determined by the Fiscal Agent. However, the portion of any Series 2020A Bonds or Series 2020C Bonds to be redeemed and the portion of any Series 2020A Bond or Series 2020C Bond not redeemed shall both be in Authorized Denominations. If, as indicated in a certificate of an Authorized Officer delivered to the Fiscal Agent, the City has offered to purchase all Series 2020A Bonds or Series 2020C Bonds then Outstanding and less than all of the Series 2020A Bonds or Series 2020C Bonds have been tendered to the City for purchase, the Fiscal Agent, at the direction of an Authorized Officer, shall select for redemption all, or any part designated by the City, of the Series 2020A Bonds or Series 2020C Bonds which have not been tendered.

In selecting Series 2020A Bonds or Series 2020C Bonds for redemption, the Fiscal Agent shall treat each Series 2020A Bond or Series 2020C Bond as representing that number of Series 2020A Bonds or Series 2020C Bonds which is obtained by dividing the principal amount of any Series 2020A Bond or Series 2020C Bond by the minimum Authorized Denomination. If it is determined that one or more, but not all, of the units of principal amount represented by any Series 2020A Bond or Series 2020C Bond is to be called for redemption, then, upon notice of intention to redeem such unit or units, the Owner of such Series 2020A Bond or Series 2020C Bond (except with respect to Series 2020A Bonds or Series 2020C Bonds registered to a Depository or its nominee, in which case a notation as to the amount redeemed may be made on such Series 2020A Bonds or Series 2020C Bonds) shall promptly surrender such Series 2020A Bond or Series 2020C Bond to the Fiscal Agent for (i) payment to such Owner of the redemption price of the unit or units of principal amount called for redemption, and (ii) delivery to such Owner of a new Series 2020A Bond or Series 2020C Bond of the same Maturity Date in the aggregate principal amount of the unredeemed balance, without charge therefor.

If the Owner of any such Series 2020A Bond or Series 2020C Bond fails to present that Series 2020A Bond or Series 2020C Bond to the Fiscal Agent for payment, that Series 2020A Bond or Series 2020C Bond nevertheless shall become due and payable on the date fixed for redemption to the extent of the unit or units of principal amount called for redemption and interest shall cease to accrue on that principal amount.

Make-Whole Optional Redemption

Prior to July 1, 20__ the Series 2020A-D Bonds are subject to redemption prior to their respective maturity dates, at the option of the City, in whole or in part, at a redemption price equal to the greater of:

- (1) 100% of the principal amount of the Series 2020A-D Bonds to be redeemed; or

(2) The sum of the present value of the remaining scheduled payments of principal and interest to the stated maturity date of such Series 2020A-D Bonds to be redeemed, not including any portion of those payments of interest accrued and unpaid as of the date on which such Series 2020A-D Bonds are to be redeemed, discounted to the date on which such Series 2020A-D Bonds are to be redeemed on a semi-annual basis, assuming a 360-day year consisting of twelve 30-day months, at the Treasury Rate (described below) plus ___ basis points.

Plus, in each case, accrued interest on such Series 2020A-D Bonds to be redeemed to but not including the redemption date.

The “Treasury Rate” is, with respect to any redemption date for a particular Series 2020A-D Bond, the yield to maturity as of such redemption date of United States Treasury securities with a constant maturity, excluding inflation indexed securities (as compiled and published in the most recent Federal Reserve Statistical Release H.15 (519) that has become publicly available at least two Business Days, but no more than 45 calendar days, prior to the redemption date or, if such Statistical Release is no longer published, any publicly available source of similar market date) most nearly equal to the period from the redemption date to the maturity date of the bond to be redeemed; provided, however, that if the period from the redemption date to such maturity date is less than one year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year will be used.

Selection of Bonds to be Redeemed

If less than all of the Series 2020A-D Bonds are to be redeemed, the particular maturities of Series 2020A-D Bonds to be redeemed at the option of the City will be determined by the City in its sole discretion.

If the Series 2020A-D Bonds are registered in book-entry only form and so long as DTC or a successor securities depository is the sole registered owner of such Series 2020A-D Bonds, if less than all of the Series 2020A-D Bonds of a maturity are called for prior redemption, the particular Series 2020A-D Bonds or portions thereof to be redeemed shall be allocated on a *pro rata pass-through distribution of principal* basis in accordance with DTC procedures, provided that, so long as the Series 2020A-D Bonds are held in book-entry form, the selection for redemption of such Series 2020A-D Bonds shall be made in accordance with the operational arrangements of DTC then in effect, and, if the DTC operational arrangements do not allow for redemption on a pro rata pass-through distribution of principal basis, the Series 2020A Bonds will be selected for redemption, in accordance with DTC procedures, by lot.

The City intends that redemption allocations made by DTC be made on a pro rata pass-through distribution of principal basis as described above. However, neither the City nor the Underwriters can provide any assurance that DTC, DTC’s direct and indirect participants or any other intermediary will allocate the redemption of Series 2020A-D Bonds on such basis.

In connection with any repayment of principal, including payments of scheduled mandatory sinking fund payments, the Paying Agent/Registrar will direct DTC to make a pass-through distribution of principal to the holders of the Series 2020A-D Bonds. A Pro Rata Pass-Through Distribution of Principal table is included as Appendix F to this Official Statement and reflects the current schedule of mandatory sinking fund redemptions applicable to the Series 2020A-D Bonds and the factors applicable to such redemption amounts and remaining bond balances, which is subject to change upon certain optional redemptions. See “Appendix F—PRINCIPAL PAYDOWN FACTOR TABLE.”

For purposes of calculation of the “pro rata pass-through distribution of principal,” “pro rata” means, for any amount of principal to be paid, the application of a fraction to each denomination of the respective Series 2020A-D Bonds where (a) the numerator of which is equal to the amount due to the

respective bondholders on a payment date, and (b) the denominator of which is equal to the total original par amount of the respective Series 2020A-D Bonds.

If the Series 2020A-D Bonds are no longer registered in book-entry-only form, each owner will receive an amount of Series 2020A-D Bonds equal to the original face amount then beneficially held by that owner, registered in such investor's name. Thereafter, any redemption of less than all of the Series 2020A-D Bonds of any maturity will continue to be paid to the registered owners of such Series 2020A-D Bonds on a pro-rata basis, based on the portion of the original face amount of any such Series 2020A-D Bonds to be redeemed.

Notice

Notice of redemption of Series 2020A Bonds or Series 2020C Bonds shall be given by the Fiscal Agent by sending a copy of such notice by registered or certified first class, postage prepaid mail not less than 30 days prior to the redemption date to all Depositories, to the Municipal Securities Rulemaking Board's EMMA System and to the Owner of each Series 2020A Bond or Series 2020C Bond, or portion thereof, to be redeemed at the address shown as of the close of business on the fifth day prior to the mailing of notice on the Bond Register. The City shall give the Fiscal Agent notice of the redemption date and the Maturity Date and the principal amounts of each maturity of Series 2020A Bonds or Series 2020C Bonds to be called for redemption pursuant to the Bond Ordinance at least five Business Days prior to the date that the Fiscal Agent is required to give Owners notice of redemption. Series 2020A Bonds or Series 2020C Bonds to be called for mandatory sinking fund redemption shall be called for redemption by the Fiscal Agent without the necessity of any notice to the Fiscal Agent from the City. Neither the City's failure to give such notice, the Fiscal Agent's failure to give such notice to any Depository (other than as the Owner of Series 2020A Bonds or Series 2020C Bonds being redeemed), or the registered Owner of any Series 2020A Bonds or Series 2020C Bonds to be redeemed, or any defect therein, nor the failure of the Depository to notify a Participant or any Participant or Indirect Participant to notify a Beneficial Owner of any such redemption, shall affect the validity of the proceedings for the redemption of any Series 2020A Bonds or Series 2020C Bonds for which proper notice was given.

The official notice of redemption to Owners shall state:

- (1) the CUSIP numbers of the Series 2020A Bonds or Series 2020C Bonds to be redeemed,
- (2) the redemption date,
- (3) the redemption price,
- (4) the Series 2020A Bonds or Series 2020C Bonds to be redeemed,
- (5) if less than all Outstanding Series 2020A Bonds or Series 2020C Bonds are to be redeemed, the bond numbers and Maturity Dates of the Series 2020A Bonds or Series 2020C Bonds to be redeemed and, in the case of a partial redemption of a Series 2020A Bonds or a Series 2020C Bond, the principal amount to be redeemed,
- (6) that, subject to the provisions for optional redemption under the Bond Ordinance, if applicable, on the redemption date, the redemption price will become due and payable on each Series 2020A Bond or Series 2020C Bond or portion thereof called for redemption, and that interest thereon shall cease to accrue from and after that date,

(7) the place where such Series 2020A Bonds or Series 2020C Bonds are to be surrendered for payment of the redemption price, the name of a contact person (if the book-entry system is in effect), and the phone number at the office of the Paying Agent, and

(8) if the redemption is an optional redemption pursuant to the Bond Ordinance, that the redemption is conditional, if applicable, stating the conditions set forth in the Bond Ordinance for optional redemptions.

The Paying Agent shall comply with any other terms regarding redemption and notice of redemption, as are required by any agreement with a Depository.

Except as provided in the Bond Ordinance, notice having been given in the manner provided above, the Series 2020A Bonds or Series 2020C Bonds or part thereof called for redemption shall become due and payable on the redemption date designated and the Series 2020A Bonds or Series 2020C Bonds, or part thereof to be redeemed, for which the redemption price is on deposit with the Fiscal Agent, shall not be deemed to be Outstanding and shall cease to bear or accrue interest from and after such redemption date. Subject to the Bond Ordinance, upon presentation of a Series 2020A Bond or Series 2020C Bond to be redeemed at the office of the Fiscal Agent on or after the redemption date, or, so long as the book-entry system is used for determining beneficial ownership of the Series 2020A Bond or Series 2020C Bond being redeemed, upon satisfaction of the terms of any other arrangement between the Fiscal Agent and the Depository, the Fiscal Agent will pay such Series 2020A Bonds or Series 2020C Bonds or portion thereof called for redemption.

SECURITY AND SOURCES OF PAYMENT

Special, Limited Obligations

The Series 2020A-D Bonds shall not constitute indebtedness or a debt of the City within the meaning of any constitutional, charter or statutory provision or limitation, nor shall they be considered or held to be general obligations of the City. Neither the credit nor the taxing power of the City is pledged for the payment of the principal of or the interest and premium, if any, on the Series 2020A-D Bonds and no owner has the right to compel the exercise of the taxing power of the City or the forfeiture of any of its property in connection with any default under the Bond Ordinance.

All series of the Series 2020A-D Bonds are special limited obligations of the City and are payable from the State-Shared Gross Receipts Tax Revenues, on parity with the lien of the State-Shared Gross Receipts Tax Obligations on State-Shared Gross Receipts Tax Revenues (as further described below under “State-Shared Gross Receipts Tax Revenues.”

The Series 2020A Bonds and Series 2020B Bonds are also payable from the Pledged Lodgers’ Tax Revenues (as further described below under “Pledged Lodgers’ Tax Revenues”).

The Series 2020B Bonds are also payable from the Pledged Hospitality Fee Revenues (as further described below under “Pledge Hospitality Fee Revenues”).

The Series 2020D Bonds are also payable from the Pledged Stadium Lease Revenues and Pledged Surcharge Revenues (as further described below under “Pledged Stadium Lease Revenues and Pledged Surcharge Revenues”). **Due to the COVID-19 pandemic, events at the minor league baseball stadium that generate Pledged Stadium Lease Revenues and Pledged Surcharge Revenues have been indefinitely postponed. See “CERTAIN INVESTMENT CONSIDERATIONS-Certain Risks Associated with COVID-19.”**

The Series 2020A-D Bonds are also secured by any amounts which may be on deposit in the respective funds and accounts established for each series under the Bond Ordinance.

State-Shared Gross Receipts Tax Revenues

Generally

See “INTRODUCTION—Sources of Payment for the Series 2020A Bonds” for the definition of “State-Shared Gross Receipts Tax Revenues.” The following section sets forth certain information relating to the State-Shared Gross Receipts Tax Revenues. It is important for prospective purchasers to analyze the historical State-Shared Gross Receipts Tax Revenues and factors which may impact future State-Shared Gross Receipts Tax Revenues. The City has assumed that the information obtained from sources other than the City is accurate without independently verifying it, but has no reason to believe that such information may be inaccurate. For certain information concerning the City generally, see Appendix A – “ECONOMIC, DEMOGRAPHIC, AND FINANCIAL INFORMATION, INCLUDING AUDITED FINANCIAL STATEMENTS FOR FISCAL YEAR 2019.” **The information in Appendix A is provided to prospective purchasers for purposes of analyzing the financial and overall status of the City, although the Series 2020A-D Bonds are payable from the State-Shared Gross Receipts Tax Revenues (and Pledged Lodgers’ Tax Revenues in the case of the Series 2020A Bonds and 2020B Bonds) (and Pledged Hospitality Fee Revenues in the case of the Series 2020B Bonds) (and Pledged Stadium Lease Revenues and Pledged Surcharge Revenues in the case of the Series 2020D Bonds) and otherwise as described under this caption.**

Imposition of Tax

The Gross Receipts and Compensating Tax Act (Sections 7-9-1 through 7-9-115 NMSA 1978, as amended), authorizes the State to impose the State gross receipts tax, (the “State Gross Receipts Tax”) which is currently levied by the State for the privilege of doing business in the State and is collected by the State Taxation and Revenue Department (the “Department”). The State Gross Receipts Tax is currently levied at 5.125% of taxable gross receipts. Of the 5.125 cents collected per dollar of taxable gross receipts reported for a particular municipality, 1.225 cents are remitted monthly to each municipality based on the prior month’s filings. The total gross receipts tax rate imposed (including State and local option gross receipts taxes) in the City effective on January 1, 2020 is 7.875%.

Taxed Activities

For the privilege of engaging in business in the State, the State Gross Receipts Tax is imposed upon any person engaging in business in the State. “Gross Receipts” is defined in the Gross Receipts and Compensating Tax Act as the total amount of money or the value of other consideration received from selling property in the State (including tangible personal property handled on consignment in the State), from leasing or licensing property employed in the State, from granting a right to use a franchise employed in the State, from selling services performed outside the State, the product of which is initially used in the State or from performing services in the State. The definition of gross receipts principally excludes cash discounts allowed and taken, governmental gross receipts tax, leased vehicle gross receipts tax, local option gross receipts tax and Indian nation sales taxes payable on transactions for the reporting period, any type of time-price differential, amounts received solely on behalf of another in a disclosed agency capacity and amounts received by a New Mexico florist from the sale of flowers under certain circumstances. Unlike most other states, the State taxes sales and services, including legal services, utilities and certain medical services. The tax rate for construction businesses is determined by the location of each construction project. The tax rate for utilities is determined by the location of the meter used to record the amount of service consumed by the customer or the location of the telephone set. For cellular service, it is the location of the customer’s place of primary use.

Effective July 1, 2019, remote (Internet) sellers with total taxable gross receipts of at least \$100,000 from sales, leases, and licenses of tangible personal property sourced to New Mexico customers in the previous calendar year are required under state laws to start collecting and paying State gross receipts tax on their New Mexico transactions. Effective July 1, 2021, the gross receipts tax sourcing rules will change from point of origin-based sourcing to destination-based sourcing for most categories of gross receipt, allowing for the imposition of local taxes on remote sellers. For services other than professional services, gross receipts and deductions will be reported from the location where the service is performed. Professional services will continue to be reported from the seller's place of business. The City will receive \$6.1 million annually in both fiscal year 2020 and fiscal year 2021 from the State until the local increments are applied to remote sales.

Exemptions

Some activities and industries are exempt from the Gross Receipts Tax Act, many by virtue of their taxation under other laws. Exemptions include but are not limited to receipts of governmental agencies and certain organizations, certain paid but unrefunded receipts from sales of gasoline or alternative fuel, and receipts from the sale of vehicles, occasional sales of property or services, wages, certain agricultural products, dividends and interest, receipts from the sale or leasing of natural gas, oil or mineral interests. Various deductions are allowed, including but not limited to, receipts from various types of sales or leases of tangible personal property or services, receipts from sales to governmental agencies or certain organizations, receipts from the sale of certain construction services, receipts from processing certain agricultural products, receipts from certain publication sales, and certain receipts from interstate commerce transactions. Deductions include sales or leases to manufacturing entities, entities intending to resell or lease, sales or leases to those in construction, prescription drugs, certain hospital receipts, sales of food, Medicare payments and certain software development services. There are numerous exemptions and deductions from gross receipts taxation. However, the general presumption is that all receipts of a person engaging in business are subject to the Gross Receipts Tax Act.

Administration of the Tax

Businesses must make their payments of State Gross Receipts Tax on or before the twenty-fifth of each month for taxable events in the prior month. Collection of the State Gross Receipts tax is administered by the Revenue Division of the Department (the "Revenue Division"), pursuant to Section 7-1-6 NMSA 1978. Collections are first deposited into a suspense fund for the purpose of making disbursements for refunds, among other items. On the last day of each month, the balance of the suspense fund is transferred to the State general fund, less the following disbursements to the municipalities in the State. The Revenue Division remits monthly to municipalities, including the City, an amount equal to the product of the quotient of 1.225% divided by the tax rate times the net receipts (total amount paid by taxpayers less any refunds disbursed) attributable to the gross receipts of businesses located in the municipality and other designated areas.

Remedies for Delinquent Taxes

The Revenue Division may assess State Gross Receipts Taxes to a taxpayer who has not paid the taxes due to the State. If any taxpayer to whom State Gross Receipts Taxes have been assessed or upon whom demand for payment has been made does not make payment thereof (or protest the assessment or demand for payment) within 30 days after the date of assessment or demand for payment, the taxpayer becomes a delinquent taxpayer. Such taxpayer remains delinquent until payment of all the taxes due, including interest and penalties, or until security is furnished for the payment thereof. The Revenue Division may, under certain circumstances, enter into an agreement with a delinquent taxpayer to permit monthly installment payments for a period of not more than 60 months. Interest is due on any delinquent tax from the first day following the day on which it is due at the rate of 15.0% per year, compiled on a

daily basis, until paid, without regard to any installment agreement. However, if the State Gross Receipts Tax is paid within ten days after demand is made, no interest shall be imposed for the period after the date of demand.

The Revenue Division may levy upon all property or rights to property of a delinquent taxpayer and sell the same in order to collect the delinquent tax. The amount of delinquent State Gross Receipts Taxes is also a lien in favor of the State upon all property and rights to property of the delinquent taxpayer, which lien may be foreclosed as provided by State statutes.

Historical Revenues

The State-Shared Gross Receipts Tax Revenues received by the City for the past full five Fiscal Years and the first nine months of Fiscal Year 2020 are as follows:

Historical State-Shared Gross Receipts Tax Revenues

Fiscal Year	Revenues⁽¹⁾
2015	\$187,090,628
2016	190,154,484
2017	176,884,360
2018	200,859,670
2019	202,469,404
2020 ⁽²⁾	159,864,937

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- (1) In the 2013 legislative session, legislation was adopted that begins reductions in Fiscal Year 2016 of payments from the State to municipalities, including the City, related to tax deductions for food and medical expenses. The payments, under Section 7-1-6.46 NMSA 1978, were implemented when the deductions became law and were designed to make the municipalities financially whole as related to those deductions. The legislation also authorizes additional local option tax authority for municipalities if they choose to enact them. The City has imposed the hold harmless GRT. This legislation will negatively impact the City’s gross receipts tax revenues in the future.
 - (2) Reflects nine months of receipts accrued through March 2020. The State-Shared Gross Receipts Tax Revenues received by the City in March 2020 were down 3.8% compared to the amount received by the City in March 2019. The State-Shared Gross Receipts Tax Revenues received by the City during the first nine months of Fiscal Year 2020 were up 6.2% compared to the amount received by the City during the first nine months of Fiscal Year 2019.

Source: City of Albuquerque, Department of Finance and Administrative Services. Calculated based on reports from the New Mexico Taxation and Revenue Department.

Historical Taxable Gross Receipts

The table which follows provides information about the City’s taxable gross receipts by sector since Fiscal Year 2010.

CITY OF ALBUQUERQUE
Taxable Gross Receipts by Sector and Total Gross Receipts⁽¹⁾
Fiscal Years 2010-2019 (\$000,000)

Category ⁽²⁾	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	Share of	
											2010	2019
Accommodation and Food Services	\$1,204	\$1,267	\$1,309	\$1,310	\$1,341	\$1,431	\$1,519	\$1,530	\$1,606	\$1,677	9.9%	10.6%
Admin and Support	143	141	129	151	150	171	233	236	302	323	1.2	2.0
Agriculture	4	4	4	5	7	9	14	19	26	25	0.0	0.2
Arts Entertainment and Recreation	80	86	91	88	98	112	122	148	156	170	0.7	1.0
Construction	1,080	1,014	1,008	1,080	1,122	1,154	1,214	1,398	1,620	1,447	8.9	10.7
Educational Services	112	143	123	99	111	103	90	88	83	77	0.9	0.5
Finance and Insurance	108	104	107	115	120	119	123	140	309	165	0.9	2.0
Health Care	721	746	768	799	823	938	1,006	1,058	1,237	1,380	6.0	8.2
Information and Cultural Industries	509	596	777	759	767	797	771	791	797	830	4.2	5.3
Management of Companies	17	15	10	20	23	24	(15)	20	16	17	0.1	0.1
Manufacturing	218	262	283	289	333	350	335	334	305	362	1.8	2.0
Mining	(0)	1	1	1	5	8	7	8	5	3	0.0	0.0
Other Services	1,355	1,421	1,299	1,414	1,400	1,374	1,390	1,350	1,364	1,374	11.2	9.0
Professional Scientific and Technical Services	1,381	1,497	1,462	1,452	1,487	1,547	1,636	1,649	1,624	1,755	11.4	10.7
Public Administration	1	1	0	0	2	2	1	2	2	4	0.0	0.0
Real Estate & Leasing	177	194	232	249	276	310	384	350	314	396	1.5	2.1
Retail Trade	3,884	3,833	3,950	4,023	3,966	4,040	4,125	4,164	4,144	4,176	32.1	27.4
Transportation and Warehousing	104	107	119	114	110	115	102	107	120	113	0.9	0.8
Unclassified Establishments	67	47	39	51	93	138	106	122	85	90	0.6	0.6
Utilities	450	520	550	570	567	564	525	517	532	534	3.7	3.5
Wholesale Trade	<u>484</u>	<u>469</u>	<u>384</u>	<u>386</u>	<u>372</u>	<u>384</u>	<u>380</u>	<u>395</u>	<u>466</u>	<u>508</u>	<u>4.0</u>	<u>3.1</u>
Total Taxable Gross Receipts ⁽³⁾	12,107	12,474	12,656	12,993	13,195	13,689	14,066	14,430	15,113	15,425	100%	100%
Food - Hold harmless Distribution	977	1,014	1,049	1,060	1,098	1,129	1,115	1,156	1,371	1,303		
Medical -Hold harmless Distribution	<u>470</u>	<u>496</u>	<u>551</u>	<u>514</u>	<u>484</u>	<u>452</u>	<u>446</u>	<u>459</u>	<u>339</u>	<u>407</u>		
Total Taxable Gross Receipts base ⁽³⁾	13,548	13,977	14,245	14,550	14,756	15,271	15,627	16,045	16,823	17,135		
Total Gross Receipts	\$24,728	\$25,825	\$26,327	\$26,801	\$27,316	\$26,170	\$28,165	\$28,847	\$30,590	\$31,735		

(1) Albuquerque taxable gross receipts are according to distribution month, which lags reporting month by one month and activity month by two months. While taxable gross receipts is the reported tax base, the actual tax distributions may differ from those calculated by applying the tax and distribution rates to taxable gross receipts for any of a number of reasons (e.g., the filing taxpayer did not include a check or the check was returned; an adjustment was made for a previous over or under distribution to the City). Actual distributions average within 1-2% of computed tax due based on reported taxable gross receipts.

(2) North American Industrial Classifications System (NAICS) with exception of Food and Medical Hold Harmless.

(3) May not total due to rounding.

Source: City of Albuquerque, Department of Finance and Administrative Services.

Taxing Authority and Payments

Prior to July 1, 2019, the City also imposed separate increments of local option gross receipts taxes for certain specific purposes, including infrastructure, capital outlays and mitigating the reduction of Make-Whole Distributions to the City. In the 2019 legislative session, legislation was adopted that “de-earmarked” certain specific sources and legislatively mandated uses of local option gross receipts taxes, including those sources and uses listed above, and repealed the related authorizing legislation for such increments. However, the increments approved by voters prior to July 1, 2019 remain “grandfathered” and are included in a general municipal gross receipts tax that can be dedicated for any municipal purpose. The maximum rate of the general municipal gross receipts tax is now limited to 2.5%. Accordingly, the prior approved increments previously disclosed by the City in connection with the issuance of prior State-Shared Gross Receipts Tax Obligations have been consolidated into the 1.5625% “Municipal GRT” rates shown in the following two tables. **The State-Shared Gross Receipts Tax Revenues pledged as security for the 2020A-D Bonds are not affected by such legislation.**

The following table outlines the gross receipts taxes (“GRT”) imposed and to be paid to the State, the City and County by businesses in the City.

**Fiscal Year 2020 Gross Receipts Tax Rate
(as of January 1, 2020)**

<u>Type of Tax & Purpose</u>	<u>Percentage Imposed</u>
Municipal GRT	1.5625%
Bernalillo County GRT	1.1875
State-Shared GRT	1.2250
State GRT	<u>3.9000</u>
Total	7.875%

Source: City of Albuquerque, Office of City Treasurer.

The following table describes the City’s taxing authority and the percentage it currently imposes to generate gross receipts tax revenues to the City.

**Fiscal Year 2020 Taxing Authority and Gross Receipts Tax Imposed
For the Benefit of the City of Albuquerque (as of January 1, 2020)**

<u>Type of Tax & Purpose</u>	<u>Total Taxing Authority</u>	<u>Percentage Imposed</u>	<u>Unused Authority</u>
Municipal GRT	2.5000%	1.5625%	0.9375%
State-Shared GRT		<u>1.2250%</u>	
Total Distribution to the City		<u>2.7875%</u>	

Source: City of Albuquerque, Office of City Treasurer.

Additional Obligations Payable from State-Shared Gross Receipts Tax Revenues

The City may issue additional State-Shared Gross Receipts Tax Obligations (in addition to certain refunding obligations), on parity with the Series 2020A-D Bonds, subject to the following requirements:

(a) the City must be current in the accumulations required to be made pursuant to any ordinance or resolution authorizing the issuance of any State-Shared Gross Receipts Tax Obligations; and

(b) the State-Shared Gross Receipts Tax Revenues received by the City for either (i) the Fiscal Year or (ii) any twelve consecutive calendar months out of the eighteen calendar months immediately preceding the date of the issuance of such additional State-Shared Gross Receipts Tax Obligations shall have been sufficient to pay an amount representing two hundred and twenty-five percent (225%) of the combined maximum annual principal and interest payments (excluding any reserves therefore) coming due in any subsequent Fiscal Year on: (y) the then Outstanding State-Shared Gross Receipts Tax Obligations, and (z) the State-Shared Gross Receipts Tax Obligations proposed to be issued.

The City is not permitted to issue bonds or incur obligations payable from the State-Shared Gross Receipts Tax Revenues having a lien thereon prior and superior to the lien of the Series 2020A-D Bonds and other Outstanding State-Shared Gross Receipts Tax Obligations on State-Shared Gross Receipts Tax Revenues. Obligations with a lien on State-Shared Gross Receipts Tax Revenues subordinate to the lien thereon of State-Shared Gross Receipts Tax Obligations may be issued without satisfying the requirements above.

Pledged Lodgers' Tax Revenues

The Pledged Lodgers' Tax Revenues described below secures the Series 2020A Bonds and the Series 2020B Bonds but does not secure the Series 2020C Bonds and the Series 2020D Bonds. See "INTRODUCTION – Sources of Payment for the Series 2020A Bonds" for the definition of "Pledged Lodgers Tax Revenues." See also "CERTAIN INVESTMENT CONSIDERATIONS-Certain Risks Associated with COVID-19."

Generally

The Lodgers' Tax is levied pursuant to the Lodgers' Tax Act (Sections 3-38-13 through 3-38-24 NMSA 1978, as amended) and is imposed, with certain limited exceptions, on all revenues derived from the furnishing of lodging within the City. The tax rate imposed by the City is 5% and is imposed on the gross taxable rent paid for lodging (not including State Gross Receipts Tax or local gross receipts tax). The Lodgers' Tax is collected by the City on a monthly basis from the persons and firms furnishing such lodging.

The Pledged Lodgers' Tax Revenues represent fifty percent (50%) of the revenues produced by the City's imposition of the Lodgers' Tax. Under the Lodgers' Tax Act, a municipality located in a class A county, such as the City, imposing an occupancy tax (such as the Lodgers' Tax) of more than two percent (2%) is required to use not less than one-half of the proceeds derived from the tax for the purposes of advertising, publicizing, and promoting the convention center and certain other tourist facilities or attractions within the City. The City uses the 50% of such Lodgers' Tax Revenues not pledged to the payment of bonds to satisfy this requirement.

Beginning in January 2020, "Market Place Providers" (such as VRBO, Airbnb and Flipkey) began to collect Lodgers' Tax from short-term rental hosts and remit the proceeds to the City.

Historical Pledged Lodgers' Tax Revenues

The gross taxable rent, and the Pledged Lodgers' Tax Revenues collected by the City, for the last five Fiscal Years and first nine months of Fiscal Year 2020 are as follows:

**CITY OF ALBUQUERQUE
Historical Lodgers' Tax Revenues**

Fiscal Year	Gross Taxable Rent⁽¹⁾	Lodgers' Tax Revenues
2015	\$228,461,360	\$11,423,068
2016	237,347,900	11,867,395
2017	244,545,088	12,227,254
2018	261,477,680	13,072,384
2019 ⁽²⁾	287,879,920	14,393,996
2020 ⁽³⁾	197,223,680	9,861,184

- (1) Defined by the Lodgers' Tax Act to mean "the total amount of rent paid for lodging, not including the State Gross Receipts Tax or local sales taxes."
- (2) Fiscal Year 2019 actual revenues increased 18.7% over Fiscal Year 2018, due in part to the National Senior Games held in Albuquerque in October 2019.
- (3) Reflects nine months of data through March 2020. The Pledged Lodgers' Tax Revenues received by the City in March 2020 were down 61.4% compared to the amount received by the City in March 2019. The Pledged Lodgers' Tax Revenues received by the City during the first nine months of Fiscal Year 2020 were up 4.9% compared to the amount received by the City during the first nine months of Fiscal Year 2019.

Source: City of Albuquerque, Department of Finance and Administrative Services.

The following table sets forth estimated spending and future confirmed convention bookings in the City by number of individuals and room nights for Fiscal Years 2016-2021. The COVID-19 pandemic resulted in the cancellation or rescheduling of a significant number of conventions of Fiscal Year 2020 and Fiscal Year 2021. Future cancellations or reschedulings are dependent upon the duration and possible resurgences of COVID-19 in the future and are accordingly not possible for the City to forecast with any accuracy at this point. See "CERTAIN INVESTMENT CONSIDERATIONS-Certain Risks Associated with COVID-19."

**CONFIRMED CONVENTION CENTER BOOKINGS
Fiscal Years 2016-2021⁽¹⁾**

Fiscal Year	Direct Spending	Attendance	Room Nights
2016	\$29,652,882	49,993	61,904
2017	20,473,600	45,010	46,768
2018	21,699,079	39,432	43,695
2019 ⁽²⁾	43,610,878	72,604	78,324
2020	14,919,054	39,357	26,903
2021	19,996,862	33,672	37,452

- (1) Represents all Convention Center meetings/conventions and sporting events as of January 13, 2020.
- (2) Includes National Senior Games which alone represented nearly 25,000 attendees and a direct spend of approximately \$17.3 million.

Source: Visit Albuquerque.

Collection of the City's Lodgers' Tax

Every vendor or person providing lodging in the City is required to collect the Lodgers' Tax on behalf of the City and remit the proceeds on the 25th day of the month to the City accompanied by a sworn statement declaring the gross receipts of the business for the previous calendar month with the City Clerk. Any vendor who fails to remit the Lodgers' Tax due by the 10th day of the following month is to be penalized for such failure in the amount of 10% of amount of tax due or an amount of \$100, whichever is greater. After the amount of any Lodgers' Tax is determined, the amount of tax due constitutes a lien in favor of the City upon the personal and real property of the vendor providing lodging. The lien has priority over any lien or encumbrance, except a lien for state and county taxes. Violations of the Lodgers' Tax ordinance for failure to pay the tax, to remit the proceeds of the tax to the City or to account properly for any lodging and the associated tax proceeds shall be punished with a penalty not exceeding 90 days in jail or a \$500 fine, or both.

Surplus Pledged Lodgers' Tax Revenues

The Bond Ordinance continues a Surplus Lodgers' Tax Revenues Reserve Fund (the "Surplus Fund"). To the extent that Pledged Lodgers' Tax Revenues are not required to be deposited or used for the payment of Lodgers' Tax Obligations in any month, the amount not required for deposit or payment shall be deposited in the Surplus Fund and held in that fund and used, when practicable, to pay, redeem or defease Lodgers' Tax Obligations.

Pledged Hospitality Fee Revenues

The Pledged Hospitality Fee Revenues described below do not secure the Series 2020A Bonds, the Series 2020C Bonds or the Series 2020D Bonds, but do secure the Series 2020B Bonds. See "INTRODUCTION – Sources of Payment for the Series 2020B Bonds" for the definition of "Pledged Hospitality Fee Revenues." See also "CERTAIN INVESTMENT CONSIDERATIONS-Certain Risks Associated with COVID-19."

The State Legislature passed the Hospitality Fee Act (Sections 3-38A-1 through 3-38A-12 NMSA 1978) which became effective in June 2003. Under the Act, the City has authority to impose, without a referendum, a hospitality fee of up to 1% of the gross rent proprietors receive from tourist accommodations within the City. On April 19, 2004, the City enacted its ordinance imposing the hospitality fee. The Hospitality Fee Act includes a section which repeals the Act effective July 1, 2028. As required by the Hospitality Fee Act, twenty-five percent of the fees collected are to be used for advertising to publicize and promote tourist-related attractions, facilities and events, twenty-five percent of the fees collected are to be used to extinguish debt incurred by a municipality for a metropolitan court facility, and the remaining fifty percent is to be used to equip and furnish the City's convention center. Hospitality fee revenues, in an amount equal to fifty percent (50%) of the revenues produced by the City's imposition of the fee, less certain administrative costs, are pledged to the payment of the City's outstanding Gross Receipts Tax/Lodgers' Tax/Hospitality Fee Improvement and Refunding Revenue Bonds, Series 2011A and the Series 2020B Bonds. All bonds and other similar indebtedness payable solely or primarily from such hospitality fee revenues are referred to herein as "Hospitality Fee Obligations."

The Hospitality Fee revenues collected by the City for the last five Fiscal Years and first nine months of Fiscal Year 2020 are as follows:

Historical Hospitality Fee Revenues

Fiscal Year	Hospitality Fee Revenues
2015	\$2,275,003
2016	2,373,479
2017	2,445,451
2018	2,614,477
2019	2,878,794
2020 ⁽¹⁾	1,972,237

(1) Reflects nine months of revenues through March 2020. The Hospitality Fee Revenues received by the City in March 2020 were down 61.4% compared to the amount received by the City in March 2019. The Hospitality Fee Revenues received by the City during the first nine months of Fiscal Year 2020 were up 4.9% compared to the amount received by the City during the first nine months of Fiscal Year 2019.

Source: City of Albuquerque, Department of Finance and Administrative Services.

Beginning in January 2020, “Market Place Providers” (such as VRBO, Airbnb and Flipkey) began to collect Hospitality Fees from short-term rental hosts and remit the proceeds to the City.

Additional Hospitality Fee Obligations

If the City is then current in the accumulations required to be made by any ordinance or resolution authorizing the issuance of Hospitality Fee Obligations, the City is permitted without restriction to issue bonds or incur obligations payable from the Pledged Hospitality Fee Revenues on parity with or subordinate to the lien thereon of the Series 2020B Bonds.

The City is not permitted to issue bonds or incur obligations payable from the Pledged Hospitality Fee Revenues having a lien thereon prior and superior to the lien of the Series 2020B Bonds and other Outstanding Hospitality Fee Obligations on Pledged Hospitality Fee Revenues. Obligations with a lien on Pledged Hospitality Fee Revenues subordinate to the lien thereon of Hospitality Fee Obligations may be issued without satisfying the requirement above.

Pledged Stadium Lease Payment Revenues and Pledged Surcharge Revenues

The Pledged Stadium Lease Payment Revenues and Pledged Surcharge Revenues described below do not secure the Series 2020A-C Bonds, but do secure the Series 2020D Bonds. See “INTRODUCTION—Sources of Payment for the Series 2020D Bonds” for the definitions of “Pledged Stadium Lease Payment Revenues” and “Pledged Surcharge Revenues.” All bonds and other similar indebtedness payable solely from Pledged Stadium Lease Revenues or Pledged Surcharge Revenues are referred to herein as “Stadium Lease Obligations” and “Surcharge Obligations,” respectively. **Due to the COVID-19 pandemic, events at the minor league baseball stadium that generate Pledged Stadium Lease Revenues and Pledged Surcharge Revenues have been indefinitely postponed.** See “CERTAIN INVESTMENT CONSIDERATIONS-Certain Risks Associated with COVID-19.”

The Pledged Stadium Lease Payment Revenues and Pledged Surcharge Revenues (collectively, the “Stadium Revenues”) collected by the City for the last five Fiscal Years and first nine months of Fiscal Year 2020 are as follows:

Historical Stadium Lease and Surcharge Revenues

<u>Fiscal Year</u>	<u>Stadium Revenues</u>
2015	\$1,795,720
2016	1,762,028
2017	1,739,056
2018	1,873,376
2019	2,095,321
2020	1,395,241 ⁽¹⁾

(1) Reflects nine months of receipts through March 2020.

Source: City of Albuquerque, Department of Finance and Administrative Services.

Additional Stadium Lease Payment Obligations

If the City is then current in the accumulations required to be made by any ordinance or resolution authorizing the issuance of Stadium Lease Obligations, the City is permitted without restriction to issue bonds or incur obligations payable from the Pledged Stadium Lease Payment Revenues on parity with or subordinate to the lien thereon of the Series 2020D Bonds.

The City is not permitted to issue bonds or incur obligations payable from the Pledged Stadium Lease Payment Revenues having a lien thereon prior and superior to the lien of the Series 2020B Bonds and other Outstanding Stadium Lease Obligations on Pledged Stadium Lease Payment Revenues. Obligations with a lien on Pledged Stadium Lease Payment Revenues subordinate to the lien thereon of Stadium Lease Obligations may be issued without satisfying the requirement above.

Additional Surcharge Obligations

If the City is then current in the accumulations required to be made by any ordinance or resolution authorizing the issuance of Surcharge Obligations, the City is permitted without restriction to issue bonds or incur obligations payable from the Pledged Surcharge Revenues on parity with or subordinate to the lien thereon of the Series 2020D Bonds.

The City is not permitted to issue bonds or incur obligations payable from the Pledged Surcharge Revenues having a lien thereon prior and superior to the lien of the Series 2020D Bonds and other Outstanding Surcharge Obligations on Pledged Surcharge Revenues. Obligations with a lien on Pledged Surcharge Revenues subordinate to the lien thereon of Surcharge Obligations may be issued without satisfying the requirement above.

OUTSTANDING PARITY OBLIGATIONS

State-Shared Gross Receipts Tax Obligations

The following obligations of the City payable from State-Shared Gross Receipts Tax Revenues and Pledged Lodgers' Tax Revenues (to the extent designated with footnote⁽¹⁾) will be outstanding after issuance of the Series 2020A-D Bonds.

<u>Issue</u>	<u>Principal Amt. of Original Issue</u>	<u>Outstanding Principal Amount</u>
Taxable Gross Receipts Tax/Lodgers' Tax Refunding Revenue Bonds, Series 2004B ⁽¹⁾	\$28,915,000	\$25,190,000
Gross Receipts Tax Improvement Revenue Bonds, Series 2015A	39,085,000	34,735,000
Gross Receipts Tax Improvement Revenue Bonds, Series 2015B	10,110,000	5,290,000
Gross Receipts Tax Revenue Bonds, Series 2015C	2,080,000	1,495,000
Gross Receipts Tax/Lodgers' Tax Improvement Revenue Bonds, Taxable, Series 2016 ⁽¹⁾	24,000,000	23,050,000
Gross Receipts Tax Revenue Bonds, Series 2016B ⁽¹⁾	8,430,000	7,810,000
Gross Receipts Tax Improvement Revenue Bonds, Series 2016C	17,750,000	15,665,000
Gross Receipts Tax/Lodgers' Tax Refunding and Improvement Revenue Bonds, Series 2019A ⁽¹⁾	33,830,000	33,830,000
Gross Receipts Tax Refunding Revenue Bonds, Series 2019B	8,745,000	8,745,000
Gross Receipts Tax/Lodgers' Tax Refunding Revenue Bonds, Taxable Series 2020B ⁽¹⁾⁽²⁾	7,705,000*	7,705,000*
Gross Receipts Tax/Stadium Revenues Refunding Revenue Bonds, Taxable Series 2020D ⁽³⁾	4,800,000*	4,800,000*
Gross Receipts Tax Refunding Revenue Bonds, Taxable Series 2020C	31,015,000*	31,015,000*
Gross Receipts Tax/Lodgers' Tax Refunding Revenue Bonds, Taxable Series 2020A ⁽¹⁾	39,185,000*	<u>39,185,000*</u>
Total		\$238,515,000*

(1) These bonds are also secured by the Pledged Lodgers' Tax Revenues.

(2) These bonds are also secured by the Pledged Hospitality Fee Revenues.

(3) These bonds are also secured by the Pledged Stadium Lease Revenues and Pledged Surcharge Revenues.

* Preliminary, subject to change.

ANNUAL DEBT SERVICE REQUIREMENTS AND COVERAGE

Annual Debt Service Requirements for the Series 2020A-D Bonds

The following schedules show the annual debt service requirements to be paid on the Series 2020A-D Bonds.

Series 2020A Bonds

<u>Calendar Year</u>	<u>Principal*</u>	<u>Interest*</u>	<u>Total Debt Service*</u>
2020	\$635,000	\$22,107	\$657,107
2021	260,000	986,758	1,246,758
2022	260,000	983,196	1,243,196
2023	265,000	979,374	1,244,374
2024	525,000	975,240	1,500,240
2025	535,000	966,368	1,501,368
2026	545,000	957,059	1,502,059
2027	555,000	946,595	1,501,595
2028	560,000	935,384	1,495,384
2029	575,000	923,456	1,498,456
2030	2,890,000	910,633	3,800,633
2031	4,830,000	844,741	5,674,741
2032	5,035,000	729,787	5,764,787
2033	5,255,000	604,919	5,859,919
2034	3,050,000	469,340	3,519,340
2035	5,790,000	387,600	6,177,600
2036	1,200,000	226,638	1,426,638
2037	<u>6,420,000</u>	<u>191,958</u>	<u>6,611,958</u>
TOTAL	\$39,185,000	\$13,041,151	\$52,226,151

Source: Municipal Advisor.

Series 2020B Bonds

<u>Calendar Year</u>	<u>Principal*</u>	<u>Interest*</u>	<u>Total Debt Service*</u>
2020	\$120,000	\$3,057	\$123,057
2021	75,000	136,023	211,023
2022	1,025,000	134,996	1,159,996
2023	1,035,000	119,928	1,154,928
2024	1,050,000	103,782	1,153,782
2025	1,070,000	86,037	1,156,037
2026	1,090,000	67,419	1,157,419
2027	1,110,000	46,491	1,156,491
2028	<u>1,130,000</u>	<u>24,069</u>	<u>1,154,069</u>
Total	\$7,705,000	\$721,801	\$8,426,801

Source: Municipal Advisor.

* Preliminary, subject to change. Interest has been calculated on the Series 2020A Bonds and Series 2020B Bonds at assumed rates of 2.72% and 2.07%, respectively for purposes of illustration.

Series 2020C Bonds

Calendar Year	Principal*	Interest*	Total Debt Service*
2020	\$565,000	\$15,144	\$580,144
2021	410,000	674,315	1,084,315
2022	415,000	668,698	1,083,698
2023	420,000	662,597	1,082,597
2024	2,260,000	656,045	2,916,045
2025	2,305,000	617,851	2,922,851
2026	2,345,000	577,774	2,922,744
2027	2,385,000	532,720	2,917,720
2028	2,440,000	484,543	2,924,543
2029	2,490,000	432,571	2,922,571
2030	2,545,000	377,044	2,922,044
2031	2,605,000	319,018	2,924,018
2032	2,665,000	257,019	2,922,019
2033	2,730,000	190,927	2,920,927
2034	2,800,000	120,493	2,920,493
2035	<u>1,635,000</u>	<u>45,453</u>	<u>1,680,453</u>
Total	\$31,015,000	\$6,632,181	\$37,647,181

Source: Municipal Advisor.

Series 2020D Bonds

Calendar Year	Principal*	Interest*	Total Debt Service*
2020	\$95,000	\$1,778	\$96,778
2021	65,000	78,811	143,811
2022	905,000	77,920	982,920
2023	910,000	64,617	974,617
2024	925,000	50,421	975,421
2025	940,000	34,788	974,788
2026	<u>960,000</u>	<u>18,432</u>	<u>978,432</u>
Total	\$4,800,000	\$326,766	\$5,126,766

Source: Municipal Advisor.

Total Combined Debt Service

The Series 2020A-D Bonds constitute outstanding State-Shared Gross Receipts Tax Obligations. The following table sets forth the combined debt service for the outstanding State-Shared Gross Receipts Tax Obligations upon issuance of the Series 2020A-D Bonds.

* Preliminary, subject to change. Interest has been calculated on the Series 2020C Bonds and Series 2020D Bonds at assumed rates of 2.46% and 1.97%, respectively for purposes of illustration.

**Total Combined Debt Service
Outstanding State Gross Receipts Tax Obligations⁽¹⁾**

Calendar Year	Series 2004B	Series 2015A&B	Series 2015C	Series 2016	Series 2016B	Series 2016C	Series 2019A	Series 2019B	Series 2020A-D*	Combined Debt Service Requirements*
2020	\$1,816,904	\$4,430,558	\$231,599	\$1,233,985	\$814,630	\$1,419,000	\$2,088,545	\$4,306,243	\$1,457,086	\$17,998,548
2021	1,818,996	4,428,708	227,889	1,360,635	815,025	1,420,600	2,600,450	4,199,500	2,685,906	19,557,708
2022	1,809,741	2,929,430	229,251	1,483,085	810,075	1,421,450	2,551,700	761,250	4,469,809	16,465,791
2023	1,864,678	2,933,450	230,525	2,826,335	809,895	1,418,250	1,276,950	--	4,456,516	15,816,599
2024	1,820,302	2,929,088	226,743	1,532,3635	809,370	1,418,850	2,762,450	--	6,545,488	18,035,925
2025	1,891,735	2,928,588	227,896	1,573,135	813,500	1,419,100	2,898,750	--	6,555,044	18,307,747
2026	4,131,833	2,929,338	228,992	1,425,385	807,170	1,422,100	1,091,000	--	6,560,654	18,596,471
2027	4,220,896	2,931,088	--	1,481,235	815,610	1,422,600	1,234,000	--	5,575,806	17,681,234
2028	4,306,109	2,928,588	--	1,544,685	808,475	1,421,000	1,394,500	--	5,573,996	17,977,352
2029	4,396,918	2,928,538	--	1,599,460	811,110	1,417,800	1,551,250	--	4,421,027	17,126,102
2030	2,182,215	2,929,038	--	1,665,540	813,285	1,418,000	1,719,000	--	6,722,677	17,449,755
2031	403,866	2,929,638	--	1,722,260	--	1,421,400	1,895,200	--	8,598,759	16,971,123
2032	403,866	2,932,038	--	1,789,590	--	1,422,800	2,078,000	--	8,686,806	17,313,100
2033	403,866	2,931,038	--	1,856,815	--	1,422,200	2,266,800	--	8,780,846	17,661,565
2034	2,838,866	2,929,288	--	1,928,535	--	1,419,600	2,471,000	--	6,439,833	18,027,122
2035	268,967	2,932,038	--	2,004,150	--	--	2,684,600	--	7,858,053	15,747,808
2036	5,123,967	2,928,438	--	1,953,900	--	--	3,021,800	--	1,426,638	14,454,743
2037	--	2,930,438	--	2,060,455	--	--	3,257,200	--	6,611,959	14,860,051
2038	--	2,930,938	--	1,470,185	--	--	10,959,200	--	--	15,360,323
Total	<u>\$39,703,725</u>	<u>\$58,670,266</u>	<u>\$1,602,895</u>	<u>\$32,503,005</u>	<u>\$8,928,145</u>	<u>\$21,304,750</u>	<u>\$49,802,395</u>	<u>\$9,266,993</u>	<u>\$103,426,899</u>	<u>\$325,209,062</u>

(1) Debt Service on Refunded Bonds are not included.
Note: Columns may not add to totals due to rounding.

Estimated Coverage Ratios

The State-Shared Gross Receipts Tax Revenues of the City attributable to the 1.225% levy for Fiscal Year 2019 were \$202,469,404. The maximum calendar year combined debt service requirements for the outstanding State-Shared Gross Receipts Tax Obligations of the City as shown in the preceding table are \$23,486,271* (occurring in calendar year 2021*). The coverage ratio of the Fiscal Year 2019 State-Shared Gross Receipts Tax Revenues to such maximum calendar year combined debt service requirements is 8.6x*. The City can make no assurances that State-Shared Gross Receipts Tax Revenues in future years will maintain the Fiscal Year 2019 level. **Coverage ratios are understated because other sources of revenue such as Pledged Lodgers’ Tax Revenues, Pledged Hospitality Fee Revenues, Pledged Stadium Lease Revenues, Pledged Surcharge Revenues and housing revenues defray the debt service on certain State-Shared Gross Receipts Tax Obligations described under “OUTSTANDING PARITY OBLIGATIONS” above.**

The following table shows the estimated coverage ratios for calendar years 2020-2024 of the State-Shared Gross Receipts Tax Revenues for Fiscal Year 2019 (assuming the same amount is produced in each of those Fiscal Years) to the estimated calendar year combined debt service requirements of the Series 2020A-D Bonds and all other Outstanding State-Shared Gross Receipts Tax Obligations which will be outstanding after issuance of the Series 2020A-D Bonds. See “CERTAIN INVESTMENT CONSIDERATIONS – State Gross Receipts Tax Collections are Subject to Fluctuation” and –Certain Risks Associated with COVID-19.”

Estimated Coverage Ratios Outstanding State-Shared Gross Receipts Tax Obligations (Unaudited)

Calendar Year	State-Shared Gross Receipts Tax Revenues for Fiscal Year 2019 ⁽¹⁾	Estimated Combined Debt Service Requirements for Series 2020A-D Bonds and Outstanding State-Shared Gross Receipts Tax Obligations ^{(2)(3)*}	Estimated Coverage Ratios ^{(1)(2)*}
2020	\$202,469,404	\$23,275,270	8.7
2021	202,469,404	23,486,271	8.6
2022	202,469,404	18,553,454	10.9
2023	202,469,404	17,910,599	11.3
2024	202,469,404	17,910,599	11.3

(1) See “SECURITY AND SOURCES OF PAYMENT – State-Shared Gross Receipts Tax Revenues.” State-Shared Gross Receipts Tax Revenues do not reflect future reductions to the Make-Whole Distributions.

(2) See “Total Combined Debt Service Outstanding State-Shared Gross Receipts Tax Obligations” table above.

(3) Calendar Year.

CERTAIN INVESTMENT CONSIDERATIONS

The City expects that the revenues securing the Series 2020A-D Bonds will at all times be sufficient to make all required payments of principal and interest on the outstanding Series 2020A-D Bonds. A number of factors, however, could adversely affect the City’s ability to make timely payments on all of the respective series of the Series 2020A-D Bonds.

There follows a discussion of some, but not necessarily all, of the possible risk factors which should be carefully evaluated by prospective purchasers of the Series 2020A-D Bonds prior to purchasing

* Preliminary, subject to change.

any Series 2020A-D Bonds. The Series 2020A-D Bonds may not be suitable investments for all persons, and prospective purchasers should evaluate the risks and merits of an investment in the Series 2020A-D Bonds, and should confer with their own legal and financial advisors before deciding to purchase the Series 2020A-D Bonds.

State Gross Receipts Tax Collections are Subject to Fluctuation

State Gross Receipts Tax collections are subject to the fluctuations in spending related, in part, to national and local economic conditions, which influence the amount of gross receipts taxes collected. This causes gross receipts tax revenues to increase along with the increasing prices brought about by inflation, but also causes collections to be vulnerable to adverse economic conditions and reduced spending. The City's economic base and collections of State-Shared Gross Receipts Tax Revenues are directly affected by economic activities in the City. The City's retail sales are affected by general economic circumstances.

The State-Shared Gross Receipts Tax Revenues are based on the total gross receipts of the City. Various circumstances and developments, most of which are beyond the control of the City, may have an adverse effect on the future level of State-Shared Gross Receipts Tax Revenues. Such circumstances may include, among others, adverse changes in national and local economic and financial conditions generally, reductions in the rates of employment and economic growth in the City, the State and the region, a decrease in rates of population growth and rates of residential and commercial development in the City, the State and the region and various other factors. For the Fiscal Year ended June 30, 2019, State-Shared Gross Receipts Tax Revenues were \$202,469,404, an increase from \$200,859,670 for Fiscal Year 2018.

State Legislative Modifications Related to State-Shared Gross Receipts Tax Revenues

Revisions to laws of the State affecting taxed activities and distributions of gross receipts tax revenues could be adopted in the future by the State Legislature. Proposals affecting taxed activities and distributions are frequently considered by the State Legislature. There is no assurance that any future revisions to State laws will not adversely affect activities now subject to the gross receipts tax or distribution of gross receipts tax revenues to the City. Notwithstanding the foregoing, the provisions of State law authorizing the issuance of revenue bonds (including gross receipts tax bonds such as the Series 2020A-D Bonds) include a provision stating that any law which authorizes the pledge of revenues to the payment of revenue bonds, or which affects the pledged revenue "shall not be repealed or amended or otherwise directly or indirectly modified in such a manner as to impair adversely any such outstanding revenue bonds."

In the 2004 legislative session, a bill was adopted by the Legislature and signed into law that relieved from gross receipts taxes (i) food or food products for home consumption sold at an establishment that sells food for home preparation and consumption and (ii) receipts from payments by a managed health care provider or health care insurer for commercial contract services or Medicare Part C services provided by a health care provider. See Sections 7-9-92 and 7-9-93 NMSA 1978. The laws also provide, pursuant to Section 7-1-6.46 NMSA 1978, for distribution from the State general fund to municipalities to offset any reduced gross receipts tax distributions resulting from the food and health care services tax relief effected by Sections 7-9-92 and 7-9-93. Such offset distributions are included in the State-Shared Gross Receipts Tax Revenues.

In the 2012 legislation session, the State Legislature amended the State Gross Receipts and Compensating Tax Act as related to certain manufacturing and construction gross receipts. Specifically, the amendment expanded the gross receipts tax deductions for sales of tangible property to manufacturers to include property consumed in the process of manufacturing, excluding tools and equipment.

Additionally, the definition of “construction services” was expanded thereby increasing the scope of the deduction for sale of construction services to persons engaged in the construction business. The full year impact of both the manufacturing and construction deductions in Fiscal Year 2018 was a reduction in total Gross Receipts Tax revenues of approximately \$2 million and approximately the same reduction occurred in 2019. See “Appendix A – ECONOMIC, DEMOGRAPHIC AND FINANCIAL INFORMATION INCLUDING AUDITED FINANCIAL STATEMENTS FOR FISCAL YEAR 2019.”

In the 2013 New Mexico legislative session, legislation was adopted that begins reductions in Make-Whole Distributions starting in Fiscal Year 2016 related to tax deductions for food and medical expenses. The Make-Whole Distributions, under Section 7-1-6.46 NMSA 1978, were implemented when the deductions became law and were designed to make the municipalities financially whole as related to those deductions. Historically, the Make-Whole Distributions represent approximately 10% of the City’s gross receipts tax distributions from the State. The Make-Whole Distributions will be reduced incrementally over a 15-year period.

The legislation will result in annual reductions and ultimately the elimination of the Make-Whole Distributions to the City, which began on July 1, 2015, as follows:

Fiscal year ending June 30	% of Total Make-Whole Distribution*
2016	94%
2017	88
2018	82
2019	76
2020	70
2021	63
2022	56
2023	49
2024	42
2025	35
2026	28
2027	21
2028	14
2029	7
2030	--

* Based on percentage of total deductions from gross receipts claimed for sale of food at retail food stores and services provided by health care practitioners.

This legislation is projected to negatively impact the City’s projected gross receipts tax growth rate by 0.7% over the life of the reductions. The negative impact on State-Shared Gross Receipts Tax Revenues is projected to be approximately \$11.7 million in Fiscal Year 2020.

Other amendments to State laws affecting taxed activities and distribution of gross receipts tax revenues have been proposed from time to time and could be proposed in the future by the Legislature. There is no assurance that any future amendments will not adversely affect activities now subject to the gross receipts tax or distribution of gross receipts tax revenues to the City.

Certain Risks Associated with COVID-19

The outbreak of COVID-19, (the “COVID-19”), a respiratory disease caused by a novel strain of coronavirus, which has spread to many countries, including the United States, has been declared a global pandemic by the World Health Organization. COVID-19 has affected travel, commerce, and financial markets globally, and is widely expected to affect economies worldwide. On March 16, President Donald J. Trump and the Centers for Disease Control and Prevention issued the 15 Days to Slow the Spread Guidance advising individuals to adopt far-reaching social distancing measures, such as working from home and avoiding gatherings of more than ten people. On March 11, Governor Michelle Lujan Grisham issued Executive Order 2020-004, declaring that a Public Health Emergency existed in New Mexico under the New Mexico Public Health Emergency Act, and directing all cabinets, departments, and agencies of the State to comply with the directives of the New Mexico Department of Health. On March 16 and March 19, the Secretary of Health issued directives pursuant to Executive Order 2020-004 limiting mass public gatherings in the State, closing numerous public facilities, including indoor shopping malls, gyms, spas, and recreational and athletic facilities, limiting restaurants, bars, breweries, eateries, and other food service establishments to providing take-out and delivery services, closing non-Tribal casinos and horse-racing facilities, limiting hotels, motels, and other places of lodging to 50% capacity, limiting and rationing the sale of certain products related to COVID-19, and suggesting restrictions on work and travel wherever possible. On March 23, 2020, the Secretary of Health issued an additional directive pursuant to Executive Order 2020-004, requiring all non-essential businesses, including many retail establishments, to reduce their in-person workforce by 100%, and requiring businesses providing essential services to minimize their operations and staff to the greatest extent possible. Gatherings of five or more individuals in a single room, connected space, confined outdoor space, or outdoor space where individuals are within six feet of each other are prohibited. On April 6, 2020, Governor Lujan Grisham issued Executive Order 2020-22, renewing and extending Executive Order 2020-004 to April 30, 2020. On April 30, 2020, Governor Lujan Grisham issued Executive Order 2020-026, renewing and extending Executive Order 2020-004 to May 15, 2020. On May 15, 2020, Governor Lujan Grisham issued Executive Order 2020-030, renewing and extending Executive Order 2020-004 through May 31, 2020. On May 15, 2020, the Secretary of Health also issued new guidance for retail businesses, places of lodging, and certain outdoor recreational facilities stating that, starting May 16, 2020, such businesses would be allowed to re-open, subject to occupancy and other health and safety restrictions. Other businesses, including salons, spas, and gyms, remain closed until at least June 1, 2020, but may be allowed to re-open, subject to similar restrictions, in early June, depending on infection and mortality statistics at the time. Additional measures may be implemented nationally, statewide, or locally, including, but not limited to, shelter-in-place or similar requirements.

On May 5, 2020, the Consensus Revenue Estimating Group, (“CREG”), a state body comprised of economists from the Legislative Finance Committee, the Department of Finance and Administration, the Taxation and Revenue Department (“TRD”), and the Department of Transportation, released its report (the “May 5 Report”), setting out its estimate of the effect of the COVID-19 pandemic on the finances of the State, including projections relating to receipts from gross receipts taxes. The May 5 Report projects revenues state-wide, and does not break down projections for the City. The May 5 Report projects a significant decline in gross receipts tax collections in the second quarter of 2020, with declines continuing throughout Fiscal Year 2021, (from July 1, 2020 through June 30, 2021), in its best-case scenario. A copy of the May 5 Report can be found at the following link: [https://mcusercontent.com/b46dcef47602a2f2d4f62bfbc/files/4a61cfa9-964a-49a9-8fe7-cc64c55684b/Consensus Revenue Memo May 2020.pdf](https://mcusercontent.com/b46dcef47602a2f2d4f62bfbc/files/4a61cfa9-964a-49a9-8fe7-cc64c55684b/Consensus_Revenue_Memo_May_2020.pdf).

The City has taken, and is taking, several steps to protect the health of its employees, maintain continuity of its critical and essential business functions and avoid widespread impacts to its workforce from the COVID-19 outbreak. The following actions have been undertaken and are underway. A pandemic task force is meeting regularly to review and update plans, prepare and implement action plans

and coordinate the City's overall response activities. Staff is communicating with county health agencies and the State, monitoring media reports and preparing and implementing action plans, as needed. Personnel necessary to the operation of the City's facilities remain on-site, with staffing strategies being utilized to promote "social distancing." Telecommuting arrangements or paid administrative leave is being implemented for employees performing other functions, and non-essential business travel has been suspended for the remainder of Fiscal Year 2020.

A portion of the City's economy is dependent on tourism and the foregoing impacts of the spread of COVID-19 and its continued adverse effect on the level of tourism activity and commercial activity within the City will impact the City's financial operations. The City relies on gross receipts tax collections as well as business and tourist travel to generate the State-Shared Gross Receipts Tax Revenues, Pledged Hospitality Fee Revenues, Pledged Stadium Lease Revenues and Pledged Surcharge Revenues to pay debt service on the Series 2020A-D Bonds. The full extent of the impact on such revenue streams is not known yet. For example, the State-Shared Gross Receipts Tax Revenues collected by retailers in a given month are remitted to the State by retailers the following month and are received by the City by approximately the 15th day of the next month (approximately 45 days after the end of the collection month). The City will not know April State-Shared Gross Receipts Tax generation until approximately June 20, 2020.

The degree of impact from COVID-19 to the City's financial operations is difficult to predict due to the evolving nature of the COVID-19 transmission, including uncertainties relating to (i) the duration of the outbreak, (ii) the severity of the outbreak, and (iii) the ultimate geographic spread of the outbreak, as well as with regard to what additional actions may be taken by governmental authorities to contain or mitigate its impact. Notwithstanding the foregoing, the City does not believe that the impacts of the spread of COVID-19 will have a material adverse effect on its ability to pay debt service on the Series 2020A-D Bonds.

Additional information with respect to events surrounding the outbreak of COVID-19 and responses from State and local agencies can be found on the following website established by the State's Department of Health at: <https://cv.nmhealth.org>. The City has not incorporated by reference the information on such website and the City does not assume any responsibility for the accuracy of the information on such website.

Bankruptcy and Foreclosure

The ability of the State to collect gross receipts taxes owed from an owner or operator of a business may be adversely affected by the filing of a bankruptcy proceeding by the owner. The ability to collect delinquent gross receipts taxes using foreclosure and sale for non-payment of taxes may be forestalled or delayed by bankruptcy, reorganization, insolvency or other similar proceedings affecting the owner or operator of a business. The Federal bankruptcy laws provide for an automatic stay of foreclosure and sale proceedings, thereby delaying such proceedings, perhaps for an extended period. Delays in the exercise of remedies could result in gross receipts tax collections that may be insufficient to pay debt service on Series 2020A-D Bonds when due.

City Cannot Increase Distribution of Taxes

The City has no control over the rate at which the State-Shared Gross Receipts Tax Revenues are distributed to the City; the rate of distribution can be increased only by action of the State Legislature. Although it is possible that the State Legislature will increase the rate of distribution to the City, there is currently no legislation proposed or pending to increase the rate of distribution to the City.

Cybersecurity

The City operates a large and complex information technology infrastructure to support internal and external operations. As is the case with any such environment, the threat of cybersecurity incidents is a constant one. These incidents may arise from multiple sources, including unintentional events or actions, intentional insider threat, and deliberate malicious attacks or actions from outside entities. The effect of these threats may include unauthorized access to City systems, data or resources, inappropriate exposure or use of City information, disruption of City services, and damage to City systems.

The City continuously assesses its vulnerability to intentional and unintentional data and cybersecurity breaches. Specifically, the City has adopted a four pronged approach consisting of (1) Education, (2) Protection, (3) Prevention and Mitigation and (4) Vigilance. Education measures include annual employee testing on cybersecurity topics, monthly phishing training with follow-up education for test failures and implementing data collection and retention reviews to ensure City staff obtain and store only data that provides value. Protection measures include data and communication encryption, regular access reviews for sensitive data and processes and use of sensitive data change reports. Prevention and mitigation measures include heightened intrusion prevention and detection strategies coupled with increased URL screening and filtering. Finally, vigilance measures include the development of up-to-date internal processes for suspicious activities and events, annual external review of cybersecurity posture, monthly external penetration tests, collaboration with federal enforcement entities and annual review of industry, local, state and federal cybersecurity requirements.

Additional Bonds

The City may issue additional State-Shared Gross Receipts Tax Obligations, Lodgers' Tax Obligations, Hospitality Fee Obligations and Stadium Revenue Obligations without bondholder consent, upon meeting coverage or other financial tests. See "SECURITY AND SOURCES OF PAYMENT." The issuance of such additional obligations may have an adverse effect on the ability of the City to pay debt service on the Series 2020A-D Bonds. If State-Shared Gross Receipts Tax Revenues, Pledged Lodgers' Tax Revenues, Pledged Hospitality Fee Revenues, Pledged Stadium Lease Revenues and Pledged Surcharge Revenues are insufficient to pay debt service on the respective Series 2020A-D Bonds and the outstanding State-Shared Gross Receipts Tax Obligations, outstanding Lodgers' Tax Obligations, outstanding Hospitality Fee Obligations and outstanding Stadium Revenue Obligations in any year, debt service will be paid on a proportionate basis.

Secondary Market

Although the Underwriters expect to maintain a secondary market in the Series 2020A-D Bonds, at this time no guarantee can be made that a secondary market for the Series 2020A-D Bonds will be maintained by the Underwriters or others. Owners of Series 2020A-D Bonds should be prepared to hold their Series 2020A-D Bonds to maturity or prior redemption.

Bond Rating

There is no assurance that the rating assigned to the Series 2020A-D Bonds will not be lowered or withdrawn at any time, the effect of which could adversely affect the market price or the marketability of the Series 2020A-D Bonds. See the information herein under the caption "RATING."

Forward-Looking Statements

This Official Statement contains statements relating to future results that are “forward-looking statements” as defined in the Private Securities Litigation Reform Act of 1995, as amended. When used in this Official Statement, the words “estimate,” “anticipate,” “forecast,” “project,” “intend,” “propose,” “plan,” “expect” and similar expressions identify forward-looking statements. Any forward-looking statement is subject to uncertainty. Accordingly, such statements are subject to risks that could cause actual results to differ, possibly materially, from those contemplated in such forward-looking statements. Inevitably, some assumptions used to develop forward-looking statements will not be realized or unanticipated events and circumstances may occur. Therefore, investors should be aware that there are likely to be differences between forward looking statements and actual results. Those differences could be material and could impact the availability of State-Shared Gross Receipts Tax Revenues, Pledged Lodgers’ Tax Revenues, Pledged Hospitality Fee Revenues, Pledged Stadium Lease Revenues and Pledged Surcharge Revenues to pay debt service on the Series 2020A-D Bonds.

VERIFICATION OF MATHEMATICAL CALCULATIONS

The mathematical accuracy of the computations of the adequacy of the principal amounts and the interest thereon of the Federal Securities and other funds to be deposited in the Escrow Fund, to provide for the payment, of the principal of and interest on the Series 2011A Bonds, Series 2011B Bonds, Series 2013 Bonds and Series 2014A Bonds to be refunded when due or upon early redemption thereof will be verified by Causey Demgen & Moore, P.C., certified public accountants (the “Verification Agent”). Such verification will be based, in part, upon information supplied by the Municipal Advisor.

LITIGATION

There is no action, suit, proceeding, inquiry, investigation or controversy of any nature pending, or to the City’s knowledge threatened, involving the City (i) in any way questioning (A) the authority of any officer of the City to exercise the duties and responsibilities of his or her office or (B) the existence, powers or authority of the City material to the Series 2020A-D Bonds or the security for the Series 2020A-D Bonds; (ii) seeking to restrain or enjoin the issuance, sale, execution or delivery of, or the performance by the City of its obligations under, the Series 2020A-D Bonds; (iii) in any way contesting or affecting (A) the issuance, sale, execution or delivery of the Series 2020A-D Bonds or (B) the validity or enforceability of the Series 2020A-D Bonds, any of the documents relating to the Series 2020A-D Bonds or any action contemplated by or pursuant to any of the foregoing; (iv) which, except as and to the extent disclosed below may result, either individually or in the aggregate, in final judgments against the City materially adversely affecting its financial condition; or (v) asserting that the Preliminary Official Statement or the Official Statement contained or contains any untrue statement of a material fact or omitted or omits to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. On the Closing Date, the City will deliver a no-litigation certificate as to the foregoing.

New Mexico Tort Claims Act Limitations

The New Mexico Tort Claims Act limits liability to (i) \$200,000 for damage to or destruction of property arising out of a single occurrence, (ii) \$300,000 for all past and future medical and medically-related expenses arising out of a single occurrence, (iii) \$400,000 to any person for any number of claims

arising out of a single occurrence for all damages other than property damage and medical and medically-related expenses, as permitted under the New Mexico Tort Claims Act, and (iv) \$750,000 for all claims other than medical or medically-related expenses arising out of a single occurrence. Both the Tort Claims Act and associated City Ordinance make provision for pro-rata payment of claims in the event the Fund would be exhausted by payment of all claims allowed during a particular fiscal year. (See §2-8-2-9.) The statutory cap on damages recoverable under the Tort Claims Act has not been adjusted for many years, and it is reasonable to expect that the legislature may amend the statute to increase the cap on damages at some point in the coming years. Apart from claims brought under the State's Tort Claims Act, the City has experienced losses associated with civil rights claims that are not subject to the statutory damages cap.

Risk Management

The City is exposed to various risks of loss related to torts and civil rights claims (including law enforcement and employment related exposures); theft, damage and destruction of its property and workers compensation losses. The City Council enabled the Risk Management Division and created the Risk Management Fund to finance these risks through a combination of self-insurance and commercial coverage.

The Risk Management Fund tracks claims by Department and assesses charges to each Department based on historical claims experience and the need to establish a reserve for unanticipated catastrophic losses. That reserve was \$90.3 million at June 30, 2019, and is included in the unrestricted net position of the Risk Management Fund. The claims liabilities reported in the Risk Management Fund are based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines, and damage awards. Accordingly, claims are reevaluated periodically to consider the effects of inflation, recent claim settlement trends (including frequency and amount of pay-outs), and other economic factors. The estimate of the claims liability also includes amounts for incremental claim adjustments expenses related to specific claims and other claim adjustment expenses regardless of whether allocated to specific claims. Estimated recoveries, for example from salvage or subrogation, are another component of the claims liability estimate.

In the fiscal year ended June 30, 2013, the City conducted a review of both its philosophy for reserving funds and the tools used to analyze the reported claims liability. As a result of this review, and based on information pertaining to existing claims, the City determined that a higher reserve liability was needed. Beginning in fiscal year 2015, the City began funding a "Risk Recovery" plan through an allocation to the respective departments. The original goal was to recover \$36.3 million over ten years. In Fiscal Years 2015, 2016, 2017, 2018 and 2019, \$10.9 million was collected under the plan. The budget for Fiscal Year 2020 provided \$1.7 million toward the recovery plan. It should be noted that these allocation amounts are subject to annual appropriations by the City Council.

Finally, the City has reserve amounts created by the City's policy to reserve one-twelfth of the General Fund budgeted amount. See Note IV.O to the Audited Financial Statements for Fiscal Year 2019, attached hereto as Appendix A.

TAX MATTERS

In the opinion of Modrall, Sperling, Roehl, Harris & Sisk, P.A., Bond Counsel, based upon its examination of the documents described in its opinion, under existing statutes, regulations, rulings and court decisions, the interest on the Series 2020A-D Bonds is included in gross income for federal income tax purposes.

Bond Counsel is also of the opinion based on existing laws of the State of New Mexico as enacted and construed that interest on the Series 2020A-D Bonds is exempt from all taxation by the State of New Mexico or any political subdivision thereof for present State of New Mexico income tax purposes.

CONTINUING DISCLOSURE UNDERTAKING

In connection with its issuance of the Series 2020A-D Bonds, the City will execute a Continuing Disclosure Undertaking, a form of which is attached as Appendix D hereto, under which it will agree for the benefit of the owners of Series 2020A-D Bonds (i) to provide audited annual financial statements of the City when available after the end of each Fiscal Year, including Fiscal Year 2019, and to provide certain annual financial information and operating data relating to the City within 270 days of the end of each Fiscal Year, and (ii) to provide timely notice of certain enumerated events.

The City has timely filed Annual Financial Information as required under its continuing disclosure undertakings, including audited financials for Fiscal Years 2015, 2016, 2017, 2018 and 2019 in a timely manner. However, in the past few years the City did not provide notice to the market of the adjustments in ratings calibrations used by Moody's Investors Services and Fitch Ratings. These rating modifications resulted in upgrades to certain outstanding City obligations. The City also did not provide notice to the market of the downgrade of Assured Guaranty Municipal Corp. which insured certain outstanding obligations of the City. Further, the City did not provide notice until March 8, 2018 of a downgrade on January 17, 2018 by Moody's Investors Service of National Public Finance Guarantee Corporation (formerly MBIA Insurance Corporation), which insured one series of the City's airport subordinate lien bonds. The City intends to maintain compliance with its continuing disclosure undertakings in future years through the collective oversight and effort of current City finance staff and private consultants. The City believes it is in material compliance with its outstanding continuing disclosure obligations.

LEGAL MATTERS

In connection with the issuance and sale of the Series 2020A-D Bonds, Modrall, Sperling, Roehl, Harris & Sisk, P.A., Albuquerque, New Mexico, as Bond Counsel, expect to deliver the opinion attached in Appendix C hereto. Certain legal matters relating to the Series 2020A-D Bonds will be passed upon for the City by the office of the City Attorney and the City's Disclosure Counsel, Sherman & Howard L.L.C., Albuquerque, New Mexico. Neither Disclosure Counsel nor Bond Counsel have participated in any independent verification of the information concerning the financial condition of the City contained in this Official Statement. The Underwriters are being represented by McCall, Parkhurst & Horton L.L.P., Dallas, Texas.

INDEPENDENT ACCOUNTANTS

Moss-Adams LLP audited the financial statements of the City as of and for the year ended June 30, 2019 and delivered their report to the New Mexico State Auditor and the City. The complete Comprehensive Annual Financial Report of the City of Albuquerque – Audited General Purpose

Financial Statements – as of and for the Fiscal Year ended June 30, 2019, as well as for previous fiscal years, are public documents and are available from the New Mexico State Auditor and on the City website at <http://www.cabq.gov>. An excerpt from the 2019 audit is included in Appendix A to this Official Statement. Moss-Adams LLP has not been engaged to review this Official Statement or any information contained herein.

UNDERWRITING

The Underwriters listed on the cover of this Official Statement have agreed to purchase the Series 2020A Bonds from the City pursuant to a Bond Purchase Agreement dated _____, 2020 (the “Bond Purchase Agreement”), for \$_____ (being the par amount of the Series 2020A Bonds less an Underwriters’ discount of \$_____).

The Underwriters listed on the cover of this Official Statement have agreed to purchase the Series 2020B Bonds from the City pursuant to the Bond Purchase Agreement, for \$_____ (being the par amount of the Series 2020B Bonds less an Underwriters’ discount of \$_____).

The Underwriters listed on the cover of this Official Statement have agreed to purchase the Series 2020C Bonds from the City pursuant to the Bond Purchase Agreement, for \$_____ (being the par amount of the Series 2020C Bonds less an Underwriters’ discount of \$_____).

The Underwriters listed on the cover of this Official Statement have agreed to purchase the Series 2020D Bonds from the City pursuant to the Bond Purchase Agreement, for \$_____ (being the par amount of the Series 2020D Bonds less an Underwriters’ discount of \$_____).

The Bond Purchase Agreement provides that the Underwriters will purchase all of the Series 2020A-D Bonds if any are purchased. The obligation to make such purchase is subject to certain terms and conditions set forth in the Bond Purchase Agreement, including the approval of certain legal matters by counsel and certain other conditions. The prices at which the Series 2020A-D Bonds are offered to the public (and the yield resulting therefrom) may vary from the initial public offering prices appearing on the inside cover page of this Official Statement. In addition, the Underwriters may allow commissions or discounts from such initial offering prices to dealers and others.

The Underwriters have received the information in this Official Statement in accordance with, and as part of, their respective responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

The Underwriters and their affiliates are full service financial institutions engaged in various activities, which may include securities trading commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. The Underwriters and their affiliates have, from time to time, performed and may in the future perform various investment banking services for the City, for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the Underwriters and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short position in such securities and instruments. Such investment and securities activities may involve securities and investments of the City.

Wells Fargo Securities is the trade name for certain securities-related capital markets and investment banking services of Wells Fargo & Company and its subsidiaries, including Wells Fargo Bank, National Association, which conducts its municipal securities sales, trading and underwriting operations through the Wells Fargo Bank, NA Municipal Finance Group, a separately identifiable department of Wells Fargo Bank, National Association, registered with the Securities and Exchange Commission as a municipal securities dealer pursuant to Section 15B(a) of the Securities Exchange Act of 1934.

Wells Fargo Bank, National Association, acting through its Municipal Finance Group (“WFBNA”), one of the Underwriters of the Series 2020A-D Bonds, has entered into an agreement (the “WFA Distribution Agreement”) with its affiliate, Wells Fargo Clearing Services, LLC (which uses the trade name “Wells Fargo Advisors”) (“WFA”), for the distribution of certain municipal securities offerings, including the Series 2020A-D Bonds. Pursuant to the WFA Distribution Agreement, WFBNA will share a portion of its underwriting or remarketing agent compensation, as applicable, with respect to the Series 2020A-D Bonds with WFA. WFBNA has also entered into an agreement (the “WFSLLC Distribution Agreement”) with its affiliate Wells Fargo Securities, LLC (“WFSLLC”), for the distribution of municipal securities offerings, including the Series 2020A-D Bonds. Pursuant to the WFSLLC Distribution Agreement, WFBNA pays a portion of WFSLLC’s expenses based on its municipal securities transactions. WFBNA, WFSLLC, and WFA are each wholly-owned subsidiaries of Wells Fargo & Company.

RATING

S&P Global Ratings (“S&P”) has assigned the Series 2020A-D Bonds a rating of “___”. Such rating reflects only the views of the rating agency, and the City makes no representation as to the appropriateness of such rating. An explanation of the significance of the rating may only be obtained from the rating agency. The City has furnished to the rating agency certain information and materials relating to the Series 2020A-D Bonds and the City, some of which may not have been included in this Official Statement. Generally, rating agencies base their ratings on such information and materials and on investigation, studies and assumptions by the rating agencies. The rating is not a recommendation to buy, sell or hold the Series 2020A-D Bonds, and there can be no assurance that a rating when assigned will continue for any given period of time or that it will not be lowered or withdrawn entirely by the rating agency if, in its judgment, circumstances so warrant. Any downward change in or withdrawal of the rating may have an adverse effect on the marketability and/or market price of the Series 2020A-D Bonds.

ADDITIONAL INFORMATION

All quotations from, and summaries and explanations of, the statutes, regulations and documents contained herein do not purport to be complete and reference is made to said laws, regulations and documents for full and complete statements of their provisions. Copies, in reasonable quantity, of such laws, regulations and documents may be obtained during the offering period upon request directly to the City at One Civic Plaza, N.W., Albuquerque, New Mexico 87102, Attention: Treasurer.

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be

construed as a contract or agreement between the City and the purchasers or owners of any of the Series 2020A-D Bonds.

APPROVAL BY THE CITY

This Official Statement has been duly authorized and approved by the City and has been executed and delivered by the Mayor on behalf of the City.

CITY OF ALBUQUERQUE, NEW MEXICO

By: _____
Mayor

APPENDIX A

**ECONOMIC, DEMOGRAPHIC AND FINANCIAL INFORMATION,
INCLUDING AUDITED FINANCIAL STATEMENTS FOR FISCAL YEAR 2019**

ECONOMIC AND DEMOGRAPHIC INFORMATION

This portion of the Official Statement contains general information concerning the historic economic and demographic conditions in the City. This portion of the Official Statement is intended only to provide prospective investors with general information regarding the City’s community. The information was obtained from the sources indicated and is limited to the time periods indicated. The City makes no representation as to the accuracy or completeness of data obtained from parties other than the City. The information is historic in nature; it is not possible to predict whether the trends shown will continue in the future. *In particular, it is important to note that the information available in this section as of the date hereof predates the COVID-19 outbreak. Certain information in this section, such as employment figures, has changed materially since March 1, 2020. See “CERTAIN INVESTMENT CONSIDERATIONS-Certain Risks Associated with COVID-19.”*

The City and Metropolitan Area

Albuquerque is the largest city in the State, accounting for roughly one-quarter of the State’s population. Located at the center of the State in Bernalillo County (the “County”) at the intersection of two major interstate highways and served by both rail and air, Albuquerque is the major trade, commercial and financial center of the State.

**CITY OF ALBUQUERQUE
Area in Square Miles**

	<u>Square Miles</u>
December 31, 1885	0.36
December 31, 1940	11.15
December 31, 1950	48.81
December 31, 1960	61.94
December 31, 1970	82.72
December 31, 1980	100.31
December 31, 1990	137.46
December 31, 2000	181.70
December 31, 2018	189.18
December 31, 2019	189.21

Source: City of Albuquerque Planning Department

Population

The Albuquerque Metropolitan Statistical Area (“MSA”) includes Bernalillo, Sandoval, Torrance and Valencia Counties. The Census added Torrance County to the MSA in the 2000 Census.

POPULATION

Year	City	Bernalillo County	Albuquerque MSA	State
1960	201,189	262,199	292,500 ⁽¹⁾	951,023
1970	244,501	315,774	353,800 ⁽¹⁾	1,017,055
1980	332,920	420,262	485,500 ⁽¹⁾	1,303,303
1990	384,736	480,577	589,131	1,515,069
2000 ⁽²⁾	448,607	556,678	729,649	1,819,046
2005 ⁽³⁾	497,543	606,502	797,146	1,912,884
2010 ⁽⁴⁾	546,191	662,487	887,064	2,059,180
2011 ⁽³⁾	552,095	670,278	897,983	2,080,395
2012 ⁽³⁾	555,106	673,697	902,017	2,087,549
2013 ⁽³⁾	557,619	676,497	905,150	2,092,792
2014 ⁽³⁾	557,702	676,229	904,852	2,090,342
2015 ⁽³⁾	558,325	676,678	906,548	2,090,211
2016 ⁽³⁾	559,626	678,165	909,833	2,092,789
2017 ⁽³⁾	560,111	678,686	912,897	2,093,395
2018 ⁽³⁾	560,218	678,701	915,927	2,095,428

(1) Because Valencia County was split into two counties in 1981, official data is not available prior to that year for the Albuquerque MSA. Figures shown represent estimates by the University of New Mexico Bureau of Business and Economic Research.

(2) April of 2000 is the month and year of the Census. It is reported as the benchmark; all other years are as of July of the year. The Census in 2000 expanded the Albuquerque MSA to include Torrance County, population of 16,911.

(3) U.S. Dept. of Commerce, Bureau of the Census, Population Division.

(4) 2010 decennial census U.S. Dept. of Commerce, Bureau of the Census.

Sources: U.S. Dept. of Commerce, Bureau of the Census, except as indicated in footnotes.

Population in the City grew at a compounded annual rate of 1.97% during the 1960s, 3.13% during the 1970s, 1.46% during the 1980s, 1.55% during the 1990s and 2% annually for 2000 to 2010. The percentage of the State’s population in the City was 21.2% in 1960, 24.0% in 1970, 25.5% in 1980, 25.4% in 1990, 24.7% in 2000, and 26.5% in 2010. For the year that ended July 1, 2018, the metro area growth rate was 0.3%.

Age Distribution

The following table sets forth a comparative age distribution profile for the City, the State and the United States as of January 1, 2020.

POPULATION BY AGE GROUP

<u>Age</u>	<u>City</u>	<u>State</u>	<u>United States</u>
0-17	21.92%	23.06%	22.34%
18-24	8.94	9.58	9.46
25-34	14.55	13.23	13.51
35-44	13.78	12.12	12.66
45-54	11.93	11.32	12.53
55-64	12.30	12.78	12.86
65-74	10.01	10.90	9.89
75 and Older	6.58	7.03	6.74

Source: Claritas, © 2020 by Environics Analytics (EA).

Employment

General

Employment in the Albuquerque area in the period from Fiscal Year 2008 to Fiscal Year 2017 declined at an average of 0.2% a year. From Fiscal Year 2008 to Fiscal Year 2012 approximately 27,700 jobs were lost. In the following five fiscal years (2013 through 2017) the economy added just over 19,000 jobs. While Albuquerque is now recovering from the recession, the recovery has been slower than the nation as a whole. Employment in the nation reached its pre-recession peak in June 2014, while Albuquerque did not reach its pre-recession peak until the first quarter of Fiscal Year 2020. *The information available in this section as of the date hereof predates the COVID-19 outbreak. Employment figures have decreased materially since March 1, 2020. See "CERTAIN INVESTMENT CONSIDERATIONS-Certain Risks Associated with COVID-19."*

The information on non-agricultural employment for the State and the Albuquerque MSA reported in the following table represents estimates by the New Mexico Department of Workforce Solutions and U.S. Bureau of Labor statistics. More detailed information on non-agricultural employment can be found below under “Historical Employment by Sector” in the table entitled “Estimated Non-Agricultural Wage and Salary Employment for the Albuquerque MSA Fiscal Years 2010-2019”.

**NON-AGRICULTURAL EMPLOYMENT
(000s)**

Fiscal Year	<u>ALBUQUERQUE MSA</u>		<u>NEW MEXICO</u>		<u>UNITED STATES</u>	
	Employment	% Chg.	Employment	% Chg.	Employment	% Chg.
2010	360.9	(3.4)%	773.5	(3.3)%	130,173	(3.1)%
2011	357.4	(1.0)	770.7	(0.4)	131,002	0.6
2012	354.5	(0.8)	771.1	0.1	133,093	1.6
2013	356.1	0.4	778.6	1.0	135,212	1.6
2014	357.9	0.5	782.9	0.6	137,563	1.7
2015	361.4	1.0	793.0	1.3	140,430	2.1
2016	367.5	1.7	796.2	0.4	143,134	1.9
2017	371.9	1.2	797.1	0.1	145,433	1.6
2018	375.4	0.9	804.3	0.9	150,062	3.2
2019	379.5	1.1	816.3	1.5	152,383	1.5

Sources: Albuquerque MSA and New Mexico data based on figures from the New Mexico Department of Workforce Solutions; U.S. data from the U.S. Department of Labor (Seasonally Adjusted).

CIVILIAN EMPLOYMENT/UNEMPLOYMENT RATES

Fiscal Year	Civilian Labor Force	Number Employed	<u>Unemployment Rates</u>		
			Albuquerque MSA	New Mexico	United States
2010	413.7	380,604	8.0%	8.0%	9.8%
2011	423.0	390,429	7.7	7.8	9.3
2012	418.9	387,901	7.4	7.4	8.5
2013	416.9	388,134	6.9	7.0	7.8
2014	415.7	387,848	6.7	6.9	6.8
2015	417.2	390,916	6.3	6.5	5.7
2016	419.9	394,286	6.1	6.6	5.0
2017	423.9	398,466	6.0	6.5	4.7
2018	427.7	405,887	5.1	5.5	4.2
2019	434.5	414,079	4.7	5.0	3.6

Sources: New Mexico Department of Workforce Solutions and United States Department of Labor.

The following table lists the major employers in the Albuquerque area and their estimated number of full-time and part-time employees for 2020.

MAJOR EMPLOYERS IN THE ALBUQUERQUE AREA⁽¹⁾
By Number of Employees – 2020

Organization	Employees	Description
Albuquerque Public Schools	14,000	Public School District
Presbyterian Health System	13,456	Hospital/Medical Services
Sandia National Labs	12,769	Science-Based Technologies that Support National Security
Kirtland Air Force Base	10,500	Air Force Materiel Command
University of New Mexico	6,899	Educational Institution
City of Albuquerque	6,109	Government
UNM Hospital	5,995	Hospital/Medical Services
State of New Mexico	4,950	Government
Lovelace Health Systems	3,565	Hospital/Medical Services
NM Veterans Affairs Healthcare System	2,700	Hospital/Medical Services
Bernalillo County	2,589	Government
Central NM Community College	2,332	Educational Institution
Rio Rancho Public Schools	2,300	Educational Institution
Sandia Resort & Casino	1,800	Resort & Casino
T-Mobile Customer Service Center	1,750	Customer Service Center

(1) For a discussion regarding major employers and certain changes which may impact their number of employees, see “Major Industries” under this caption.

Source: Albuquerque Economic Development, as of February 2020.

Historical Employment by Sector

The following table describes by industry sector the estimated non-agricultural wage and salary employment for the Albuquerque MSA during the past ten years.

ESTIMATED NON-AGRICULTURAL INDUSTRY EMPLOYMENT - ALBUQUERQUE MSA
CALENDAR YEARS 2010-2019
(number of employees in thousands)⁽¹⁾

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2018 to</u> <u>2019</u>	<u>Annual</u> <u>Average</u> <u>Growth</u> <u>2010-2019</u>	<u>Sector Share</u> <u>2019</u>	
													<u>ABQ</u>	<u>U.S.*</u>
Total Nonagricultural	360.9	357.4	354.5	356.1	357.9	361.4	367.5	371.9	375.4	379.5	1.1%	0.6%	100.0%	100.0%
Natural Resources/Mining/Constr.	23.0	21.5	19.7	19.6	20.1	20.6	21.0	22.4	24.2	24.3	0.2	0.6	6.4	4.9
Manufacturing	17.5	17.5	17.7	17.5	16.9	16.4	16.4	15.6	15.7	16.2	3.0	-0.9	4.3	7.9
Trade Transportation and Utilities	54.2	53.8	53.1	53.3	53.9	54.3	54.7	54.3	54.2	53.9	-0.7	-0.1	14.2	17.1
• Wholesale Trade	12.1	11.9	11.5	11.5	11.5	11.6	11.7	11.6	11.5	11.5	0.2	-0.6	3.0	3.6
• Retail Trade	41.1	41.0	40.8	40.8	41.5	41.7	42.0	41.6	41.6	41.3	-0.7	0.0	10.9	9.8
Information	9.0	8.5	8.0	8.2	7.7	7.6	7.8	7.8	7.2	6.5	-9.6	-3.6	1.7	1.8
Financial Activities	16.8	16.1	15.7	15.9	16.2	16.6	17.0	17.3	17.7	18.2	2.5	0.9	4.8	5.3
Professional and Business Services	58.5	56.9	56.1	55.5	55.7	55.5	56.0	57.5	59.2	60.7	2.6	0.4	16.0	13.0
Educational and Health Services	49.5	50.7	52.4	53.4	54.3	56.2	58.5	59.7	59.7	60.9	1.9	2.3	16.0	14.7
Leisure and Hospitality	37.2	37.3	37.9	39.2	40.3	41.7	42.4	43.1	43.7	44.3	1.5	2.0	11.7	10.2
Other Services	9.9	9.9	9.9	9.7	9.5	9.5	9.5	9.8	9.8	10.0	1.4	0.1	2.6	4.1
Government	78.1	77.7	76.5	76.1	75.7	75.4	76.7	76.8	76.3	76.8	0.6	-0.2	20.2	13.9
LOCAL GOVERNMENT	41.3	41.0	40.6	40.4	40.1	39.7	39.8	39.6	39.4	39.9	1.3	-0.4	10.5	9.2
STATE GOVERNMENT	21.1	20.9	20.4	20.7	21.2	21.5	22.6	22.8	22.7	22.6	-0.1	0.8	6.0	3.0
FEDERAL GOVERNMENT	15.7	15.8	15.5	14.9	14.3	14.2	14.3	14.4	14.3	14.3	-0.1	-1.0	3.8	1.7

Sources: Data provided by the University of New Mexico Bureau of Business and Economic Research.

Major Industries

The following narrative discusses the trends in each major sector of the Albuquerque economy. **The latest information available to the City is for Fiscal Year 2019 (ending June 30, 2019) unless otherwise noted. The information available in this section as of the date hereof predates the COVID-19 outbreak.. See “CERTAIN INVESTMENT CONSIDERATIONS-Certain Risks Associated with COVID-19.”**

The City makes no projections or representations, nor shall the provision of such information create any implication that there has been no change in the described employment sectors of the City or that any historical trends set forth herein will continue.

The industry composition of the Albuquerque economy is similar to the United States economy. The two material differences are that manufacturing makes up a smaller portion of the Albuquerque economy and government plays a bigger role. State government is a significant portion of the Albuquerque economy due to the University of New Mexico, and the federal government is significant due to civilian and military employment at Kirtland Air Force Base, and regional offices for the Veterans Administration, the United States Forest Service and Social Security Offices.

In general, the Albuquerque economy did not recover as quickly from the recession as the United States as a whole or the majority of other states or metropolitan areas. However, Fiscal Year 2019 marks Albuquerque’s seventh year of consecutive job growth and Albuquerque exceeded its pre-recession high in the first quarter of Fiscal Year 2020.

The unemployment rates in both Albuquerque and the State remained below the United States unemployment rate from Fiscal Years 2000 to 2013. In Fiscal Years 2014 through 2017 the rate in Albuquerque exceeded the U.S. rate. At the end of Fiscal Year 2019, Albuquerque’s unemployment was 4.7%; New Mexico and United States unemployment rates were 5.0% and 3.6%, respectively. In Fiscal Year 2019, Albuquerque employment grew by 4,100 jobs, or about 1.1% over Fiscal Year 2018. Prior to a significant increase in unemployment due to the COVID-19 pandemic, the employment in the City experienced moderate growth for the first eight months of Fiscal Year 2020. *See “CERTAIN INVESTMENT CONSIDERATIONS-Certain Risks Associated with COVID-19.”*

Trade, Transportation and Utilities. This sector is composed of retail trade, wholesale trade, transportation and utilities and constitutes approximately 14.2% of Albuquerque MSA employment. As a whole, employment in this sector decreased by an annual average decline of 0.1% from Fiscal Year 2010 to Fiscal Year 2019, declining 0.7% from Fiscal Year 2018 to Fiscal Year 2019. Retail trade is the largest employment sector in this grouping with 10.9% of total employment and a trend in employment that is similar to the entire group. Retail trade is an important sector for the City and makes up approximately 27.4% of gross receipts tax revenues.

Educational and Health Services. Albuquerque is a major regional medical center. Presbyterian Healthcare Services is one of the largest employers in the area. This is one of the fastest growing categories in the Albuquerque MSA economy, largely due to its considerable size. From Fiscal Year 2010 to Fiscal Year 2019, the average annual growth was 2.3%. The sector now makes up 16% of non-agricultural employment. Much of this growth initially was due to a change in Medicare policy that allows payment for home healthcare. Although the educational sector is small in comparison to the health services sector, the educational sector has also grown steadily at 1.6% since 2010.

Leisure and Hospitality. This sector includes eating and drinking establishments as well as hotels and other tourist-related facilities. Employment for the sector showed average annual growth of 2% from

Fiscal Year 2010 to Fiscal Year 2019 with Arts, Entertainment and Recreation growing at a more robust 3.5% and Accommodations and Food Services at 1.8%. In 2019, this sector comprised 11.7% of total non-agricultural employment. Gross Receipts tax revenues for this sector increased in every fiscal year from 2016 to 2019, making it one of the largest contributors to the growth in gross receipts tax.

In 2019, lodging accounted for approximately 10% of the total gross receipts tax revenues of this sector. Lodgers' tax revenues in Fiscal Year 2009 showed a decline of 11.2%, with an additional 2% decline in Fiscal Year 2010. Lodgers' tax revenues generally increased at an average of about 4% from Fiscal Year 2015 through Fiscal Year 2018, having exceeded the pre-recession peak in Fiscal Year 2016. Fiscal Year 2019 revenues were considerably higher, likely due to the National Senior Games being held in Albuquerque in October 2019.

Professional and Business Services. This sector includes temporary employment agencies, back-office operations, Sandia National Labs ("Sandia") and other scientific and research facilities. This sector had peak employment in Fiscal Year 2008 of 65,275 jobs, decreasing to 56,800 jobs in Fiscal Year 2012 and growing to 60,700 by Fiscal Year 2019. Much of the decrease between 2008 and 2012 was due to declines in engineering and architectural services when construction slowed dramatically. In 2019, the sector accounted for 16% of non-agricultural employment in the Albuquerque MSA and grew 2.6% from Fiscal Year 2018 to Fiscal Year 2019.

The budget for Sandia National Labs remained about \$2.2 billion for Fiscal Years 2008 to 2010, and increased to approximately \$2.7 billion in the federal Fiscal Year 2014. The operating budget was reported to be \$3.86 billion in 2019. In May 2019, the Lab announced plans to hire an additional 1,900 employees, with 1,100 being new positions. The Lab announced in early 2020 that it met its goal. The Sandia Science and Technology Park houses research facilities and/or manufacturing that benefit from the expertise available from Sandia.

Manufacturing. Manufacturing employment had declined substantially, with a loss of 7,000 from Fiscal Year 2008 to Fiscal Year 2018. While Fiscal Year 2019 experienced some modest gains, increasing 3%, over Fiscal Year 2018, the outlook for this sector continues to be negative, with limited growth potential as manufacturers such as Flagship Food Group, Vitality Works and Amfabsteel, Inc. make plans to expand in the coming years. The sector comprised 4.3% of all non-agricultural employment in the Albuquerque MSA for Fiscal Year 2019.

Information. This sector includes businesses in publishing, broadcasting, telecommunications and internet service establishments. The sector had an average annual decline in employment of 3.6% from Fiscal Year 2010 to Fiscal Year 2019, in part due to closures of call centers for MCI, Comcast and QWEST (now Century Link). Currently this sector makes up 1.7% of non-agricultural employment. The film industry is included in this sector and there has been increasing activity in this sector in recent years in large part due to the State's film tax credits program. Further, Senate Bill 2 from the 2019 Legislative Session amended the Film Production Tax Credit Act to pay off the film credit backlog up to set amounts totaling as much as \$281 million. In addition to movies and television shows being filmed in Albuquerque, the sound studio Albuquerque Studios was recently built and NBC Universal is opening a television and film studio expected to support more than 330 full-time jobs. Some film industry employees may not be included in unemployment statistics and may therefore be allowing for the understatement of employment in this sector.

Government. Federal government employment in Albuquerque decreased by approximately 1% from 2010 to 2019. State government employment increased 0.8%, or about 1,744 jobs for the same period. However, State employment declined 0.1% from Fiscal Year 2018 to Fiscal Year 2019, with the majority of these jobs at the University of New Mexico and the University of New Mexico Hospital.

Local government employment from Fiscal Year 2010 to Fiscal Year 2019 lost approximately 1,419 jobs after a rapid increase of 2,560 jobs in Fiscal Years 2007 to 2009. Local government includes tribal casinos in this sector, some of which have evolved into destination resorts. Several of these resorts are operated by private companies and employment is therefore included in the private sector. The largest portion of employment in the local government sector is the Albuquerque Public Schools.

Military. Federal military employment is not specifically categorized as a non-agricultural employment sector within the City. However, military employment is an important part of the Albuquerque economy. Kirtland Air Force Base is a major military installation and home to over 150 different operations. Kirtland Air Force Base has approximately 6,000 civilian employees. Military employment declined more or less steadily from the 1990's to 2015; however, from Fiscal Year 2018 through 2019, employment increased by 7.8% or just over 440 jobs.

Financial Activities. This sector includes finance, insurance, credit intermediation and real estate. Currently, the Financial Activities sector comprises 4.8% of the non-agricultural employment in the City. Employment in this sector experienced 2.8% average annual decline from Fiscal Year 2006 to Fiscal Year 2012, primarily from the slowdown in the real estate market and the problems and consolidation of the financial sector in general. However, with growth beginning 2013, the sector has made up for nearly all the losses, growing 2.5% and gaining about 500 jobs in Fiscal Year 2019.

Construction. Construction employment in the Albuquerque MSA is generally cyclical. There can be large increases in employment due to large road projects, commercial expansions or strong residential construction, and, conversely, large decreases upon completion of such projects. Fiscal Year 2007 had employment of 31,000, a new maximum for this sector. Employment fell steadily from then and lost over 9,000 jobs through 2017. In 2018 the sector finally began to reverse the trend. The sector grew 0.6% from Fiscal Year 2018 to Fiscal Year 2019, although still significantly below the pre-recession high.

Between Fiscal Years 2003 through 2005, construction of single-family housing units peaked in the City with an annual average of 5,000 single-family housing permits. Single family permits began declining in 2006 and fell to only 436 permits in Fiscal Year 2009. Single family permits have generally increased since 2009 and reached 1,331 in Fiscal Year 2018, dropping back below 1,000 in 2019. Permit values for Multi-family units and Commercial properties both increased in 2019, with total permit values up nearly 4% in Fiscal Year 2019. The Construction sector showed continuous growth through the first ten months of Fiscal Year 2020, with the number of permits up 11% over Fiscal Year 2019 and revenue from construction permits up 21% over the same period.

BUILDING PERMITS ISSUED IN THE CITY OF ALBUQUERQUE

Fiscal Year	Single Family		Multi-Family		Commercial		Public		Additions & Alterations	Total Permits
	Permits	\$ Value	Units	\$ Value	Permits	\$ Value	Permits	\$ Value	\$ Value	\$ Value
2010	876	\$140,369,408	168	\$14,763,081	34	\$26,197,123	8	\$18,076,792	\$209,624,603	\$409,031,007
2011	725	120,749,010	278	37,022,789	45	65,940,484	1	3,300,300	165,845,129	392,857,712
2012	846	153,465,589	350	32,509,563	36	46,257,090	4	31,907,654	165,883,476	430,023,373
2013	923	170,470,736	945	73,378,214	63	78,523,292	4	5,545,791	226,949,710	554,867,742
2014	841	163,980,975	898	81,296,532	152	103,214,914	7	16,859,014	198,430,162	563,781,597
2015	871	167,352,011	449	39,390,742	112	116,776,561	10	17,257,410	165,159,484	505,936,208
2016	915	184,770,209	567	43,676,768	88	119,913,663	13	27,886,373	230,591,376	606,838,389
2017	971	183,587,235	984	60,907,961	132	242,802,744	9	25,894,927	298,194,709	811,387,576
2018	1,331	255,446,287	148	13,335,366	105	68,312,826	12	8,325,621	195,051,789	532,146,267
2019	827	169,706,112	7	65,153,371	68	110,847,882	--	--	206,136,708	551,844,074
Growth 2018 to 2019	(37.9)%	(33.6)%	(95.3)%	388.6%	(35.2)%	62.3%	N/A	N/A	5.7%	2.1%

Below

Total Housing Units in the City of Albuquerque	Total Units	Single Family	Multi-Family	Mobile Homes & Others
As of 1990 Census	166,870	101,780	55,931	9,159
As of 2000 Census	198,714	126,643	63,285	8,786
As of 2010 Census	239,166	162,501	66,839	9,826
Estimated Units as of July 2018	250,710	169,943	70,941	9,826

Sources: City of Albuquerque Planning Department; Census Bureau, U.S. Department of Commerce.

Income

The following table sets forth annual per capita personal income levels for the Albuquerque MSA, the State and the United States. The Bureau of Economic Analysis defines “earnings” to include wages and salaries, proprietor’s income and other labor income (such as bonuses).

PER CAPITA PERSONAL INCOME

Calendar Year	Albuquerque MSA	New Mexico	United States
2009	\$34,342	\$32,729	\$39,284
2010	34,438	33,542	40,546
2011	35,611	35,003	42,735
2012	35,947	35,725	44,599
2013	35,348	35,079	44,851
2014	37,437	37,182	47,058
2015	38,863	38,261	48,978
2016	40,180	38,825	49,870
2017	40,715	39,521	51,885
2018	42,536	41,609	54,446

Source: Bureau of Economic Analysis, U.S. Department of Commerce.

The following table reflects the Percent of Households by Effective Buying Income Groups (“EBI”). EBI is defined as money income less personal tax and non-tax payments described below. Money income is the aggregate of wages and salaries, net farm and nonfarm self-employment income, interest, dividends, net rental and royalty income, Social Security and railroad retirement income, other retirement and disability income, public assistance income, unemployment compensation, Veterans Administration payments, alimony and child support, military family allotments, net winnings from gambling, and other periodic income. Deducted from this total money income are personal income taxes, personal contributions to social insurance (Social Security and federal retirement payroll deductions), and taxes on owner-occupied non-business real estate. Receipts from the following sources are not included as money income: money received from the sale of property; the value of “in kind” income such as food stamps, public housing subsidies, and employer contributions for persons; withdrawal of bank deposits; money borrowed; tax refunds; exchange of money between relatives living in the same household; gifts and lump-sum inheritances, insurance payments, and other types of lump-sum receipts.

**PERCENT OF HOUSEHOLDS BY
EFFECTIVE BUYING INCOME GROUPS**

2020 Effective Buying Income Group⁽¹⁾	Albuquerque MSA	New Mexico	United States
Under \$25,000	23.83%	27.06%	20.24%
\$25,000 - \$34,999	12.25%	12.92%	10.51%
\$35,000 - \$49,999	17.48%	17.43%	15.10%
\$50,000 - \$74,999	18.33%	17.55%	19.53%
\$75,000 - \$99,999	13.63%	12.51%	14.57%
Over \$100,000	14.47%	12.53%	20.04%
2016 Est. Median Household Income	\$43,399	\$40,896	\$46,738
2017 Est. Median Household Income	\$45,201	\$42,632	\$48,043
2018 Est. Median Household Income	\$45,879	\$42,908	\$50,620
2019 Est. Median Household Income	\$47,601	\$43,963	\$52,468
2020 Est. Median Household Income	\$46,664	\$43,201	\$54,686

(1) The difference between consecutive years is not an estimate of change from one year to the next; combinations of data are used each year to identify the estimated mean of income from which the median is computed.

Source: © 2016-2017 The Nielsen Company, Site Reports; and Claritas, © 2018-2020 by Environics Analytics (EA).

**EXCERPT FROM THE COMPREHENSIVE ANNUAL FINANCIAL REPORT
OF THE CITY OF ALBUQUERQUE - AUDITED GENERAL
PURPOSE FINANCIAL STATEMENTS - AS OF AND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**



December 13, 2019

Honorable Mayor and City Council
City of Albuquerque, New Mexico

We are pleased to submit the Comprehensive Annual Financial Report (CAFR) for the City of Albuquerque, New Mexico, (City), for the fiscal year ended June 30, 2019. New Mexico State Statute 12-6-3, NMSA 1978 mandates that the financial affairs of the City's records be thoroughly examined and audited each year by independent public accountants. Federal law also requires that a single audit be performed for federal grant funds in conformance with the provisions of the Uniform Guidance CFR 200 along with the Single Audit Act of 1984, "Audits of States, Local Governments, and Non-Profit Organizations". All information related to the uniform guidance, including the schedule of expenditures of federal awards, findings and recommendations, and the independent auditors' reports on the internal control structure and compliance with applicable laws and regulations are included in the Single Audit Information Section.

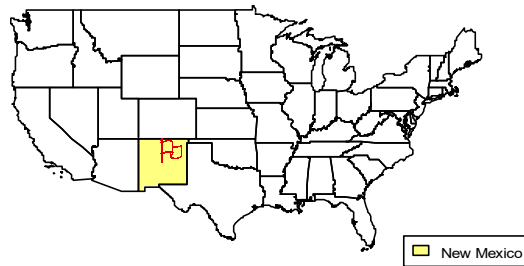
This report was prepared by the Department of Finance and Administrative Services with the assistance of various other City departments. City management assumes full responsibility for the accuracy of the data presented and the completeness and fairness of presentation, including all disclosures, based upon a comprehensive framework of internal control that has been established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements. Moss Adams, LLP, Certified Public Accountants, have issued an unmodified opinion on the City's CAFR for the year ended June 30, 2019. As indicated by the opinion of our independent auditors, the report fairly presents the financial position and the results of operations of the City as measured by the financial activity of its various funds. The report has been set forth in a manner that will give the reader a broad understanding of the City's financial affairs. It includes disclosures necessary for the reader to gain an understanding of the City's financial activities. The independent auditors' report is located at the front of the Financial Section.

Management's Discussion & Analysis (MD&A) immediately follows the independent auditors' report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

Profile of the City

Albuquerque, New Mexico is located in the central region of the state and is the economic and population hub of New Mexico. With an estimated population of 560,218 in 2018, Albuquerque ranks 33rd in population of the nation's cities and is the largest city in New Mexico with roughly one-fourth of the state's population. The City was founded in 1706, chartered as a town in 1885, and organized under territorial law as a city in 1891. The City became a charter city in 1917 and the voters approved a home rule amendment to the charter in 1971. In 1974, the electorate voted to establish a mayor-council form of government; the City Council consists of nine council members elected from districts. As a governmental entity, the City is not subject to Federal or State income taxes. The City provides traditional services such as public safety, culture and recreation, community services, public works, highways and streets, storm drainage, and refuse collection. In addition, the City operates parking facilities, a transit system, and an international airport.

The CAFR of the City includes all government activities, organizations and functions for which the City is financially accountable. The criteria used to determine financial accountability are based on, and consistent with, the pronouncements of the Governmental Accounting Standards Board which sets criteria for defining the financial reporting entity.



Summary of Local Economy

Albuquerque is the major commercial, trade, service and financial center of the state. It is located in the central part of the state, at the intersection of two major interstate highways, and served by both rail and air. The Albuquerque Metropolitan Statistical Area (MSA) includes Bernalillo, Sandoval, Torrance and Valencia Counties. The MSA has a population 915,927 as of 2018. The largest employers in the Albuquerque area are the University of New Mexico, Albuquerque Public Schools, Presbyterian, Sandia National Labs (SNL), and Kirtland Air Force Base.

The Albuquerque economy has an industry composition similar to the U.S. as a whole. Manufacturing makes up a smaller part of the Albuquerque economy, and government employment makes up a larger share.

	<i>Employment FY/19</i>	<i>Share of FY/19 Employment</i>	<i>Growth FY/18 to FY/19</i>	<i>Compound Annual Average FY/13- FY/19</i>
NAICS CATEGORY				
Total Nonfarm Employment (does not include military)	379.27	100%	1.10%	1.07%
Mining and Construction	24.23	6.4%	.04%	3.57%
Manufacturing	16.12	4.2%	2.30%	-1.41%
Trade, Transportation, and Utilities	62.34	16.4%	-0.20%	0.27%
Information	6.61	1.7%	-7.60%	-3.52%
Financial Activities	18.12	4.8%	2.30%	2.20%
Aggregate of Services	175.87	46.27%	2.00%	1.81%
Professional and Business Services	31.61	8.3%	3.30%	2.03%
Mgt. of Companies and Administration	29.00	7.6%	1.40%	0.88%
Educational and Health Services	60.93	16%	2.00%	2.21%
Leisure and Hospitality	44.36	11.7%	1.60%	2.08%
Other Services	9.97	2.6%	1.60%	0.45%
Government	76.82	20.2%	0.60%	0.17%
MILITARY	5.77	NA	1.55%	-0.98%

The U.S. economy exceeded the pre-recession level of employment in July of 2014, but Albuquerque is still about 2,000 jobs below the FY/08 peak level of employment. The economy is recovering with positive growth in the past six years and FY/19 showed growth of 1.1% compared to .091% in FY/18. In FY/19 Manufacturing continued a modest recovery from declines in FY/17, with Information and Trade the only sector to lose jobs compared to FY/18. The average annual growth over the past six years shows declines in three sectors, namely Manufacturing, Information and Government. Mining and Construction, Financial Activities, Educational and Health Services and Leisure and Hospitality are the strongest sectors over the past six years. Construction has increased in the last six years, but remains 20.4% below the FY/08 level. Single family construction activity has increased, from its lowest level in FY/09, but is still only 16.0% of the pre-recession peak. Following modest gains in FY/16 and FY/17 Government employment declined in FY/18. However, for FY/19, local, state and federal government returned to a positive territory. The major employer in state government is the University of New Mexico. One of the

strengths for the Albuquerque economy is the national labs. Sandia National Laboratories (SNL) has devoted a great deal of research to terrorism and homeland security and the mission to protect the nuclear weapons arsenal. Efforts, particularly Innovate Albuquerque, are underway to help create new businesses through the commercialization of research and development at SNL and the University of New Mexico.

Additional historic economic information is presented in the statistical section of this report.

Long-term financial planning

As a matter of City policy, the General Fund is required to maintain an operating reserve equal to one-twelfth of the total annual appropriation level. This standard is more conservative than the State's standard as it includes transfers and nonrecurring appropriations. This reserve is included in the annual budget process and is modified as necessary, if material, throughout the year to reflect changes in appropriations. Annually, the budget process begins with the development and publication of a Five-Year Forecast which estimates future revenues and expenditures for the General Fund and the general fund subsidized funds. The purpose of this report is to identify key trends in revenues and expenditures and to provide information about the financial challenges anticipated over the next few years. The City's Forecasting Advisory Committee, including experts from within and outside government, reviews the forecasts and revenue projections prepared by City staff. Revenues are monitored monthly and expenditures are reviewed quarterly.

The City also develops a Decade Plan that guides the capital improvements program (CIP) and forms the basis for the general obligation bond program which is presented to and voted on by the public in odd-numbered years. This process allows for long-term planning for both initial construction costs as well as additional operating costs to staff, operate and maintain new facilities required in the community.

The City is committed to performance-based budgeting which drives the development of both operating and capital budgets.

Financial Policies

The City has a well-developed system of program performance budgeting. Programs are developed to impact the defined and monitored community conditions which move the City towards achieving its goals. Each program is a collection of specific service activities that are monitored for financial and performance management. Department directors are held responsible for the fiscal performance of their units as well as the programmatic performance of their units.

Historically, the City has been conservative in its approach to financial matters, managing long-term debt to control interest costs and stringently monitoring and controlling the use of both recurring and non-recurring operating revenues.

Major Initiatives

In fiscal year 2019, gross receipts taxes increased with a new 3/8ths cent hold harmless tax which resulted in \$49.9 million in additional revenue. The additional revenue was budgeted and spent on increased funding for public safety and healthcare costs. The City added 40 officer positions, increased funding for property crime reduction programs, and replaced police vehicles. Fiscal year 2020 has funding for police officers to the level of 1,053 including 13 additional positions. The City also increased the budget for homeless housing projects, behavioral health and substance abuse contracts, safety initiatives and increasing opportunities for the youth.

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Albuquerque for its CAFR for the fiscal year ended June 30, 2018. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

In addition, the also City received the Distinguished Budget Presentation Award for its annual appropriated budget for the fiscal year beginning July 1, 2018. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, an operations guide, a financial plan and a communications medium.

The preparation of this report could not have been accomplished without the dedicated services of the staff of the Department of Finance and Administrative Services. We wish to express our sincere appreciation to all members of the Department who contributed to its preparation and recognize the major effort of the Accounting Division and its Financial Reporting Section in administering the City's accounting system and in preparing this report. We also wish to thank each of you for your interest and support in planning and conducting the financial operations of the City in a responsible and progressive manner.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Sanjay Bhakta", is written over a horizontal line.

Sanjay Bhakta, CFO



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Albuquerque
New Mexico**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2018

Christopher P. Morrell

Executive Director/CEO



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO

**City of Albuquerque
New Mexico**

For the Fiscal Year Beginning

July 1, 2018

Christopher P. Morill

Executive Director

The Government Finance Officers Association of the United States and Canada (GFOA) presented a Distinguished Budget Presentation award to the City of Albuquerque, New Mexico for its annual budget for the fiscal year beginning July 1, 2018. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, an operations guide, as a financial plan, and as a communications device.

CITY OF ALBUQUERQUE, NEW MEXICO
PRINCIPAL OFFICIALS
JUNE 30, 2019

MAYOR

Timothy M. Keller

CITY COUNCIL

Ken Sanchez, President
Isaac Benton
Klarissa J. Peña
Brad Winter
Cynthia Borrego
Pat Davis
Diane G. Gibson
Trudy Jones
Don Harris, Vice President

District 1
District 2
District 3
District 4
District 5
District 6
District 7
District 8
District 9

CHIEF ADMINISTRATIVE OFFICER

Sarita Nair

CHIEF OPERATIONS OFFICER

Lawrence Real

CHIEF OF STAFF

Santiago Chavez

CHIEF FINANCIAL OFFICER

Sanjay Bhakta



City of Albuquerque

Office of Inspector General
Kenneth Bramlett

Office of Internal Audit
Jim Thompson

Civilian Police Oversight Agency
Edward Harness

Assistant to the Mayor
Glory Juarez

The People of Albuquerque

Mayor
Timothy M. Keller

Scheduler to Mayor
Claudia Gallardo de Campbell

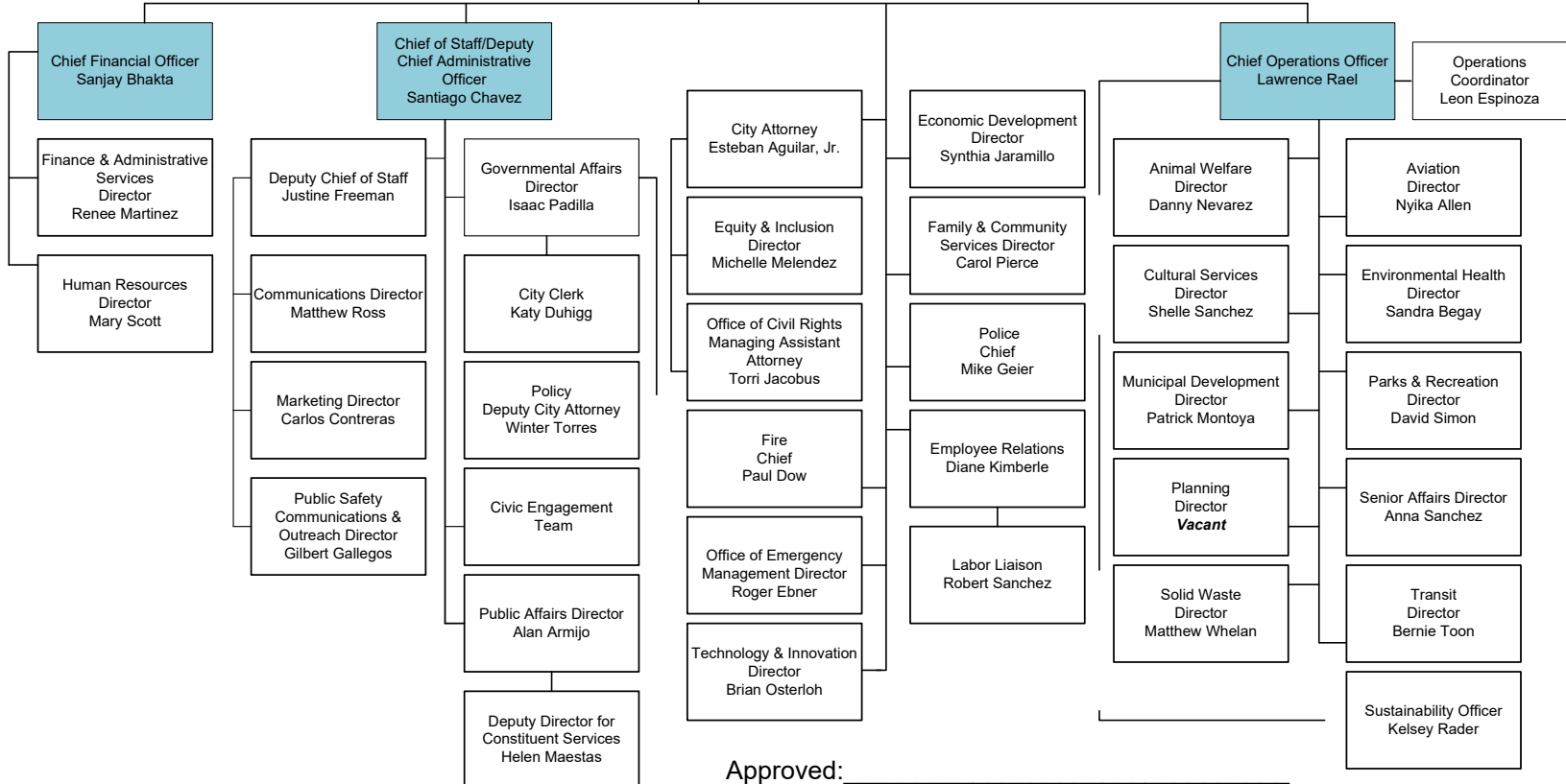
Assistant CAO
Janelle Johnson

Chief Administrative Officer
Sarita Nair

City Council

- DST. 1 Ken Sanchez
- DST. 2 Isaac Benton
- DST. 3 Klarissa J. Pena, President
- DST. 4 Brad Winter
- DST. 5 Cynthia Borrego
- DST. 6 Pat Davis
- DST. 7 Diane G. Gibson
- DST. 8 Trudy Jones
- DST. 9 Don Harris

Director of Council Services
Stephanie Yara



Approved: _____
Sarita Nair, Chief Administrative Officer

July 9, 2019

CITY OF ALBUQUERQUE, NEW MEXICO

CONTRIBUTORS

JUNE 30, 2019

Sanjay Bhakta, CPA, CGFM, CFE, CGMA
Chief Financial Officer

Renée Martinez
Director
Department of Finance and Administrative Services

Accounting Division Personnel

Pamela Fanelli, CMA, CGFM, MBA
City Controller
Joseph Cohen, CPA, CMA
Associate Controller, Financial Reporting
Josefa Bolden
Associate Controller, Accounting Operations
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Grants Administrator
Vicki Schwab, CPA
Accounting Manager
Eric Riggs
Accounting Manager
Monica Padilla
Accounting Systems Coordinator
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Principal Accountant
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Principal Accountant – Grants Section
Jennifer Lugovaya
Principal Accountant – Grants Section
Leslie Martin, MBA
Principal Accountant – Grants Section

Treasury Division Personnel

Cilia E. Agliadoro, CTP
Treasurer
Christopher H. Daniel, CPA, CFA, CTP
Chief Investment Officer

City Fiscal Personnel

Amanda Vigil, DBA
Albuquerque Fire Rescue
Erica Garcia
Animal Welfare Department
Joshua Castellano-Gonzalez, CGFM
Aviation Department
Phyllis Keller, CPA
Aviation Department
Joseph Griego
Council Services
Denise Ortiz, CPA
Cultural Services Department
Gladys Santana
Environmental Health Department
Anna Marie Lujan
Department of Family & Community Services
Dominique Velasquez
Department of Finance and Administrative Services
Department of Technology and Innovation
Christine Ching
Department of Municipal Development
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Police Department
Carmela Little
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Karen Lopez
Senior Affairs Department
Steve Falk, CPA
Solid Waste Management Department
Chris Payton
Transit Department

Office of Management and Budget

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Executive Budget Analyst III
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Executive Budget Analyst III
Linda Cutler-Padilla
Executive Budget Analyst II
Emma Romero
Executive Budget Analyst II
Michael King
Executive Budget Analyst II

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FINANCIAL SECTION



Report of Independent Auditors

The Honorable Timothy M. Keller, Mayor
City Council Members
City of Albuquerque, New Mexico
Mr. Brian S. Colón, Esq., New Mexico State Auditor

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information, and the budgetary comparison for the general fund of the City of Albuquerque (the City) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Albuquerque Housing Authority, a component unit of the City, which represents 100% of the balances and activities reported for the discretely presented component unit. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Albuquerque Housing Authority, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information, of the City as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Restatement of Previously Reported Net Position

As discussed in Note IV.O to the financial statements, the City has recorded a correction to net position related to transfers, debt, and investment income in the apartments fund. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of pension contributions, schedule of proportionate share of net pension liability, schedule of other postemployment benefit contributions, schedule of proportionate share of net OPEB liability, and notes to required supplementary information related to pensions, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The Schedule of Expenditures of Federal Awards, as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, is not a required part of the basic financial statements. The Financial Data Schedule, as required by the U.S. Department of Housing and Urban Development, *Guidelines for Public Housing Authorities and Independent Auditors under Uniform Financial Reporting Standards for Public Housing Authorities*, the combining and individual fund financial statements for all non-major funds, budgetary comparisons for major and non-major funds other than general, schedule of changes in assets and liabilities for the agency fund, and the additional schedules listed as combining financial statements and supplementary information and state compliance section (collectively, supplementary information) in the table of contents are presented for purpose of additional analysis and are not a required part of the financial statements.

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

The introductory section and statistical section as listed in the table of contents have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2019 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Mess Adams LLP

Albuquerque, New Mexico
December 13, 2019

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CITY OF ALBUQUERQUE, NEW MEXICO
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019

Management's Discussion and Analysis of the City of Albuquerque's (City) Comprehensive Annual Financial Report (CAFR) presents a narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2019. Readers are encouraged to consider the information presented here in conjunction with additional information furnished in the letter of transmittal.

FINANCIAL HIGHLIGHTS

- The City's total net position increased by \$14.5 million during the year. The assets and deferred outflows of the City exceeded its liabilities and deferred inflows at the close of the fiscal year by \$3.3 billion (net position). As of June 30, 2019, unrestricted net position totaled (\$812.7) million. Unrestricted net position was affected by the implementation of GASB 68 and GASB 75.
- As of June 30, 2019, the City's governmental funds reported combined ending fund balances of \$525.1 million. Of the total fund balance, \$35.4 million is fund balance available for spending at the City's discretion (sum of unassigned and assigned fund balance).
- As of June 30, 2019, fund balance of the General Fund was \$55.1 million. At the close of the current fiscal year, unassigned fund balance of the General Fund was \$6.7 million or 1.3% of the total general fund expenditures of \$516.5 million.
- Net position of the City's enterprise funds increased by \$5.1 million yielding a net position of \$726.0 million as of June 30, 2019. Additional information can be found in the business-type activities section of the management discussion and analysis.
- The City's governmental activities long-term obligations increased by \$24.8 million during the current year. The key factors in this change were increases in the pension obligation of \$69.2 million, followed by a decrease in the Net OPEB Obligation of \$15.8 million, an increase in accrued vacation, sick leave, and claims totaling \$9.1 million, and a decrease in long-term debt of \$37.8 million.
- In fiscal year 2019, the City passed a 3/8ths hold harmless distribution tax increase. The additional tax added \$49.9 million in GRT in fiscal year 2019.

OVERVIEW OF THE FINANCIAL STATEMENTS

The City's basic financial statements contain three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains supplementary information to the basic financial statements.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business. The *statement of net position* presents information on all of the City's assets, deferred outflows of resources, liabilities, and deferred inflow of resources with the differences between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether or not the financial position of the City is improving or deteriorating. The *statement of activities* presents information showing how the City's net position changed during the fiscal year. In this statement, all changes in net position are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods, such as revenues pertaining to uncollected taxes and expenses pertaining to earned, but unused vacation and sick leave.

The government-wide financial statements distinguish functions of the City that are principally supported by tax and grant revenues (governmental activities) from other functions that recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include: general government, public safety, culture and recreation, public works, health and welfare, human services, housing, and highways and streets. The business-type activities of the City include an airport, apartments, a baseball stadium, refuse disposal services, golf courses, parking facilities, and a transit system.

CITY OF ALBUQUERQUE, NEW MEXICO
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019

The Albuquerque Housing Authority (AHA) is a separate public body authorized by Section 3-45-5 NMSA 1978. The AHA is reported as a component unit of the City. The AHA CAFR as of June 30, 2019 is available by contacting the Albuquerque Housing Authority at the following address: 1840 University Blvd SE, Albuquerque NM 87106. The AHA reported AHA Rio Vista LLC and AHA Rio Developer LLC as blended component units and Los Lobos Realty LLC and Rio Housing Associates LLP as discrete component units, see Note Q for additional information.

Fund Financial Statements

The fund financial statements are designed to report information about groupings of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The funds of the City are classified as: governmental funds, proprietary funds, and fiduciary funds, as described in the following sections.

Governmental funds – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. Most of the City's basic services are reported in governmental funds. Governmental fund statements focus on sources, uses, and balances of cash and other financial assets that can readily be converted to cash and that are available for spending. Such information may be useful in determining what financial resources are available in the near future to finance the City's programs. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statements of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. The City maintains several individual governmental funds organized according to their type (special revenue, debt service, capital projects, and permanent funds). Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, General Obligation (GO) Bond Debt Service, and Capital Acquisition funds, all of which are considered major funds. Data from the remaining governmental funds are combined into a single aggregated presentation. Individual fund data for each of the nonmajor governmental funds is provided in combining statements presented as supplementary information.

The City adopts an annual appropriated budget for the General Fund. A budgetary comparison statement for the general fund is presented in the basic financial statements section of this report. A budgetary comparison statement for the GO Bond Debt Service Fund and Capital Acquisition Fund, major funds, are presented in the supplementary information section. In addition, the City adopts an annual appropriated budget for nonmajor governmental funds. In certain circumstances, nonmajor governmental project funds have budgets that cross multiple years. Budgetary comparison statements for those funds are also presented in the supplementary information section.

Proprietary funds – Proprietary funds are generally used to account for services for which the City charges customers, either outside customers or internal units or departments, of the City. Proprietary funds provide the same type of information as shown in the government-wide financial statements, only in more detail. The City maintains the following two types of proprietary funds:

- Enterprise funds – are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for the operations of the Albuquerque International Sunport Airport, Refuse Disposal, and Transit, which are considered major funds of the City. In addition, the following nonmajor funds are reported: Apartments, Golf Course, Parking Facilities, and Stadium.

CITY OF ALBUQUERQUE, NEW MEXICO
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019

- Internal service funds – are used to report activities that provide supplies and services to other City departments and projects. These funds account for: supplies, warehousing, and inventory issuance services, workers' compensation, tort and other claims insurance coverage, vehicle maintenance and motor pool services, and communication services to City departments. In addition, an internal service fund accounts for the cost of providing health insurance coverage to City employees. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements. The internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in combining statements reported as supplementary information.

Fiduciary funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the City. The City maintains the following two types of fiduciary funds:

- Agency fund – The City's Agency Fund is reported as a fiduciary fund. Since the resources of this fund are not available to support the City's own programs, it is not reflected in the government-wide financial statements. The accounting used for fiduciary funds is much like that used for proprietary funds.
- Trust fund – The Albuquerque Pooled Other Postemployment Benefits Fiduciary Trust Fund (Albuquerque Pooled OPEB Trust fund) has been established for the payment of nonpension postemployment benefits to retirees. The Trust Fund is used to account for resources held for the City and the ABCWUA. The City reports their allocable portion of the trust's net position.

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Required Supplementary Information (RSI)

The schedule of pension and other postemployment benefit (OPEB) contributions, schedule of proportionate share of net pension and net OPEB liability, and the notes to required supplementary information related to pension and OPEB activity are presented as required supplementary information. Additional information can be found in the notes to the basic financial statements in Note L and M.

Combining Statements

The combining statements of nonmajor governmental funds, nonmajor enterprise funds, internal service funds, and fiduciary funds are presented immediately following the notes to the financial statements.

CITY OF ALBUQUERQUE, NEW MEXICO
MANAGEMENT'S DISCUSSION AND ANALYSIS
 JUNE 30, 2019

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Below is a comparative analysis of government-wide data for the most recently completed fiscal year and the prior fiscal year.

Statement of Net Position
 (in millions)

	Governmental Activities		Business-type Activities		Total		Total Percent Change
	2019	2018	2019	2018	2019	2018	
Assets:							
Current and other assets	\$ 745.5	\$ 711.4	\$ 244.9	\$ 302.4	\$ 990.4	\$ 1,013.8	
Capital assets	3,554.4	3,564.3	683.6	703.0	4,238.0	4,267.3	
Total assets	<u>4,299.9</u>	<u>4,275.7</u>	<u>928.5</u>	<u>1,005.4</u>	<u>5,228.4</u>	<u>5,281.1</u>	-1.0 %
Deferred outflows of resources	150.3	129.1	25.3	21.1	175.6	150.2	16.9 %
Liabilities:							
Long-term liabilities	1,585.5	1,560.7	174.8	175.9	1,760.3	1,736.6	
Other liabilities	208.4	185.0	32.5	111.0	240.9	296.0	
Total liabilities	<u>1,793.9</u>	<u>1,745.7</u>	<u>207.3</u>	<u>286.9</u>	<u>2,001.2</u>	<u>2,032.6</u>	-1.5 %
Deferred inflows of resources	123.6	135.8	20.5	18.7	144.1	154.5	-6.7 %
Net position:							
Net investment in capital assets	3,018.5	3,070.4	655.0	650.8	3,673.5	3,721.2	
Restricted	296.6	260.8	101.3	119.3	397.9	380.1	
Unrestricted	(782.4)	(807.9)	(30.3)	(49.3)	(812.7)	(857.2)	
Prior period adjustment	-	-	-	0.1	-	0.1	
Total net position	<u>\$ 2,532.7</u>	<u>\$ 2,523.3</u>	<u>\$ 726.0</u>	<u>\$ 720.9</u>	<u>\$ 3,258.7</u>	<u>\$ 3,244.2</u>	0.4 %

The City's assets exceeded liabilities by \$3.3 billion at the close of the year. The City's net position reflects a net investment in capital assets (i.e. land, buildings, infrastructure, and equipment less any related outstanding debt used to acquire these assets) of \$3.7 billion. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

Although the City's investment in its capital assets is reported net of related debt, resources needed to pay this debt must come from other sources since capital assets cannot be liquidated for these liabilities. Restricted net position in the amount of \$397.9 million represents resources that are subject to external restrictions on how they may be used. Unrestricted net position was affected by the implementation of GASB 68 and GASB 75, which affected available balances creating negative unrestricted net position.

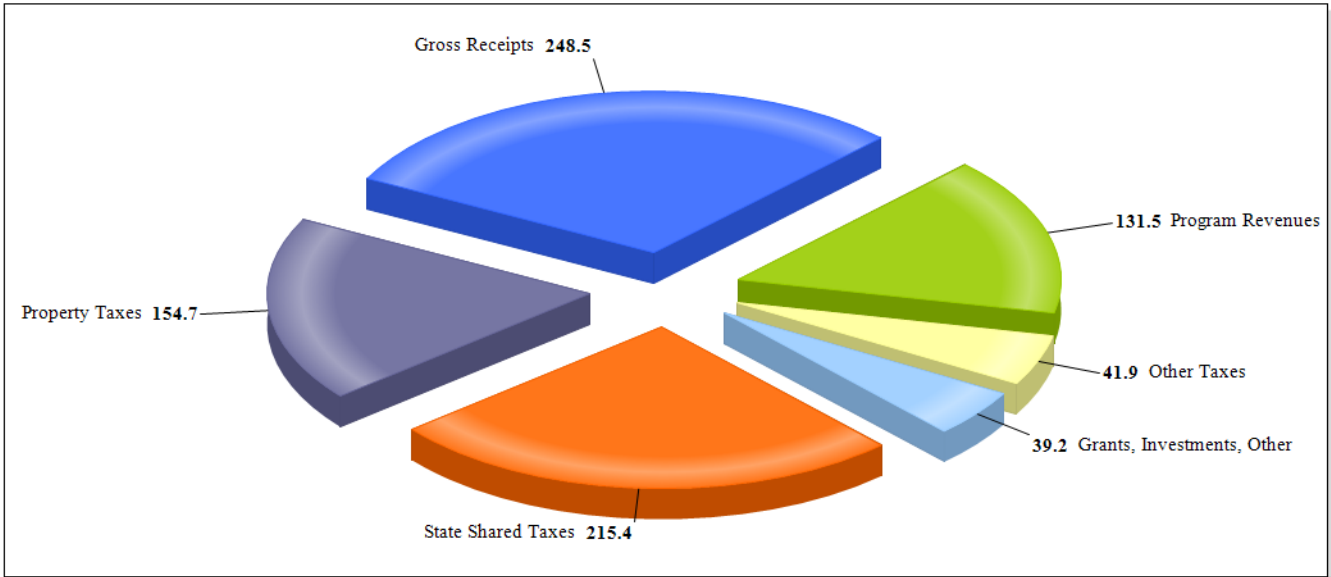
The City's net position increased by \$14.5 million during the current fiscal year. The increase in net position is explained in the governmental and business-type activities discussion.

CITY OF ALBUQUERQUE, NEW MEXICO
MANAGEMENT'S DISCUSSION AND ANALYSIS
 JUNE 30, 2019

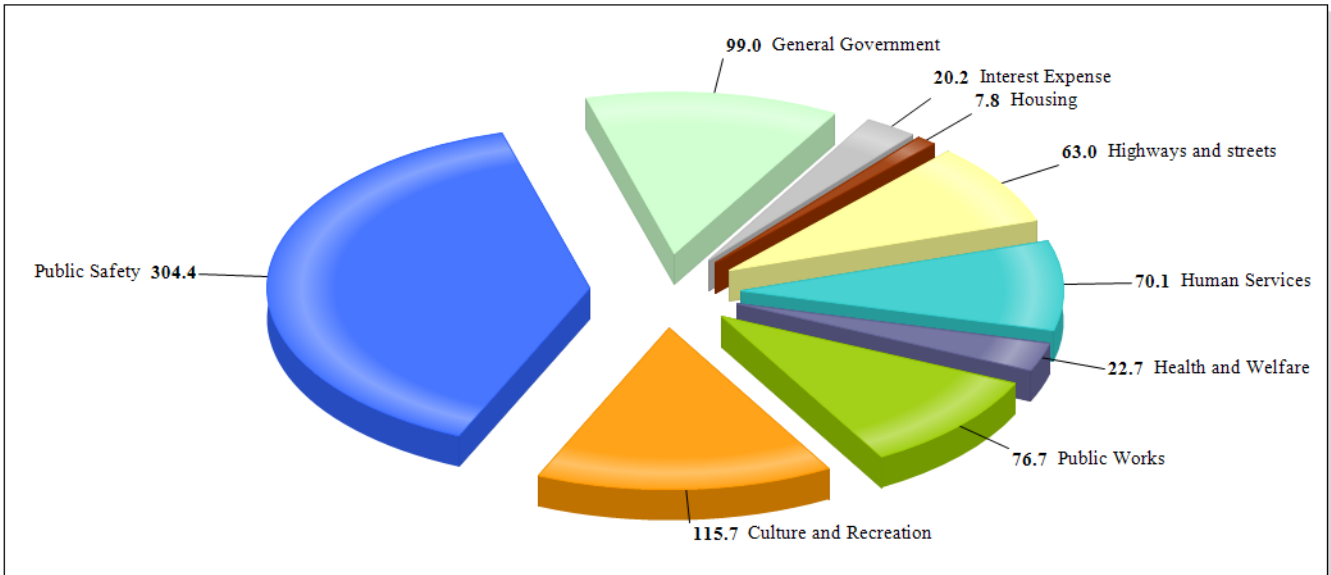
	Change in Net Position (in millions)						Total Percent Change
	Governmental Activities		Business-type Activities		Total		
	2019	2018	2019	2018	2019	2018	
Revenues:							
Program revenues:							
Charges for services	\$ 69.0	\$ 69.6	\$ 165.6	\$ 166.3	\$ 234.6	\$ 235.9	(0.6)%
Operating grants and contributions	41.1	31.6	-	-	41.1	31.6	30.1 %
Capital grants and contributions	21.4	6.9	15.0	88.9	36.4	95.8	(62.0)%
General revenues:							
Gross receipts taxes, local option	248.5	194.9	-	-	248.5	194.9	27.5 %
Property taxes	154.7	147.9	-	-	154.7	147.9	4.6 %
Other taxes	41.9	41.5	-	-	41.9	41.5	1.0 %
State shared taxes	215.4	208.0	-	-	215.4	208.0	3.6 %
Grants, investment income, and other	39.2	21.8	3.3	(0.3)	42.5	21.5	97.7 %
Total revenues	<u>831.2</u>	<u>722.2</u>	<u>183.9</u>	<u>254.9</u>	<u>1,015.1</u>	<u>977.1</u>	<u>3.9 %</u>
Expenses:							
General government	99.0	131.8	-	-	99.0	131.8	24.9 %
Public safety	304.4	284.9	-	-	304.4	284.9	(6.8)%
Culture and recreation	115.7	110.1	-	-	115.7	110.1	(5.1)%
Public works	76.7	27.5	-	-	76.7	27.5	(178.9)%
Health and welfare	22.7	20.6	-	-	22.7	20.6	(10.2)%
Human services	70.1	71.0	-	-	70.1	71.0	1.3 %
Highways and streets	63.0	57.1	-	-	63.0	57.1	(10.3)%
Housing	7.8	2.0	-	-	7.8	2.0	(290.0)%
Interest	20.2	20.0	-	-	20.2	20.0	(1.0)%
Airport	-	-	65.5	63.1	65.5	63.1	(3.8)%
Refuse disposal	-	-	71.9	69.5	71.9	69.5	(3.5)%
Transit	-	-	67.1	62.4	67.1	62.4	(7.5)%
Nonmajor enterprise funds	-	-	16.5	16.9	16.5	16.9	(2.4)%
Total expenses	<u>779.6</u>	<u>725.0</u>	<u>221.0</u>	<u>211.9</u>	<u>1,000.6</u>	<u>936.9</u>	<u>6.8 %</u>
Excess (deficiency) before transfers	51.6	(2.8)	(37.1)	43.0	14.5	40.2	(63.9)%
Transfers	(42.2)	(41.1)	42.2	41.1	-	-	-
Increase (decrease) in net position	9.4	(43.9)	5.1	84.1	14.5	40.2	-
Beginning net position, July 1	2,523.3	2,567.2	720.9	636.7	3,244.2	3,203.9	1.3 %
Prior period adjustment	-	-	-	0.1	-	0.1	(100.0)%
Ending net position, June 30	<u>\$ 2,532.7</u>	<u>\$ 2,523.3</u>	<u>\$ 726.0</u>	<u>\$ 720.9</u>	<u>\$ 3,258.7</u>	<u>\$ 3,244.2</u>	<u>0.4 %</u>

**CITY OF ALBUQUERQUE, NEW MEXICO
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019**

**Governmental Revenues by Source
in Millions**



**Governmental Expenditures by Function
in Millions**



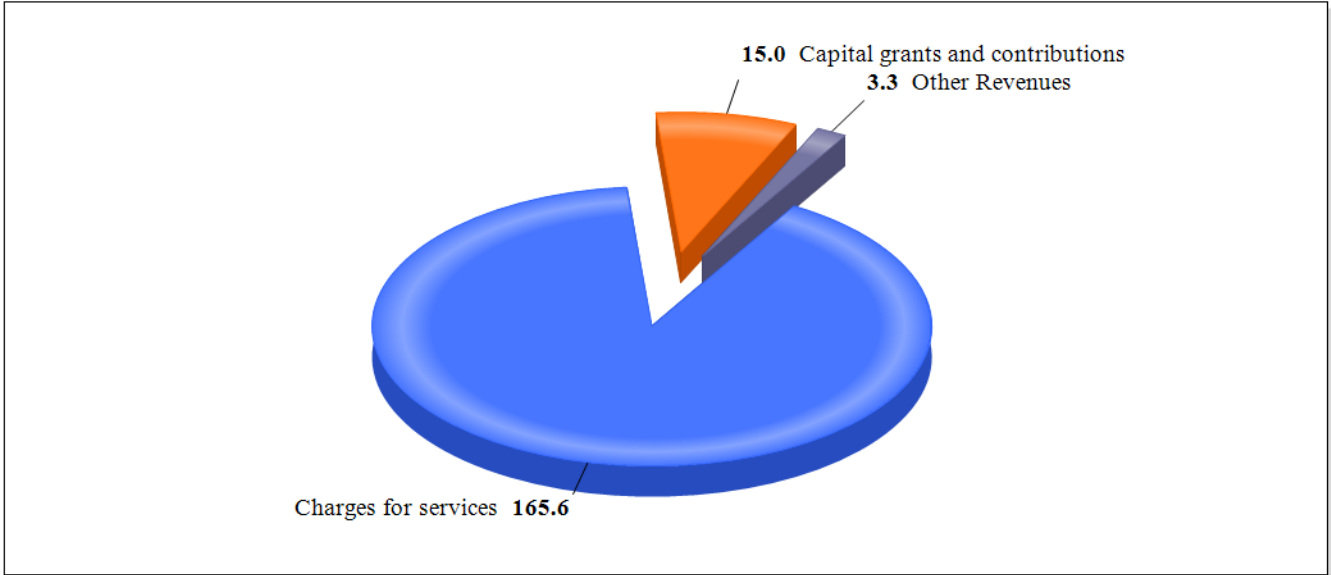
Governmental activities – Governmental activities increased the City's net position by \$9.4 million. Governmental activities revenue increased by \$109.0 million or 15.1% from \$722.2 million in fiscal year 2018 to \$831.2 million in fiscal year 2019. The increase in tax state shared tax and property tax indicates a stable growth economy in fiscal year 2019. Key elements in the change of the City's governmental activities revenues and expenditures are as follows:

CITY OF ALBUQUERQUE, NEW MEXICO
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019

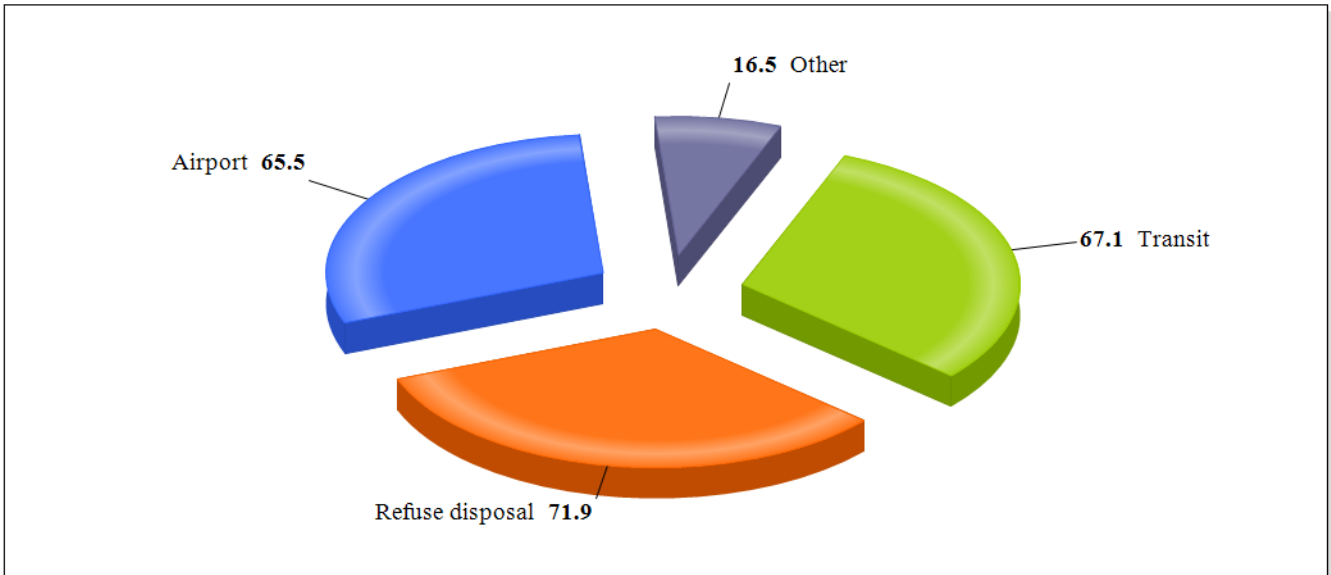
- Gross receipts tax (GRT) revenue and state shared taxes and fees, which together account for approximately 55.8% of the City's governmental activities revenue, increased by \$61.0 million, from \$402.9 million to \$463.9 million, or by 15.1% from prior year. The GRT revenue grew by 27.5%. In fiscal year 2019, the City passed a 3/8ths hold harmless distribution tax increase. The additional tax added \$49.9 million in GRT. Normal growth in GRT accounted for \$3.7 million. State shared taxes showed an increase in revenues of \$7.4 million compared to fiscal year 2018. Additional economic and budgetary facts are discussed in the economic factors section of the management discussion and analysis.
- Property taxes, which account for approximately 18.6% of the City's governmental activities revenues, increased by \$6.8 million from \$147.9 million in fiscal year 2018 to \$154.7 million. In fiscal year 2019 (tax year 2018) taxable assessed property valuations within the City increased \$430.0 million from \$13.2 billion to \$13.6 billion. This change reflects the County Assessor's reassessments and new additions to the tax base and adjustments for yield control. The City's direct property tax mill levy rate remained at 11.52 per \$1,000 assessed value in fiscal year 2019.
- Program revenues increased by \$23.4 million compared to fiscal year 2018 from \$108.1 million in fiscal year 2018 to \$131.5 million in fiscal year 2019. Program revenue consisting of charges for services, operating grants, capital grants and contributions account for approximately 15.8% of the City's governmental activities revenues. Charges for services decreased by \$600.0 thousand primarily due decreases in general government charges. Operating and capital grants and contributions increased by \$24.0 million.
- Grants, investments, and other revenues increased by \$17.4 million from \$21.8 million in fiscal year 2018 to \$39.2 million in fiscal year 2019. In fiscal year 2019, the City recorded \$19.1 million in interest income.
- Other taxes such as franchise, hospitality, lodgers', and payments in lieu of taxes (PILOT) increased by \$0.4 million from \$41.5 million in fiscal year 2018 to \$41.9 million in fiscal year 2019, or by 1.0%. Lodgers' and hospitality tax increased by \$1.5 million, however, franchise tax revenue decreased by \$1.1 million. More detail comparison of other taxes can be found on Schedule 3 in the Statistical Section of this report.
- Governmental activities expenditures increased by \$54.6 million from \$725.0 million in fiscal year 2018 to \$779.6 million in fiscal year 2019. The 3/8ths hold harmless distribution tax enabled the City to increase spending mostly in public safety programs and health care costs. General government expense decreased \$32.8 million due to a reallocation of depreciation from general government to public works. Public works and highways and streets increased by \$55.1 which included the \$32.8 million reallocation from general government to public works and \$22.3 million of capital project activity expenditures and repairs and maintenance. Public safety increased by \$19.5 million. The increase in the 3/8ths hold harmless distribution tax enabled the City to hire additional police officers, increase recruiting and give raises to fire and police. Housing services increased by \$5.8 million mainly due to increased spending in the Capital Fund followed by increased spending in culture and recreation of \$5.6 million and a \$2.1 million dollar increase in health and welfare.

CITY OF ALBUQUERQUE, NEW MEXICO
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019

Business-type Activities Revenues by Source
in Millions



Business-type Activities Expenses
in Millions



CITY OF ALBUQUERQUE, NEW MEXICO
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019

Business-type activities – Business-type activities decreased the City’s net position by \$37.1 million in fiscal year 2019 before transfers of \$42.2 million. Business-type activities revenues decreased \$71.0 million from \$254.9 million in fiscal year 2018 to \$183.9 million in fiscal year 2019, or by 27.9%. Charges for services decreased by \$700 thousand, capital grants and contributions decreased by \$73.9 million and grants, investment income and other increased by \$7.6 million. Key factors for the changes in the business-type activities net position and revenues are explained below:

- The Airport Fund had an increase in net position of \$10.6 million in fiscal year 2019 compared to a \$11.2 million increase in 2018. The charges for services decreased from \$58.5 million in fiscal year 2018 to \$56.8 million in fiscal year 2019 due to changes in rental contracts. Passenger facilities charges (PFCs) increased by 1.0% from \$9.9 million in fiscal year 2018 to \$10.0 million in fiscal year 2019. Operating expenses increased from \$60.0 million in fiscal year 2018 to \$64.9 in fiscal year 2019, and capital contributions decreased from \$5.2 million in fiscal year 2018 to \$3.8 million in fiscal year 2019. The expenditure increase was primarily due to a 2.0% increase in salaries and increases in security costs.
- The Refuse Disposal Fund had a decrease in net position of \$3.5 million in fiscal year 2019 compared to an increase of \$497.9 thousand in 2018. Charges for services slightly increased by \$614.8 thousand. Total operating expenses increased by \$4.5 million. The primary cause was a \$2.3 million increase in salaries and wages due, salary increases of \$1.3 million and the inclusion of PERA and OPEB expense in operating expenses of \$1.2 million. Contractual services increased by \$2.5 million primarily due to an increase in recycling expenditures. The refuse fund recorded a loss of \$3.6 million from the removal of work in progress expenses due to the cancellation of the proposed transfer station.
- The Transit Fund had a decrease in net position of \$3.0 million in fiscal year 2019. Charges for services decreased slightly from \$11.4 million in fiscal year 2018 to \$11.1 in fiscal year 2019. This was due to a reduction in revenue from another governmental agency and a drop in ridership. Operating expenses increased by \$7.6 million from \$59.5 million in 2018 to \$67.1 million in 2019 primarily due to increases in wages for bus drivers of \$3.5 million and an increase in repair and maintenance of approximately \$2.5 million.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

Governmental funds – The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of resources that are available for spending. Such information is useful in assessing the City's financing requirements. In particular, assigned and unassigned fund balances may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$525.1 million, an increase of \$20.6 million in comparison with the prior year. Of the total balance at year-end, \$408.4 million is restricted fund balance which primarily consists of funds reserved for capital projects and improvements and \$19.7 million is nonspendable, which relates to permanent fund cash and cash equivalents.

Revenues of governmental funds overall totaled approximately \$825.1 million in the fiscal year ended June 30, 2019, which represents an increase of \$102.3 million from the previous year total of \$722.8 million. The primary reasons are as follows: GRT revenue and state shared tax revenue increased by \$49.7 million. Property tax revenue increased by \$5.7 million which includes a \$3.2 million increase in the General Fund and an increase in the Capital Acquisition Fund of \$2.4 million. Federal and state grants increased by \$20.9 million from \$25.3 million in fiscal year 2018 to \$46.2 million in fiscal year 2019. Investment income increased by \$17.4 million from the previous year. Miscellaneous revenue increased by \$10.3 million from \$14.8 million in fiscal year 2018 to \$25.1 million in fiscal year 2019. The City’s governmental funds expenditures of \$802.2 million increased by \$38.5 million from the previous year’s total of \$763.7 million. The primary cause of the increase is attributed to an increase in public safety of \$19.3 million, public works projects and highways and streets of \$13.9 million, health and human services and housing of \$13.1 million, and culture and recreation of \$10.7 million, health, followed by a decrease in capital outlay of \$19.1 million.

General Fund – This fund is the City's chief operating fund. At the end of the current fiscal year, the total fund balance was \$55.2 million, of which \$6.7 million assigned and unassigned fund balance and \$48.4 million is committed for subsequent years’ operations. The net change in fund balance for the current fiscal year was an increase of \$0.5 million. The total revenues of \$575.3 million for the current fiscal year were \$56.7 million more than the previous fiscal year. The primary cause of the increase was due the 3/8ths hold harmless distribution tax increase. The additional tax added \$49.9 million in GRT. In addition

CITY OF ALBUQUERQUE, NEW MEXICO
MANAGEMENT'S DISCUSSION AND ANALYSIS
 JUNE 30, 2019

there were increases in GRT and state shared taxes of \$2.3 million, property taxes of \$3.2 million, license and permits of \$1.0 million, increase in interest revenue of \$1.5 million, increase in miscellaneous revenue and grants of \$800 thousand, followed by increase in charges for services of \$2.0 million. Total expenditures of \$516.5 million represents an increase of \$37.0 million from the previous year. Increases in expenditures were attributed to an increase in public safety of \$23.4 million, an increase in health and human services of \$5.5 million, and an increase in general government of \$5.4 million, and an increase in highway and streets and public works of \$1.9 million and capital outlay of \$800 thousand. Please refer to the General Fund budgetary highlights for an analysis with respect to budgets.

General Obligation Bond Debt Service Fund – This fund is used to accumulate resources for the repayment of the City’s GO bonds. GO bonds are backed by the full faith and credit of the City and may be used to finance any capital improvement approved by the voters. GO bonds may be redeemed by any regular City funding, but by policy, are generally redeemed by property taxes paid to the City. Fund balance in the City’s General Obligation Bond Debt Service Fund increased by \$3.6 million and from \$63.2 million in fiscal year 2018 to \$66.8 million in fiscal year 2019. Property tax revenues dedicated to the repayment of GO Bonds increased by \$2.4 million from \$65.8 million in fiscal year 2018 to \$68.2 million in fiscal year 2019. The City's property tax rates have remained constant for well over a decade and no tax rate increase has been required to fund the GO Bond program of capital improvements.

Capital Acquisition Fund – This fund is used to accumulate resources for the acquisition of capital. Capital is defined as tangible property with a life beyond a one year budget cycle. Land, infrastructure, equipment, buildings as well as the services required to build or install these assets may be classified as capital. The Capital Acquisition Fund is primarily funded by bond proceeds, but recurring and non-recurring revenue may be used. Major capital improvements for the City are funded primarily with general obligation and enterprise fund revenue bonds. In many cases, these bond funds are matched with federal and/or state contributions and private assessments. During fiscal year 2019, the Capital Acquisition Fund balance decreased by \$16.2 million from \$243.9 million in fiscal year 2018 to \$227.7 million. The decrease in fund balance is attributed to a decrease of bond proceeds from the previous year. The remaining amounts from the 2017 GO bond election were sold in the amount of \$33.8 million and expenditures totaled \$92.8 million.

Enterprise Funds – The City's enterprise funds provide the same type of information presented in the government-wide financial statements business-type activities, but in more detail. Unrestricted net position was previously affected by the implementation of the pension and OPEB standards. At the end of fiscal year 2019, the unrestricted net position (in millions) is as follows:

Airport Fund	\$	41.2
Refuse Disposal Fund		(29.3)
Transit Fund		(43.4)
Nonmajor enterprise funds		1.2
Total		(30.3)

Internal Service Funds – Internal service funds are used to account for certain governmental activities and had an unrestricted net position (deficit) of \$(36.5) million in fiscal year 2019 as compared to \$(23.0) million in fiscal year 2018. Unrestricted net position in internal service funds decreased due to the implementation of GASB 68 and GASB 75.

Fiduciary Funds – There are two types of fiduciary funds the City uses to account for resources held for the benefit of others. The City's Agency fund is used by the City to account for funds held for third parties. The Albuquerque Pooled OPEB Trust Fund is used by the City and the ABCWUA to account for funds held in an irrevocable trust for the other postemployment benefits relating to life insurance benefits for retirees. The Albuquerque Pooled OPEB Trust Plan issues a separate report that can be obtained from the DFAS Accounting Division at: PO Box 1293, Room 8010, 8th floor, Albuquerque NM 87103.

Budgetary Highlights – The original fiscal year 2019 approved operating budget was \$997.7 million after interfund eliminations. The General Fund portion was \$582.6 million with total reserves of \$48.4 million. Gross receipts tax is the City's major source of funding and was expected to grow at 2.2%. The 3/8ths hold harmless distribution tax added an additional \$49.9 million in revenues and allowed the City to fund increases in public safety, programs for youths, and homelessness initiatives. The growth in General Fund appropriations was largely associated with increased funding for public safety. In the police department, \$23.8 million was added with the expectation of graduating more cadets, reducing property crime, and tackling a backlog of DNA testing on sexual assault kits, among other activities. The increase included funding for 40 police officers and associated operating costs, \$6.9 million increase for the firefighters, \$4.7 million increase for behavioral and homeless programs, after school and youth programs, and other public safety programs.

CITY OF ALBUQUERQUE, NEW MEXICO
MANAGEMENT'S DISCUSSION AND ANALYSIS
 JUNE 30, 2019

Beginning July 1, 2019, the City will change its revenue recognition policy and consider gross receipts and property tax revenues earned in the reported fiscal year as available when received within 60 days after year end, replacing the current policy of 30-day availability. In fiscal year 2020, the City will recognize gross receipts and property tax revenues received from September to August.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets – The City's capital assets of governmental and business-type activities as of June 30, 2019, total \$4.2 billion, net of accumulated depreciation. The decrease in capital assets in the current fiscal year was \$29.5 million or (0.7)%. Additional information pertaining to capital assets can be found in the notes to the financial statements in note C.

Capital assets are summarized as follows (in millions):

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land	\$ 329.0	\$ 322.9	\$ 57.5	\$ 57.5	\$ 386.5	\$ 380.4
Right of way	1,145.5	1,145.5	-	-	1,145.5	1,145.5
Other	0.4	1.2	16.1	16.5	16.5	17.7
Buildings	322.2	314.5	222.2	229.3	544.4	543.8
Runways	-	-	86.9	96.4	86.9	96.4
Improvements	379.0	391.7	94.3	104.9	473.3	496.6
Equipment	32.2	27.8	38.0	39.8	70.2	67.6
Infrastructure	1,320.9	1,342.4	118.6	120.0	1,439.5	1,462.4
Construction in progress	25.2	18.3	49.8	38.6	75.0	56.9
Total	\$ 3,554.4	\$ 3,564.3	\$ 683.4	\$ 703.0	\$ 4,237.8	\$ 4,267.3

Governmental activities - In fiscal year 2019, capital assets decreased by \$9.9 million after the recording of depreciation. The decrease came from improvements and infrastructure of \$34.2 million and other of \$800 thousand, followed by increases in land of \$6.1 million, building of \$7.7 million, equipment of \$4.4 million and construction in progress of \$6.9 million.

Business-type activities – In fiscal year 2019, business-type activities decreased capital assets by \$19.6 million after the recording of depreciation. The decrease came from buildings of \$7.1 million, runways of \$9.5 million, improvements and infrastructure of \$12.0 million, equipment and other of \$2.2 million followed by an increase in construction in progress of \$11.2 million.

Debt Administration – At the end of the current fiscal year, the City's governmental activities had a total of \$1.7 billion in long-term obligations. Total bonded debt is \$705.5 million of which \$117.7 million is due or payable within the next fiscal year. Net pension liability increased from \$524.8 million in fiscal year 2018 to \$594.0 million in fiscal year 2019. The net OPEB obligation decreased from \$292.1 million in fiscal year 2018 to \$276.3 in fiscal year 2019. The remaining debt is for loans, accrued vacation and sick leave pay, and claims payable. During the fiscal year ended June 30, 2019, the City issued GO Bonds in the amount of \$33.8 million which includes \$7.2 million of Short-term GO Sponge Bonds. The GO Bonds were issued to finance projects relating to Storm Sewer and Street Bonds \$15.9 million, senior, family, community centers, and community enhancement \$9.6 million, public safety \$2.3 million, parks and recreation \$2.3 million, public transportation \$1.5 million, metropolitan redevelopment \$1.3 million and miscellaneous programs totaling \$900 thousand. In addition, the City issued \$1.6 million Gross Receipts Tax Sponge Bonds. The GRT bonds were issued to finance projects for the purpose of designing, improving and modernizing the City's Civic Plaza and Isotopes Park. The City's business-type activities had long-term obligations of \$186.7 million, of which \$11.9 million is due or payable within the next fiscal year. Additional information related to debt can be found in section IV.G of the notes to the financial statements.

The ratio of net general obligation bonded debt to taxable valuation and the amount of bonded debt per capita are useful indicators to management, citizens and investors of the City's debt position. The State's constitution provides for a legal debt limit of 4% of taxable valuation for general purpose only. The City currently may issue up to an additional \$165.6 million of General Purpose General Obligation Bonds and has \$423.0 million of General Purpose General Obligation debt outstanding. Included in the general obligation bonds outstanding at June 30, 2019, are Storm Sewer Bonds in the amount of \$42.0 million that is subject to the legal debt limit. The net general bonded debt per capita is \$755.

CITY OF ALBUQUERQUE, NEW MEXICO
MANAGEMENT'S DISCUSSION AND ANALYSIS
 JUNE 30, 2019

The ratings on the City's uninsured General Obligation Bonds and Gross Receipts Tax Bonds for fiscal year 2019 are as follows:

Credit	Bond Ratings	
	S & P	Fitch
General Obligation Bonds	AAA	AA+
Gross Receipts Tax Revenue Bonds	AAA	AA+
Airport Revenue Bonds	A+	A+

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The overall health of the local economy greatly impacts the city's operating revenues. The City's gross receipts tax (GRT) is greatly impacted by the underlying growth in economic conditions. In fiscal year 2019, GRT represented 67.0% of the total General Fund revenues.

Albuquerque GRT revenues have increased for the past nine years. Fiscal year 2018 grew at a rate of 1.8%, fiscal year 2019 growth was revised to a rate of 13.0% and fiscal year 2020 is expected to grow 3.5%. The large overall growth in fiscal year 2019 was due to a new gross receipts tax increment that became effective July 1, 2018. The new tax is expected to generate over \$50 million annually, of which 60.0% must be spent on public safety. Increases in fiscal year 2020 reflect modestly stronger growth and increases resulting from legislation passed during the 2019 Legislative Session, such as new revenue from internet sales. In addition, the revenue estimate identifies \$1.8 million as the additional impact of deductions in the fourth year of the 15-year phase out of the food and medical hold harmless distribution tax.

CITY OF ALBUQUERQUE, NEW MEXICO
MANAGEMENT'S DISCUSSION AND ANALYSIS
 JUNE 30, 2019

The following table presents the underlying assumptions used in the City's most recent budgets:

National Variables	2018	2019	2020
Real GDP growth	2.6 %	3.0 %	2.4 %
Federal funds rate	1.4 %	2.3 %	3.2 %
10 U.S. bonds	2.6 %	3.2 %	3.5 %
CPI U	2.2 %	2.6 %	2.4 %
Unemployment rate (U.S.)	4.1	3.7	3.5
Total U.S. Employment	1.5	1.6	1.3
Manufacturing employment	1.5	1.8	0.2
Consumer sentiment index- University of Michigan	97.7	97.2	98.1
Exchange rates	1.13	1.17	1.19
Current trade account (billions of \$)	(442.8)	(559.3)	(628.5)
Change in output per hour	1.1 %	1.8 %	1.3 %
Natural gas-Henry Hub \$ per MCF	2.9	2.8	2.3
West TX intermediate (dollars per bbl)	58.6	71.4	74.7
Wage growth	2.8 %	3.3 %	3.4 %
Albuquerque Variables			
Employment Growth and Unemployment in Albuquerque MSA			
Total non-Ag ABQ	0.9 %	1.2 %	1.4 %
Private-non construction	0.8 %	1.4 %	1.4 %
Construction employment (growth)	8.3 %	3.7 %	2.8 %
Manufacturing (ABQ)	(0.7)%	0.1 %	1.1 %
Unemployment rate (Alb.)	5.1 %	4.7 %	4.6 %
Growth in Personal Income	3.3 %	4.2 %	4.9 %
Construction units permitted in City of Albuquerque			
Single-family permits	1,318.0	1,585.0	1,742.0
Multi-family permits	150.0	454.0	548.0
Total residential permits	1,468.0	2,040.0	2,290.0

Source Global Insight and FOR-UNM October 2018 Baseline Forecasts

On April 23, 2019, the City sold \$33.8 million of general obligation bonds. Bond proceeds will be used for capital improvements on streets, public safety, citizens' centers and community enhancements, parks, facilities, libraries, and public transportation.

REQUEST FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Director's office for the Department of Finance and Administrative Services of the City at Director's Office, DFAS, Rm 11015, PO Box 1293, Albuquerque, New Mexico 87103.

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BASIC FINANCIAL STATEMENTS

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CITY OF ALBUQUERQUE, NEW MEXICO

STATEMENT OF NET POSITION

JUNE 30, 2019

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Albuquerque Housing Authority
ASSETS				
Current assets:				
Cash and investments	\$ 397,771,185	\$ 115,771,613	\$ 513,542,798	\$ 15,222,631
Cash for FSA benefits	560,856	-	560,856	-
Taxes receivable	93,730,910	-	93,730,910	-
Accounts receivable, net	3,492,396	14,619,156	18,111,552	1,054,830
Prepaid expense	161,014	363,243	524,257	63,975
Inventories	1,685,684	5,085,268	6,770,952	85,766
Due from other governments	19,469,493	35,098,256	54,567,749	-
Internal balances	25,792,689	(25,792,689)	-	-
Total current assets	542,664,227	145,144,847	687,809,074	16,427,202
Noncurrent assets:				
Notes receivable	13,924,951	1,389,693	15,314,644	-
Restricted assets:				
Cash and investments	186,458,350	94,968,991	281,427,341	1,193,055
Cash with fiscal agent	100,994	3,263,131	3,364,125	-
Land held for sale	2,287,306	-	2,287,306	-
Security deposits	-	171,892	171,892	-
Total restricted assets	188,846,650	98,404,014	287,250,664	1,193,055
Capital assets:				
Land and construction in progress	1,499,746,224	107,359,518	1,607,105,742	4,051,279
Capital assets-depreciable	3,824,025,318	1,428,028,528	5,252,053,846	74,641,622
Accumulated depreciation	(1,769,292,655)	(851,742,740)	(2,621,035,395)	(56,193,324)
Total capital assets	3,554,478,887	683,645,306	4,238,124,193	22,499,577
Total noncurrent assets	3,757,250,488	783,439,013	4,540,689,501	23,692,632
Total assets	4,299,914,715	928,583,860	5,228,498,575	40,119,834
DEFERRED OUTFLOWS OF RESOURCES				
Deferred gain/loss on refunding	2,747,335	410,724	3,158,059	-
Deferred outflows related to pensions	141,074,148	23,532,771	164,606,919	1,390,276
Deferred outflows related to OPEB	6,482,019	1,342,494	7,824,513	272,707
Total deferred outflows of resources	\$ 150,303,502	\$ 25,285,989	\$ 175,589,491	\$ 1,662,983

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

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Albuquerque Housing Authority
LIABILITIES				
Current liabilities:				
Accounts payable	\$ 41,664,652	\$ 7,487,868	\$ 49,152,520	\$ 382,810
Accrued employee compensation	20,175,499	1,831,375	22,006,874	73,764
Accrued vacation and sick leave	26,281,450	5,262,540	31,543,990	73,932
Customer deposits	3,181,816	1,050,030	4,231,846	232,423
Unearned revenue	11,051,734	5,288,063	16,339,797	-
Claims reserve	24,711,064	-	24,711,064	-
Other current liabilities	149,777	-	149,777	237,914
Payable from restricted assets:				
Contracts payable	1,123,406	4,426,586	5,549,992	187,758
Bonds and notes payable	66,693,717	6,675,000	73,368,717	-
Accrued interest	13,436,350	493,657	13,930,007	-
Total current liabilities	<u>208,469,465</u>	<u>32,515,119</u>	<u>240,984,584</u>	<u>1,188,601</u>
Non-current liabilities:				
Bonds and notes payable	638,774,845	22,382,546	661,157,391	7,000,370
Accrued vacation and sick leave	10,026,226	1,576,455	11,602,681	100,034
Claims reserve	65,561,376	-	65,561,376	-
Landfill closure costs	-	5,296,058	5,296,058	-
Net pension liability	593,970,434	87,116,434	681,086,868	4,778,328
Net OPEB liability	276,283,668	58,253,236	334,536,904	2,784,004
Arbitrage and other payable	831,331	154,675	986,006	15,997
Total non-current liabilities	<u>1,585,447,880</u>	<u>174,779,404</u>	<u>1,760,227,284</u>	<u>14,678,733</u>
Total liabilities	<u>1,793,917,345</u>	<u>207,294,523</u>	<u>2,001,211,868</u>	<u>15,867,334</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to pensions	55,478,158	6,699,171	62,177,329	353,634
Deferred inflows related to OPEB	68,135,533	13,863,322	81,998,855	932,949
Total deferred inflows of resources	<u>123,613,691</u>	<u>20,562,493</u>	<u>144,176,184</u>	<u>1,286,583</u>
NET POSITION				
Net investment in capital assets	3,018,506,241	654,998,484	3,673,504,725	8,096,168
Restricted for:				
Debt service	90,714,386	13,019,930	103,734,316	-
Construction	158,221,043	88,285,614	246,506,657	-
Housing and economic development	13,502,318	-	13,502,318	729,067
Federal and state funded programs	11,191,478	-	11,191,478	-
Open space and urban enhancement:				
Expendable	3,280,519	-	3,280,519	-
Nonexpendable	19,709,769	-	19,709,769	-
Unrestricted	<u>(782,438,573)</u>	<u>(30,291,195)</u>	<u>(812,729,768)</u>	<u>15,803,665</u>
Total net position	<u>\$ 2,532,687,181</u>	<u>\$ 726,012,833</u>	<u>\$ 3,258,700,014</u>	<u>\$ 24,628,900</u>

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

CITY OF ALBUQUERQUE, NEW MEXICO

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 98,999,606	\$ 36,341,664	\$ 643,971	\$ 11,636,566
Public safety	304,381,182	7,973,628	7,050,905	920,193
Culture and recreation	115,677,458	8,900,777	7,966,360	874,766
Public works	76,709,663	530,304	-	607,865
Highways and streets	62,975,897	-	-	6,692,970
Human services	70,104,561	9,437,452	23,785,290	398,475
Health and welfare	22,790,802	5,851,410	-	-
Housing	7,797,998	-	1,543,509	282,022
Interest	20,178,660	-	-	-
Total governmental activities	<u>779,615,827</u>	<u>69,035,235</u>	<u>40,990,035</u>	<u>21,412,857</u>
Business-type activities:				
Airport	65,481,009	66,773,627	-	3,790,683
Refuse disposal	71,906,083	72,610,034	-	-
Transit	67,105,031	11,110,043	-	11,204,438
Golf course	5,315,606	3,733,963	-	-
Parking facilities	5,826,627	5,070,587	-	-
Stadium	1,855,496	2,095,321	-	-
Apartments	3,496,859	4,213,756	-	-
Total business-type activities	<u>220,986,711</u>	<u>165,607,331</u>	<u>-</u>	<u>14,995,121</u>
Total primary government	<u>\$ 1,000,602,538</u>	<u>\$ 234,642,566</u>	<u>\$ 40,990,035</u>	<u>\$ 36,407,978</u>
Component unit:				
Albuquerque Housing Authority	<u>\$ 36,484,410</u>	<u>\$ 2,229,931</u>	<u>\$ 34,916,610</u>	<u>\$ 344,163</u>

General revenues:

Taxes:

Gross receipts taxes, local option

State shared taxes

Property taxes

Franchise taxes

Lodgers' and hospitality taxes

Payments in lieu of taxes

Investment income

Miscellaneous

Transfers

Total general revenues and transfers

Change in net position

Net position, July 1 (restated, see note IV.O)

Net position, June 30

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

Net (Expense) Revenue and Changes in Net Position

<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>	<u>Component Unit</u>
\$ (50,377,405)	\$ -	\$ (50,377,405)	\$ -
(288,436,456)	-	(288,436,456)	-
(97,935,555)	-	(97,935,555)	-
(75,571,494)	-	(75,571,494)	-
(56,282,927)	-	(56,282,927)	-
(36,483,344)	-	(36,483,344)	-
(16,939,392)	-	(16,939,392)	-
(5,972,467)	-	(5,972,467)	-
(20,178,660)	-	(20,178,660)	-
<u>(648,177,700)</u>	<u>-</u>	<u>(648,177,700)</u>	<u>-</u>
-	5,083,301	5,083,301	-
-	703,951	703,951	-
-	(44,790,550)	(44,790,550)	-
-	(1,581,643)	(1,581,643)	-
-	(756,040)	(756,040)	-
-	239,825	239,825	-
-	716,897	716,897	-
<u>-</u>	<u>(40,384,259)</u>	<u>(40,384,259)</u>	<u>-</u>
(648,177,700)	(40,384,259)	(688,561,959)	-
			1,006,294
248,520,535	-	248,520,535	-
215,352,484	-	215,352,484	-
154,746,737	-	154,746,737	-
24,542,738	-	24,542,738	-
17,346,214	-	17,346,214	-
59,206	-	59,206	-
19,080,928	5,954,126	25,035,054	151,670
20,099,558	(2,673,872)	17,425,686	590,677
<u>(42,213,666)</u>	<u>42,213,666</u>	<u>-</u>	<u>-</u>
<u>657,534,734</u>	<u>45,493,920</u>	<u>703,028,654</u>	<u>742,347</u>
9,357,034	5,109,661	14,466,695	1,748,641
<u>2,523,330,147</u>	<u>720,903,172</u>	<u>3,244,233,319</u>	<u>22,880,259</u>
<u>\$ 2,532,687,181</u>	<u>\$ 726,012,833</u>	<u>\$ 3,258,700,014</u>	<u>\$ 24,628,900</u>

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

CITY OF ALBUQUERQUE, NEW MEXICO

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2019

	<u>General Fund</u>	<u>GO Bond Debt Service Fund</u>
ASSETS		
Cash and investments	\$ 20,540,143	\$ 74,171,846
Taxes receivable	77,280,795	3,507,952
Accounts receivable, net	2,598,833	-
Due from other governments	1,359,727	-
Due from other funds	29,345,286	-
Prepaid expenditures	25,734	-
Restricted assets:		
Cash and investments	-	-
Cash with fiscal agent	-	-
Land held for resale	-	-
	<u> </u>	<u> </u>
Total assets	<u>\$ 131,150,518</u>	<u>\$ 77,679,798</u>
LIABILITIES		
Accounts payable	12,470,708	8,830
Contracts payable	-	-
Accrued employee compensation	19,502,154	-
Due to other funds	1,153,361	-
Unearned revenue	-	-
Customer deposits and other	3,211,823	-
Matured interest payable	-	8,254,635
Total liabilities	<u>36,338,046</u>	<u>8,263,465</u>
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue - taxes	39,649,061	2,624,760
Unavailable revenue - developer loans	-	-
Unavailable revenue - special assessments	-	-
Total deferred inflows of resources	<u>39,649,061</u>	<u>2,624,760</u>
FUND BALANCES		
Nonspendable	29,528	-
Restricted	-	66,791,573
Committed	48,436,000	-
Assigned	-	-
Unassigned	6,697,883	-
Total fund balances	<u>55,163,411</u>	<u>66,791,573</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 131,150,518</u>	<u>\$ 77,679,798</u>

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

Capital Acquisition Fund	Nonmajor Governmental Funds	Total
\$ 66,952,232	\$ 162,957,715	\$ 324,621,936
-	12,942,163	93,730,910
636,045	14,147,558	17,382,436
6,785,308	11,069,825	19,214,860
-	-	29,345,286
-	135,280	161,014
166,748,581	19,709,769	186,458,350
-	100,994	100,994
-	2,287,306	2,287,306
<u>\$ 241,122,166</u>	<u>\$ 223,350,610</u>	<u>\$ 673,303,092</u>
12,691,152	8,652,131	33,822,821
656,024	474,857	1,130,881
89,932	421,585	20,013,671
15,457	3,968,701	5,137,519
-	11,021,727	11,021,727
-	-	3,211,823
-	5,181,714	13,436,349
<u>13,452,565</u>	<u>29,720,715</u>	<u>87,774,791</u>
-	5,776,387	48,050,208
-	3,935,622	3,935,622
-	8,415,719	8,415,719
-	18,127,728	60,401,549
-	19,709,769	19,739,297
227,669,601	113,969,839	408,431,013
-	13,137,952	61,573,952
-	28,684,607	28,684,607
-	-	6,697,883
<u>227,669,601</u>	<u>175,502,167</u>	<u>525,126,752</u>
<u>\$ 241,122,166</u>	<u>\$ 223,350,610</u>	<u>\$ 673,303,092</u>

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

CITY OF ALBUQUERQUE, NEW MEXICO
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2019

Total fund balances of governmental funds	\$ 525,126,752
Capital assets in governmental activities are not current financial resources and therefore are not reported in the funds (excluding internal service assets).	3,554,032,515
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds (Note II.A).	(1,597,132,274)
Internal service funds are used by the City to charge the cost of these funds to their primary users - governmental and enterprise funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.	(36,431,171)
Deferred outflows of resources are not current financial resources and therefore are not reported in the funds. Deferred outflows are related to gain/loss on refunding, pensions and OPEB (NOTE II.A).	150,303,502
Deferred inflows related to taxes receivable, special assessments and developer loans are reported in the funds but not in governmental activities in the statement of net position. Deferred inflows related to pensions and OPEB are not available to pay for current period expenditures and therefore are not reported in the funds (Note II.A).	<u>(63,212,143)</u>
Net position of governmental activities	<u><u>\$ 2,532,687,181</u></u>

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

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CITY OF ALBUQUERQUE, NEW MEXICO
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	<u>General Fund</u>	<u>GO Bond Debt Service Fund</u>
REVENUES		
Taxes		
Gross receipts taxes, local option	\$ 185,311,907	\$ -
State shared taxes	209,899,944	-
Property taxes	86,508,326	68,238,258
Lodgers' and hospitality taxes	-	-
Franchise taxes	26,268,548	-
Payment in lieu of taxes	59,206	-
Licenses and permits	12,468,357	-
Federal grants	-	-
State grants and contributions	670,317	-
Charges for services	48,948,846	-
Fines and forfeitures	522,937	-
Investment income	870,945	1,264,929
Special assessments	-	-
Miscellaneous	3,777,098	-
Total revenues	<u>575,306,431</u>	<u>69,503,187</u>
EXPENDITURES		
Current:		
General government	73,868,740	-
Public safety	274,211,107	-
Culture and recreation	79,044,595	-
Public works	10,510,685	-
Highways and streets	20,408,556	-
Health	18,501,591	-
Human services	38,706,902	-
Housing	-	-
Debt service:		
Principal payment	-	51,355,000
Interest	-	16,293,653
Fiscal agent fees	-	734,381
Capital outlay	1,210,538	-
Total expenditures	<u>516,462,714</u>	<u>68,383,034</u>
Excess (deficiency) of revenues over expenditures	<u>58,843,717</u>	<u>1,120,153</u>
OTHER FINANCING SOURCES (USES)		
Transfers in	5,150,290	-
Transfers out	(63,467,802)	-
Premium on issuance of bonds	-	2,443,805
Bonds and notes issued	-	-
Total other financing sources (uses)	<u>(58,317,512)</u>	<u>2,443,805</u>
Net change in fund balances	526,205	3,563,958
Fund balances, July 1	<u>54,637,206</u>	<u>63,227,615</u>
Fund balances, June 30	<u>\$ 55,163,411</u>	<u>\$ 66,791,573</u>

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

Capital Acquisition Fund	Nonmajor Governmental Funds	Total
\$ -	\$ 57,786,019	\$ 243,097,926
-	4,682,075	214,582,019
-	-	154,746,584
-	17,272,790	17,272,790
394,561	-	26,663,109
-	-	59,206
-	3,211,035	15,679,392
6,160,693	33,230,604	39,391,297
2,769,864	3,402,238	6,842,419
-	12,910,090	61,858,936
-	-	522,937
7,548,245	7,016,147	16,700,266
-	2,619,899	2,619,899
15,209,461	6,066,170	25,052,729
<u>32,082,824</u>	<u>148,197,067</u>	<u>825,089,509</u>
4,520,424	12,300,460	90,689,624
1,086,210	4,567,079	279,864,396
10,365,045	7,490,099	96,899,739
11,742,237	85,719	22,338,641
8,794,383	10,912,726	40,115,665
217,491	4,891,265	23,610,347
1,081,429	29,988,245	69,776,576
1,992,072	2,379,785	4,371,857
-	15,166,155	66,521,155
-	10,422,157	26,715,810
-	32,470	766,851
<u>53,026,586</u>	<u>26,268,415</u>	<u>80,505,539</u>
<u>92,825,877</u>	<u>124,504,575</u>	<u>802,176,200</u>
<u>(60,743,053)</u>	<u>23,692,492</u>	<u>22,913,309</u>
10,275,224	34,347,120	49,772,634
(1,537,824)	(25,233,676)	(90,239,302)
339,562	-	2,783,367
<u>35,369,000</u>	<u>-</u>	<u>35,369,000</u>
<u>44,445,962</u>	<u>9,113,444</u>	<u>(2,314,301)</u>
(16,297,091)	32,805,936	20,599,008
<u>243,966,692</u>	<u>142,696,231</u>	<u>504,527,744</u>
<u>\$ 227,669,601</u>	<u>\$ 175,502,167</u>	<u>\$ 525,126,752</u>

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

CITY OF ALBUQUERQUE, NEW MEXICO
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

Net change in fund balances - total governmental funds	\$ 20,599,008
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of capital assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period (Note II.B).	(9,739,263)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on the statement of activities. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items (Note II.B).	35,672,790
Internal service funds are used by the City to charge their cost to individual funds. The net revenue (expense) of internal service funds is reported within governmental activities.	(13,531,430)
Taxes earned during the fiscal year but received more than thirty days after the end of the fiscal year as well as developer loans and special assessments are reported as deferred inflows in the funds but in the statement of activities they are reported as revenues (Note II.B).	(1,625,082)
The change in liability for compensated absences that is reported as an expense in the statement of activities does not require the use of current financial resources and therefore is not reported as expenditures in governmental funds.	(2,767,178)
The changes in the City OPEB and pension liabilities, which are reported as expenses in the statement of activities, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds (Note II.B).	<u>(19,251,811)</u>
Change in net position of governmental activities	<u><u>\$ 9,357,034</u></u>

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

CITY OF ALBUQUERQUE, NEW MEXICO
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Variance with Final Budget Over/Under
Revenues:				
Taxes:				
Gross receipts tax, local option	\$ 183,681,000	\$ 183,681,000	\$ 185,311,907	\$ 1,630,907
Current property tax	82,135,000	82,135,000	84,262,802	2,127,802
Delinquent property tax	2,750,000	2,750,000	2,245,524	(504,476)
Franchise taxes:				
Electric	9,396,000	9,396,000	9,044,110	(351,890)
Gas	3,769,000	3,769,000	3,692,049	(76,951)
Cable television	4,240,000	4,240,000	3,963,698	(276,302)
Telephone	1,513,000	1,513,000	1,240,579	(272,421)
Telecommunications	691,000	691,000	562,173	(128,827)
Water Authority	7,890,000	7,890,000	7,765,938	(124,062)
Payments in lieu of taxes	-	-	59,206	59,206
Total taxes	<u>296,065,000</u>	<u>296,065,000</u>	<u>298,147,986</u>	<u>2,082,986</u>
Licenses and permits:				
Building permits	4,742,000	4,742,000	3,301,408	(1,440,592)
Plan checking permits	512,000	512,000	1,970,246	1,458,246
Business registration fees	1,260,000	1,260,000	710,205	(549,795)
Plumbing/mechanical permits	507,000	507,000	1,122,581	615,581
Restaurant inspections	1,200,000	1,200,000	1,350,844	150,844
Electrical/refrigeration permits	924,000	924,000	988,021	64,021
Other licenses and permits	149,000	149,000	140,719	(8,281)
Right of way usage permits	315,000	315,000	235,212	(79,788)
Liquor licenses	215,000	215,000	194,490	(20,510)
Animal licenses	250,000	250,000	119,529	(130,471)
Food retailers inspections	226,000	226,000	229,894	3,894
Swimming pool inspections	125,000	125,000	125,650	650
Flood plan certification	-	-	30,800	30,800
Reroofing permits	94,000	94,000	942	(93,058)
Loading zone permits	12,000	12,000	7,596	(4,404)
Solicitation permits	5,000	5,000	8,740	3,740
Excavation permits	250,000	250,000	203,843	(46,157)
Barricading permits	1,235,000	1,235,000	1,727,638	492,638
Total licenses and permits	<u>12,021,000</u>	<u>12,021,000</u>	<u>12,468,358</u>	<u>447,358</u>
State shared taxes and grants:				
Gross receipts tax	201,685,000	201,685,000	203,809,517	2,124,517
Municipal gas tax	2,605,000	2,605,000	2,517,683	(87,317)
Motor vehicle license distribution	2,041,000	2,041,000	2,031,208	(9,792)
Municipal compensation tax	1,426,000	1,426,000	1,541,535	115,535
Bernalillo County-shared operations	282,000	282,000	670,317	388,317
Total state shared taxes and grants	<u>208,039,000</u>	<u>208,039,000</u>	<u>210,570,260</u>	<u>2,531,260</u>

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

CITY OF ALBUQUERQUE, NEW MEXICO
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Variance with Final Budget Over/Under
Revenues (continued):				
Charges for services:				
General government:				
Administrative charges to other funds	30,682,000	30,682,000	26,204,042	(4,477,958)
Legal services	2,495,000	2,495,000	2,315,138	(179,862)
Shared transportation	-	-	16,925	16,925
Small business loan fees	2,000	2,000	1,500	(500)
Engineering fees	1,756,000	1,756,000	661,005	(1,094,995)
Engineering inspections	243,000	243,000	55,614	(187,386)
Shooting range fees	260,000	260,000	230,455	(29,545)
Records search fees	215,000	215,000	343,495	128,495
Filing of plats and subdivisions	220,000	220,000	235,690	15,690
Administrative fees	57,000	57,000	364,727	307,727
Photocopying	155,000	155,000	175,868	20,868
Hearing officer charges	30,000	30,000	423	(29,577)
Sign fees	25,000	25,000	30,550	5,550
Zoning plan check fees	292,000	292,000	245,111	(46,889)
Office services	23,000	23,000	21,230	(1,770)
Planning services	257,000	257,000	167,361	(89,639)
Land mediation charges	10,000	10,000	20,875	10,875
Sale of maps and publications	-	-	12,250	12,250
AGIS services	1,000	1,000	640	(360)
Public safety:				
Police services	4,302,000	4,302,000	5,726,126	1,424,126
Fire services	1,603,000	1,603,000	1,466,319	(136,681)
Culture and recreation:				
Zoo admissions	2,800,000	2,800,000	2,252,219	(547,781)
Cultural affairs	1,757,000	1,757,000	1,430,609	(326,391)
Albuquerque aquarium and gardens	1,850,000	1,850,000	1,799,290	(50,710)
Latch key program	902,000	902,000	783,611	(118,389)
Swimming pools	914,000	914,000	727,273	(186,727)
Sports programs	662,000	662,000	469,815	(192,185)
Other recreation charges	270,000	270,000	21,206	(248,794)
Museum charges	730,000	730,000	571,498	(158,502)
Other zoo charges	234,000	234,000	178,663	(55,337)
Community centers	169,000	169,000	98,045	(70,955)
Tournament/field rental	214,000	214,000	51,808	(162,192)
Outdoor recreation fees	21,000	21,000	30,656	9,656

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

CITY OF ALBUQUERQUE, NEW MEXICO
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Variance with Final Budget Over/Under
Revenues (continued):				
Charges for services:				
Highways and streets:				
Other street division charges/permits	70,000	70,000	67,351	(2,649)
Health:				
Animal control charges	1,355,000	1,355,000	434,406	(920,594)
Human services:				
Childcare services	676,000	676,000	802,630	126,630
Senior center memberships	355,000	355,000	305,620	(49,380)
Senior meal programs	170,000	170,000	204,904	34,904
Other	29,000	29,000	24,008	(4,992)
Senior dances	36,000	36,000	31,202	(4,798)
DSA Route #2	173,000	493,000	499,650	6,650
Senior coffee	14,000	14,000	9,925	(4,075)
Total charges for services	<u>56,029,000</u>	<u>56,349,000</u>	<u>49,089,733</u>	<u>(7,259,267)</u>
Fines and forfeitures:				
Air quality penalties	295,000	295,000	382,050	87,050
Total fines and forfeitures	<u>295,000</u>	<u>295,000</u>	<u>382,050</u>	<u>87,050</u>
Interest:				
Investment income	1,215,000	1,215,000	870,945	(344,055)
Total interest	<u>1,215,000</u>	<u>1,215,000</u>	<u>870,945</u>	<u>(344,055)</u>
Miscellaneous:				
Community center rentals	332,000	332,000	362,249	30,249
Jury duty and witness fees	2,000	2,000	872	(1,128)
Rental of city property	1,063,000	1,063,000	1,270,988	207,988
Miscellaneous	814,000	814,000	1,342,420	528,420
Sales of real property	40,000	40,000	133,977	93,977
Collections from property damage	10,000	10,000	13,825	3,825
Contributions and donations	2,000	2,000	(1,526)	(3,526)
Liens and recoveries	993,000	993,000	654,294	(338,706)
Total miscellaneous	<u>3,256,000</u>	<u>3,256,000</u>	<u>3,777,099</u>	<u>521,099</u>
Total revenues	<u>576,920,000</u>	<u>577,240,000</u>	<u>575,306,431</u>	<u>(1,933,569)</u>

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

CITY OF ALBUQUERQUE, NEW MEXICO
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Variance with Final Budget Over/Under
Expenditures:				
Current:				
General government:				
Accounting	4,046,000	4,114,000	3,742,319	371,681
Administrative hearing office	404,000	404,000	309,126	94,874
Chief administrative officer	1,812,000	2,118,000	1,784,395	333,605
Citizen services	3,652,000	3,652,000	3,300,644	351,356
Citywide financial support	1,019,000	1,023,000	1,015,885	7,115
Urban design and development	2,168,000	2,168,000	1,912,147	255,853
Council services	4,213,000	4,653,000	4,427,510	225,490
DFAS - strategic support	485,000	565,000	583,653	(18,653)
Dues and memberships	500,000	500,000	482,858	17,142
Early retirement	6,500,000	6,500,000	6,298,107	201,893
Economic development	1,763,000	1,794,000	1,355,194	438,806
Economic development investment	411,000	1,267,000	571,558	695,442
ED - Convention center	2,087,000	2,087,000	2,444,601	(357,601)
International trade	199,000	210,000	214,411	(4,411)
Joint committee - intergov. legislation	158,000	158,000	146,500	11,500
Legal services	6,213,000	6,353,000	5,678,475	674,525
Mayor's office	977,000	1,027,000	991,230	35,770
Office of inspector general	375,000	382,000	318,078	63,922
Office of internal audit	948,000	948,000	899,921	48,079
Office of management and budget	1,309,000	1,309,000	1,052,047	256,953
Office of the city clerk	1,115,000	2,164,000	1,489,103	674,897
One stop shop	7,401,000	7,422,000	6,888,063	533,937
Open and ethical elections	575,000	575,000	575,000	-
Personnel services	2,645,000	2,668,000	2,454,317	213,683
Planning - strategic support	2,055,000	2,055,000	1,961,322	93,678
Purchasing	1,539,000	1,539,000	1,318,441	220,559
Real property	862,000	862,000	830,011	31,989
Treasury	1,048,000	1,061,000	1,006,861	54,139
Technology and innovation	10,729,000	10,827,000	10,944,386	(117,386)
B/C/J/Q Union Time	131,000	131,000	127,389	3,611
Total general government	<u>67,339,000</u>	<u>70,536,000</u>	<u>65,123,552</u>	<u>5,412,448</u>

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

CITY OF ALBUQUERQUE, NEW MEXICO
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Variance with Final Budget Over/Under
Expenditures (continued):				
Current:				
Public safety:				
Police department:				
Data management for APD	816,000	816,000	710,938	105,062
Police oversight	1,087,000	1,158,000	1,125,780	32,220
Investigative services	35,845,000	35,898,000	37,381,118	(1,483,118)
Neighborhood policing	107,076,000	112,001,000	104,529,683	7,471,317
Off duty police overtime	1,800,000	1,800,000	2,614,536	(814,536)
APD - Administrative support	16,602,000	16,940,000	17,483,104	(543,104)
Prisoner transport	2,309,000	2,309,000	2,491,031	(182,031)
Professional standards	21,024,000	21,090,000	23,943,182	(2,853,182)
Fire department:				
AFD headquarters	2,505,000	2,507,000	2,609,101	(102,101)
Dispatch	5,731,000	5,745,000	6,102,758	(357,758)
Emergency response	67,588,000	68,340,000	67,029,291	1,310,709
Fire prevention	3,577,000	4,187,000	4,234,003	(47,003)
Logistics	1,511,000	1,511,000	1,882,388	(371,388)
Training	2,417,000	2,439,000	2,869,369	(430,369)
Total public safety	<u>269,888,000</u>	<u>276,741,000</u>	<u>275,006,282</u>	<u>1,734,718</u>
Culture and recreation:				
Aquatics	4,864,000	4,871,000	4,839,477	31,523
Balloon museum	1,333,000	1,333,000	1,359,889	(26,889)
BioPark	14,155,000	14,155,000	14,090,677	64,323
BioPark CIP	593,000	66,000	65,338	662
Parks CIP	2,431,000	1,890,000	1,889,375	625
Community events	3,687,000	3,704,000	3,641,485	62,515
Community recreation	8,801,000	8,801,000	8,453,659	347,341
Cultural services - strategic support	1,784,000	1,787,000	1,834,925	(47,925)
Explora	1,434,000	1,434,000	1,434,682	(682)
Library	12,620,000	12,655,000	12,613,763	41,237
Museum	3,684,000	3,684,000	3,683,854	146
Parks and recreation - strategic support	1,105,000	1,108,000	1,265,383	(157,383)
Parks management	18,372,000	18,415,000	16,979,591	1,435,409
Public arts and urban enhancement	311,000	311,000	323,079	(12,079)
Recreation	3,313,000	3,343,000	3,113,783	229,217
Open space management	3,847,000	3,870,000	3,699,189	170,811
Special events parking	19,000	19,000	19,000	-
Total culture and recreation	<u>82,353,000</u>	<u>81,446,000</u>	<u>79,307,149</u>	<u>2,138,851</u>

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

CITY OF ALBUQUERQUE, NEW MEXICO
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Variance with Final Budget Over/Under
Expenditures (continued):				
Current:				
Municipal development:				
Construction	1,746,000	1,746,000	1,556,976	189,024
Design recovered CIP	1,660,000	1,503,000	1,502,291	709
Design recovered storm drain	2,670,000	2,199,000	2,198,129	871
Storm drainage	2,936,000	2,936,000	2,781,715	154,285
MD - Strategic support	2,675,000	2,675,000	2,471,574	203,426
Street CIP	5,080,000	4,460,000	4,459,026	974
Street services	13,641,000	14,591,000	15,949,529	(1,358,529)
City Buildings	9,669,000	9,669,000	8,855,306	813,694
Total municipal development	<u>40,077,000</u>	<u>39,779,000</u>	<u>39,774,546</u>	<u>4,454</u>
Health:				
Animal care and control	11,473,000	11,655,000	11,647,147	7,853
Code enforcement	4,417,000	4,342,000	3,756,216	585,784
Consumer health protection	1,322,000	1,322,000	1,302,934	19,066
Environmental health	649,000	649,000	639,969	9,031
Strategic support	693,000	693,000	698,701	(5,701)
Urban biology	489,000	489,000	478,333	10,667
Total health	<u>19,043,000</u>	<u>19,150,000</u>	<u>18,523,300</u>	<u>626,700</u>
Human services:				
SA - Basic services	252,000	252,000	229,807	22,193
Affordable housing	2,530,000	2,530,000	2,384,479	145,521
Child care	5,909,000	5,909,000	5,054,409	854,591
Emergency shelter	1,651,000	2,699,000	2,361,778	337,222
Health and social services	3,705,000	3,705,000	3,475,428	229,572
Mental health services	3,358,000	3,493,000	3,162,246	330,754
Partner with public education	5,217,000	5,070,000	4,948,585	121,415
FC - Strategic support	1,280,000	1,347,000	1,282,464	64,536
Reduce youth gangs	1,245,000	1,245,000	1,155,443	89,557
Subst. abuse treatment & prevention	3,798,000	3,075,000	2,782,323	292,677
FC - Supportive services	3,220,000	3,153,000	2,739,877	413,123
Transitional housing	167,000	167,000	149,337	17,663
Well being - seniors	5,221,000	5,296,000	5,180,865	115,135
Senior affairs - strategic support	4,547,000	4,547,000	3,820,844	726,156
Total human services	<u>42,100,000</u>	<u>42,488,000</u>	<u>38,727,885</u>	<u>3,760,115</u>
Total expenditures	<u>520,800,000</u>	<u>530,140,000</u>	<u>516,462,714</u>	<u>13,677,286</u>

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

CITY OF ALBUQUERQUE, NEW MEXICO
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Variance with Final Budget Over/Under
Excess of revenues over expenditures	56,120,000	47,100,000	58,843,717	11,743,717
OTHER FINANCING SOURCES (USES):				
Transfers in	5,678,000	5,369,000	5,150,290	(218,710)
Transfers out	<u>(55,919,000)</u>	<u>(64,734,626)</u>	<u>(63,467,802)</u>	1,266,824
Total other financing sources (uses)	<u>(50,241,000)</u>	<u>(59,365,626)</u>	<u>(58,317,512)</u>	1,048,114
Net change in fund balance	5,879,000	(12,265,626)	526,205	12,791,831
Fund balance, July 1	<u>54,637,206</u>	<u>54,637,206</u>	<u>54,637,206</u>	-
Fund balance, June 30	<u>\$ 60,516,206</u>	<u>\$ 42,371,580</u>	<u>\$ 55,163,411</u>	<u>\$ 12,791,831</u>

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

CITY OF ALBUQUERQUE, NEW MEXICO
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2019

	<u>Airport Fund</u>	<u>Refuse Disposal Fund</u>
ASSETS		
Current assets		
Cash and investments	\$ 78,699,004	\$ 32,671,664
Cash for FSA benefits	-	-
Accounts receivable, net	4,822,724	4,090,846
Prepaid expense	13,175	-
Inventories	938,277	587,567
Due from other governments	2,432,416	-
Due from other funds	-	-
Total current assets	<u>86,905,596</u>	<u>37,350,077</u>
Noncurrent assets:		
Developer loans	-	-
Restricted assets:		
Cash and investments	70,675,910	17,422,824
Cash with fiscal agent	3,263,131	-
Security deposits	-	-
Total restricted assets	<u>73,939,041</u>	<u>17,422,824</u>
Capital assets:		
Buildings	203,234,592	15,085,665
Runways	346,898,856	-
Infrastructure	-	11,269,994
Improvements	279,353,245	32,470,192
Machinery and equipment	25,190,631	80,576,779
Intangible assets	-	312,874
Total capital assets-depreciable	<u>854,677,324</u>	<u>139,715,504</u>
Less: accumulated depreciation	<u>555,313,324</u>	<u>95,789,872</u>
Capital assets-depreciable, net	299,364,000	43,925,632
Land	41,093,819	5,550,766
Construction in progress	46,855,442	-
Total capital assets	<u>387,313,261</u>	<u>49,476,398</u>
Total noncurrent assets	<u>461,252,302</u>	<u>66,899,222</u>
Total assets	<u>548,157,898</u>	<u>104,249,299</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred gain/loss on bond refunding	614	-
Deferred outflows related to pensions	6,189,040	8,033,667
Deferred outflows related to OPEB	325,920	466,255
Total deferred outflows of resources	<u>\$ 6,515,574</u>	<u>\$ 8,499,922</u>

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

Business-type Activities - Enterprise Funds			Governmental Activities
Transit Fund	Nonmajor Enterprise Funds	Total	Internal Service Funds
\$ -	\$ 4,400,945	\$ 115,771,613	\$ 73,149,246
-	-	-	560,856
4,789,061	916,525	14,619,156	34,910
334,161	15,907	363,243	-
3,559,425	-	5,085,269	1,685,684
32,665,840	-	35,098,256	254,633
1,209,790	-	1,209,790	1,612,493
<u>42,558,277</u>	<u>5,333,377</u>	<u>172,147,327</u>	<u>77,297,822</u>
-	1,389,693	1,389,693	-
13,202	6,857,055	94,968,991	-
-	-	3,263,131	-
-	171,892	171,892	-
<u>13,202</u>	<u>7,028,947</u>	<u>98,404,014</u>	<u>-</u>
85,186,379	94,819,016	398,325,651	406,001
-	-	346,898,856	-
114,782,466	-	126,052,460	-
7,069,959	-	318,893,396	872,230
110,828,912	3,398,969	219,995,291	1,178,635
-	17,550,000	17,862,874	21,000
<u>317,867,716</u>	<u>115,767,985</u>	<u>1,428,028,528</u>	<u>2,477,866</u>
<u>133,038,176</u>	<u>67,601,368</u>	<u>851,742,740</u>	<u>2,315,335</u>
184,829,540	48,166,617	576,285,788	162,531
5,746,040	5,108,043	57,498,668	283,842
3,005,408	-	49,860,850	-
<u>193,580,988</u>	<u>53,274,660</u>	<u>683,645,306</u>	<u>446,373</u>
<u>193,594,190</u>	<u>61,693,300</u>	<u>782,049,320</u>	<u>446,373</u>
<u>236,152,467</u>	<u>67,026,677</u>	<u>955,586,340</u>	<u>77,744,195</u>
-	410,110	410,724	-
8,091,830	1,218,234	23,532,771	2,305,972
369,739	180,580	1,342,494	133,529
<u>\$ 8,461,569</u>	<u>\$ 1,808,924</u>	<u>\$ 25,285,989</u>	<u>\$ 2,439,501</u>

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

CITY OF ALBUQUERQUE, NEW MEXICO

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS (CONTINUED)
 JUNE 30, 2019

	<u>Airport Fund</u>	<u>Refuse Disposal Fund</u>
LIABILITIES		
Current liabilities:		
Accounts payable	\$ 1,357,808	\$ 2,604,691
Accrued employee compensation	414,751	604,627
Accrued vacation and sick leave	1,346,614	1,715,219
Customer deposits	960,718	58,480
Unearned revenue	4,080,044	-
Claims reserve	-	-
Accrued fuel cleanup costs	-	-
Due to other funds	69,710	120,308
Payable from restricted assets:		
Contracts payable	4,084,081	-
Bonds payable	5,305,000	-
Accrued interest	216,924	43,090
Total current liabilities	<u>17,835,650</u>	<u>5,146,415</u>
Noncurrent liabilities:		
Accrued landfill closure costs	-	5,296,058
Bonds payable	8,489,368	-
Claims reserve	-	-
Accrued vacation and sick leave	549,208	552,342
Net pension liability	22,895,226	29,368,251
Net OPEB liability	12,829,283	21,049,217
Tenant security deposits	-	-
Total noncurrent liabilities	<u>44,763,085</u>	<u>56,265,868</u>
Total liabilities	<u>62,598,735</u>	<u>61,412,283</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to pensions	1,965,788	2,193,769
Deferred inflows related to OPEB	3,209,965	4,929,040
Total deferred inflows of resources	<u>5,175,753</u>	<u>7,122,809</u>
NET POSITION (DEFICIT)		
Invested in capital assets	373,519,505	49,476,398
Restricted for:		
Debt service	12,254,584	-
Construction	59,953,740	24,064,438
Unrestricted	41,171,155	(29,326,707)
Total net position (deficit)	<u>\$ 486,898,984</u>	<u>\$ 44,214,129</u>

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

<u>Business-type Activities - Enterprise Funds</u>			<u>Governmental</u>
<u>Transit Fund</u>	<u>Nonmajor</u>	<u>Total</u>	<u>Internal Service</u>
	<u>Enterprise Funds</u>		<u>Funds</u>
\$ 3,012,913	\$ 512,456	\$ 7,487,868	\$ 7,834,347
719,196	92,801	1,831,375	161,834
1,923,048	277,659	5,262,540	528,828
-	30,831	1,050,029	-
1,158,583	49,439	5,288,066	-
-	-	-	24,711,064
-	-	-	149,777
26,791,468	20,993	27,002,479	27,571
342,505	-	4,426,586	-
-	1,370,000	6,675,000	-
-	233,644	493,658	-
<u>33,947,713</u>	<u>2,587,823</u>	<u>59,517,601</u>	<u>33,413,421</u>
-	-	5,296,058	-
-	13,893,178	22,382,546	-
-	-	-	65,561,376
421,164	53,741	1,576,455	139,095
30,098,191	4,754,766	87,116,434	9,101,258
21,166,080	3,208,656	58,253,236	5,960,216
-	154,675	154,675	-
<u>51,685,435</u>	<u>22,065,016</u>	<u>174,779,404</u>	<u>80,761,945</u>
<u>85,633,148</u>	<u>24,652,839</u>	<u>234,297,005</u>	<u>114,175,366</u>
2,208,093	331,521	6,699,171	626,208
4,923,545	800,772	13,863,322	1,431,542
<u>7,131,638</u>	<u>1,132,293</u>	<u>20,562,493</u>	<u>2,057,750</u>
193,580,988	38,421,592	654,998,483	446,373
-	765,346	13,019,930	-
1,618,326	2,649,110	88,285,614	-
<u>(43,350,064)</u>	<u>1,214,421</u>	<u>(30,291,195)</u>	<u>(36,495,793)</u>
<u>\$ 151,849,250</u>	<u>\$ 43,050,469</u>	<u>\$ 726,012,832</u>	<u>\$ (36,049,420)</u>

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

CITY OF ALBUQUERQUE, NEW MEXICO
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	Airport Fund	Refuse Disposal Fund
OPERATING REVENUES		
Charges for services	\$ 56,771,183	\$ 72,610,034
OPERATING EXPENSES		
Salaries and benefits	19,957,255	30,724,014
Professional services	1,821,779	990,981
Utilities	2,449,389	1,353,645
Supplies	987,600	2,780,297
Travel	128,327	16,293
Fuel, repairs and maintenance	2,951,482	9,828,847
Contractual services	6,783,474	11,010,518
Claims and judgments	-	-
Insurance premiums	799,603	2,322,732
Landfill closure costs	-	157,294
Other operating expenses	2,548,288	3,308,912
Depreciation	26,426,753	9,412,549
Total operating expenses	64,853,950	71,906,082
Operating income (loss)	(8,082,767)	703,952
NON-OPERATING REVENUES (EXPENSES)		
Investment income	4,985,671	1,650,260
Passenger facility charges	10,002,444	-
Gain (loss) on disposition of property	-	(3,594,895)
Interest expense	(425,440)	-
Fiscal agent fees	(201,619)	-
Other	709,940	386,059
Total non-operating revenues (expenses)	15,070,996	(1,558,576)
Income (loss) before contributions and transfers	6,988,229	(854,624)
Capital contribution	3,790,683	-
Transfers in	-	-
Transfers out	(170,000)	(2,618,275)
Change in net position	10,608,912	(3,472,899)
Net position, July 1 (restated, see note IV.O)	476,290,072	47,687,028
Net position, June 30	\$ 486,898,984	\$ 44,214,129

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

<u>Business-type Activities - Enterprise Funds</u>			<u>Governmental Activities Internal Service Funds</u>
<u>Transit Fund</u>	<u>Nonmajor Enterprise Funds</u>	<u>Total</u>	
<u>\$ 11,110,043</u>	<u>\$ 15,113,627</u>	<u>\$ 155,604,887</u>	<u>\$ 123,006,220</u>
33,971,014	4,639,787	89,292,070	8,126,670
205,988	1,549,448	4,568,196	1,623,251
1,008,730	2,934,365	7,746,129	392,285
647,170	454,443	4,869,510	1,638,396
67,414	7,588	219,622	39,109
10,737,808	1,460,511	24,978,648	8,699,701
1,657,818	680,028	20,131,838	5,668,886
411	-	411	43,401,313
3,431,412	449,181	7,002,928	66,004,596
-	-	157,294	-
5,225,922	870,323	11,953,445	1,582,176
10,151,343	2,887,764	48,878,409	50,579
<u>67,105,030</u>	<u>15,933,438</u>	<u>219,798,500</u>	<u>137,226,962</u>
<u>(55,994,987)</u>	<u>(819,811)</u>	<u>(64,193,613)</u>	<u>(14,220,742)</u>
(927,187)	245,383	5,954,127	2,380,662
-	-	10,002,444	-
(442,397)	-	(4,037,292)	1,033
-	(561,147)	(986,587)	-
-	-	(201,619)	-
1,139	266,273	1,363,412	54,617
<u>(1,368,445)</u>	<u>(49,491)</u>	<u>12,094,485</u>	<u>2,436,312</u>
<u>(57,363,432)</u>	<u>(869,302)</u>	<u>(52,099,128)</u>	<u>(11,784,430)</u>
11,204,438	-	14,995,121	-
43,525,960	2,076,000	45,601,960	-
<u>(343,470)</u>	<u>(256,547)</u>	<u>(3,388,292)</u>	<u>(1,747,000)</u>
<u>(2,976,504)</u>	950,151	5,109,661	(13,531,430)
154,825,754	42,100,318	720,903,172	(22,517,990)
<u>\$ 151,849,250</u>	<u>\$ 43,050,469</u>	<u>\$ 726,012,833</u>	<u>\$ (36,049,420)</u>

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

CITY OF ALBUQUERQUE, NEW MEXICO
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2019

	<u>Airport Fund</u>	<u>Refuse Disposal Fund</u>
CASH FROM OPERATING ACTIVITIES:		
Received from customers	\$ 57,764,285	\$ 72,403,976
Received from other funds	50,847	-
Payments to employees	(19,357,154)	(29,373,809)
Payments to suppliers	(13,584,797)	(26,419,722)
Payments to other funds	(3,746,726)	(6,224,458)
Payments to claimants	-	-
	<u>21,126,455</u>	<u>10,385,987</u>
CASH FROM NONCAPITAL FINANCING ACTIVITIES:		
Operating grants received	395,771	-
Other non-capital financing sources	352,322	386,059
Transfers from other funds	-	-
Transfers to other funds	(170,000)	(2,618,275)
Repayment of overdrawn position in pooled cash	-	-
	<u>578,093</u>	<u>(2,232,216)</u>
CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Principal payments	(9,315,000)	-
Interest payments	(831,055)	-
Acquisition and construction of capital assets	(17,911,127)	(7,395,949)
Capital grants received	2,290,645	-
Passenger facility charges	10,002,444	-
Proceeds from sale of assets	4,158	-
	<u>(15,759,935)</u>	<u>(7,395,949)</u>
CASH FROM INVESTING ACTIVITIES:		
Interest received	4,985,671	1,650,260
	<u>4,985,671</u>	<u>1,650,260</u>
Net increase (decrease) in cash and cash equivalents	10,930,284	2,408,082
Cash and cash equivalents, July 1	<u>141,707,765</u>	<u>47,686,407</u>
Cash and cash equivalents, June 30	<u>\$ 152,638,049</u>	<u>\$ 50,094,489</u>

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

Business-type Activities - Enterprise Funds			Governmental Activities
Transit Fund	Nonmajor Enterprise Funds	Total	Internal Service Funds
\$ 7,149,299	\$ 15,153,501	\$152,471,061	\$ 1,860,021
29,089,273	-	29,140,120	120,796,729
(32,312,396)	(4,480,204)	(85,523,563)	(7,674,796)
(15,563,095)	(6,890,618)	(62,458,232)	(78,423,598)
(11,460,950)	(1,855,085)	(23,287,219)	(2,228,108)
<u>(411)</u>	<u>-</u>	<u>(411)</u>	<u>(29,628,475)</u>
<u>(23,098,280)</u>	<u>1,927,594</u>	<u>10,341,756</u>	<u>4,701,773</u>
-	-	395,771	-
1,139	266,276	1,005,796	52,827
43,525,960	2,076,000	45,601,960	-
(343,470)	(256,547)	(3,388,292)	(1,747,000)
<u>(74,967,798)</u>	<u>-</u>	<u>(74,967,798)</u>	<u>-</u>
<u>(31,784,169)</u>	<u>2,085,729</u>	<u>(31,352,563)</u>	<u>(1,694,173)</u>
-	(1,180,000)	(10,495,000)	-
-	(441,468)	(1,272,523)	-
(8,034,506)	(252,619)	(33,594,201)	(25,423)
60,932,759	-	63,223,404	-
-	-	10,002,444	-
<u>9,393</u>	<u>-</u>	<u>13,551</u>	<u>2,825</u>
<u>52,907,646</u>	<u>(1,874,087)</u>	<u>27,877,675</u>	<u>(22,598)</u>
<u>(927,187)</u>	<u>245,383</u>	<u>5,954,127</u>	<u>2,380,662</u>
<u>(927,187)</u>	<u>245,383</u>	<u>5,954,127</u>	<u>2,380,662</u>
(2,901,990)	2,384,619	12,820,995	5,365,664
<u>2,915,192</u>	<u>9,045,273</u>	<u>201,354,637</u>	<u>67,783,582</u>
<u>\$ 13,202</u>	<u>\$ 11,429,892</u>	<u>\$214,175,632</u>	<u>\$ 73,149,246</u>

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

CITY OF ALBUQUERQUE, NEW MEXICO
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS (CONTINUED)
YEAR ENDED JUNE 30, 2019

	<u>Airport Fund</u>	<u>Refuse Disposal Fund</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating income (loss)	\$ (8,082,767)	\$ 703,952
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation	26,426,753	9,412,549
Decrease (increase) in assets:		
Accounts receivable	94,562	(211,231)
Due from other funds	-	-
Flexible spending account	-	-
Inventories	(118,189)	(25,103)
Prepaid expense	(2,109)	-
Increase (decrease) in liabilities:		
Accounts payable	(369,658)	(967,680)
Deposits	29,381	5,172
Accrued landfill and fuel cleanup costs	-	157,294
Due to other funds	12,362	15,875
Contracts payable	1,666,860	(55,046)
Claims reserve	-	-
Unearned revenue	869,159	-
Accrued employee compensation	<u>600,101</u>	<u>1,350,205</u>
Net cash provided (used) by operating activities:	<u>\$ 21,126,455</u>	<u>\$ 10,385,987</u>
 SUPPLEMENTAL DATA		
Increase (decrease) in fair value of investments	\$ 1,876,391	\$ 630,973

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

<u>Business-type Activities - Enterprise Funds</u>			Governmental Activities
<u>Transit Fund</u>	<u>Nonmajor Enterprise Funds</u>	<u>Total</u>	<u>Internal Service Funds</u>
\$ (55,994,987)	\$ (819,811)	\$(64,193,613)	\$(14,220,742)
10,151,343	2,887,764	48,878,409	50,579
(4,053,789)	49,587	(4,120,871)	(116,469)
253,154	-	253,154	(232,424)
-	-	-	(52,221)
(466,265)	-	(609,557)	307,161
(29,977)	(5,444)	(37,530)	1,183
(480,768)	(37,965)	(1,856,071)	4,751,259
-	1,794	36,347	-
-	-	157,294	(70,543)
26,682,500	(296,403)	26,414,334	7,057
(911,154)	-	700,660	-
-	-	-	13,772,838
93,045	(11,511)	950,693	-
<u>1,658,618</u>	<u>159,583</u>	<u>3,768,507</u>	<u>504,095</u>
<u>\$ (23,098,280)</u>	<u>\$ 1,927,594</u>	<u>\$ 10,341,756</u>	<u>\$ 4,701,773</u>

\$ (202,078) \$ 46,226 \$ 2,351,512 \$ 931,565

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

CITY OF ALBUQUERQUE, NEW MEXICO
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2019

	Albuquerque Pooled OPEB Trust Fund	Agency Fund
ASSETS		
Cash and investments	\$ 359,680	\$ 5,449,492
Mutual funds - equity	13,793,701	-
Mutual funds - fixed income	9,046,062	-
Accounts receivable	53,185	31,021
Total assets	23,252,628	5,480,513
LIABILITIES		
Accounts payable	\$ -	\$ 272
Funds held for others	-	5,480,241
Total liabilities	-	5,480,513
NET POSITION		
Net position restricted for OPEB	23,252,628	
Total net position	\$ 23,252,628	

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

CITY OF ALBUQUERQUE, NEW MEXICO
STATEMENT OF CHANGES IN PLAN NET POSITION
FIDUCIARY FUND
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Albuquerque Pooled OPEB Trust Fund</u>
ADDITIONS	
Employer contributions	\$ 2,083,289
Investment income	<u>1,785,605</u>
Total additions	<u>3,868,894</u>
DEDUCTIONS	
Contractual services	11,058
Insurance premiums	<u>493,721</u>
Total deductions	<u>504,779</u>
Change in net position	3,364,115
NET POSITION	
Beginning of year	<u>19,888,513</u>
End of year	<u>\$ 23,252,628</u>

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

CITY OF ALBUQUERQUE, NEW MEXICO
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

I. Summary of Significant Accounting Policies

The financial statements of the City of Albuquerque, New Mexico (City) and its component unit have been prepared in conformity with generally accepted accounting principles as applied to governmental entities.

A. Reporting entity

The City of Albuquerque was founded in 1706, chartered as a town in 1885, and organized under territorial law as a city in 1891. The City became a charter city in 1917 and the voters approved a home rule amendment to the charter in 1971. In 1974, the electorate voted to establish a mayor-council form of government; the City Council consists of nine council members elected from districts. As a governmental entity, the City is not subject to federal or state income taxes.

The accompanying financial statements present the City's primary government (funds, programs, and departments). A primary government may be financially accountable for legally separate organizations if its elected officials appoint a voting majority of an organization's governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. A primary government may also be financially accountable for governmental organizations that are fiscally dependent on it.

The Albuquerque Housing Authority (AHA) is a separate public body authorized by Section 3-45-5 NMSA 1978. The AHA is discretely presented in the component unit column of the government-wide financial statements. The City's Mayor has the power to appoint the members of AHA's governing board and to rescind AHA's power to operate as a public housing authority; therefore, the City has the potential to impose its will. AHA reports two blended component units made up of housing development partners. Information about the blended component units of the AHA can be found in Note IV.Q. Audited financial statements for AHA may be requested by contacting AHA at the following address: 1840 University Blvd SE, Albuquerque NM 87106.

B. Government-wide and fund financial statements

The government-wide financial statements which include the statement of net position and statement of activities, report information on all non-fiduciary activities of the City and its component unit. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities which rely on fees and charges to external parties.

The statement of net position reports all of the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference being presented as net position.

The statement of activities demonstrates the degree to which the direct expenses of a given function or business-type activity is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given program; and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other items not properly included among program revenues are reported as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds (even though fiduciary funds are excluded from government-wide financial statements). Major governmental funds and major enterprise funds are reported as separate columns in the fund financial statements. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

C. Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. The Agency Fund is reported on the accrual basis of accounting and has no measurement focus. Under accrual accounting, revenues are recorded when earned and expenses are recorded when liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions in which the City gives or receives value without directly receiving or giving equal value in exchange include taxes, grants, entitlements, and donations. On the accrual basis, tax revenue is recognized in the fiscal year for which the taxes are earned or levied. Revenues

CITY OF ALBUQUERQUE, NEW MEXICO
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

I. Summary of Significant Accounting Policies

C. Measurement focus, basis of accounting, and financial statement presentation

from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The City considers revenues to be available if they are collected in the current period or within thirty days following the year end. Beginning July 1, 2019, the City will change its revenue recognition policy and consider tax revenues earned in the reported fiscal year as available when they are received within sixty days after year end, replacing the current policy of thirty day availability. Governmental funds report expenditures when the related fund liability is incurred, however, expenditures for compensated absences and claims and judgments are recognized only when payment is due. Capital asset acquisitions are reported as capital outlay expenditures in governmental funds and proceeds of long-term debt are reported as other financing sources.

Property taxes, gross receipts taxes, motor vehicle taxes, franchise taxes, licenses, and interest earned in the current fiscal period are all considered to be susceptible to accrual. Gross receipts tax revenue is earned when the underlying exchange transaction takes place. A small portion of the gross receipts tax revenue is derived from an estimate of delinquent taxes not yet collected and available. Only the portion of special assessments receivable due in the current fiscal period is considered to be susceptible to accrual. Grant revenue is considered available if it is expected to be collected within one year and all eligibility requirements have been met. Other revenue items are considered to be measurable and available only when cash is received by the City.

The allocation of indirect expenses on the statement of activities is based on the relative usage by the function or program of services rendered by the general government such as finance and accounting, information services, treasury, budget, and legal.

The City reports the following major governmental funds:

General Fund – This fund is the City’s primary operating fund and is used to account for the financial resources of the City, except those accounted for in another fund.

General Obligation Bond (GO) Debt Service Fund – This fund accounts for the money set aside for the payment of principal and interest of general obligation bonds. The principal source of revenue is property taxes.

Capital Acquisition Projects Fund – This fund accounts for the financing of capital projects from the sale of general obligation and revenue bonds, miscellaneous revenues and various grants.

The City reports the following major enterprise funds:

Airport Fund – This fund accounts for the activities of the Albuquerque International Sunport commercial airport.

Refuse Disposal Fund – This fund accounts for the general operations of providing trash collection, recycling and graffiti removal.

Transit Fund – This fund accounts for the operations of the City’s ABQ Ride bus and Sun Van paratransit system.

Additionally, the City reports the following fund types:

Special Revenue Funds – To account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

Debt Service Funds – To account for the accumulation of resources for, and the payment of, general and special assessment long-term principal, interest, and related costs.

Capital Projects Funds – To account for financial resources to be used for the acquisition or construction of major capital facilities other than those financed by proprietary funds.

CITY OF ALBUQUERQUE, NEW MEXICO
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

I. Summary of Significant Accounting Policies

C. Measurement focus, basis of accounting, and financial statement presentation

Enterprise Funds – To account for resources, generally through services, for which the City charges. These funds report on the full accrual basis of accounting.

Permanent Funds – To account for resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support specific programs.

Internal Service Funds – These funds account for inventory warehousing and issues, vehicle maintenance and motor pool services; workers' compensation, tort and other claims; and communication services to City departments. In addition, these funds provide health insurance coverage to City employees.

Fiduciary Funds – The City accounts for two types of fiduciary funds. The Agency Fund is used to report resources held for other parties outside the City. The Albuquerque Pooled Other Postemployment Benefits Fiduciary Trust (Albuquerque Pooled Trust) has been established for the payment of non-pension postemployment benefits to retirees.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions are charges for risk management and various other functions. Elimination of these charges would distort the direct costs and revenues reported for the various functions.

Amounts reported as program revenues include: 1) charges to customers or applicants for goods, services, or privileges provided; 2) operating grants and contributions; and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating revenues and expenses. Operating revenues and expenses generally result from providing services in connection with the fund's principal ongoing operations. Principal operating revenues, such as charges for services, result from exchange transactions in which each party receives and gives up essentially equal values. Operating expenses include the cost of services, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues or expenses, these include operating subsidies, investment earnings, interest expense, and transactions that result from non-exchange transactions or ancillary activities.

D. Assets, deferred outflows, liabilities, deferred inflows, and net position/fund balance

1. Deposits and investments

A significant portion of the cash and investments of City funds is pooled for investment purposes under the provisions of City ordinance and investment policy. The policy states that the City shall invest cash balances over the anticipated amount needed to meet operating requirements. Investments are recorded at fair value. The balance reported for each participating fund as "Cash and investments" represents the equity of that fund in the pooled cash, investments, and accrued interest. Interest income from pooled investments is allocated to the participating funds based on average daily balances.

The investment policy states that the City will not commit any funds invested in the pool to maturities longer than seven years from the date of purchase. Where applicable based on the investment type, funds are invested on the basis of a minimum of three bids and/or offers. Certificates of deposit are based on competitive rates for specified maturities. All investments are valued at quoted market.

The following categories of investments are specifically authorized by State Statute and the City's policy:

CITY OF ALBUQUERQUE, NEW MEXICO
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

I. Summary of Significant Accounting Policies

D. Assets, deferred outflows, liabilities, deferred inflows, and net position/fund balance

1. Deposits and investments

Bank deposits – collateralized at 50% or greater of value by U.S. Treasury and Agency securities

Repurchase agreements – secured by collateral, which is delivered to a third-party safekeeping institution, with a market value at least 102% of the value of the agreement

U.S. Treasury obligations – bills, notes, and bonds and obligations of certain federal agencies

Municipal bonds – bonds issued by various municipalities

Fixed-income mutual funds or exchange-traded funds (ETFs) – through a diversified investment company registered pursuant to the federal Investment Company Act of 1940, provided the investment company or manager has total assets under management of at least \$100 million and provided the instrument passively tracks the performance of major fixed income index

Investment pools offered by the State Investment Council (SIC) – investment pools that are available for investment by the City

2. Receivables

Lending and borrowing arrangements between funds that are expected to be paid back within a year are referred to as “due to/from other funds.” Lending/borrowing arrangements not expected to be paid back within a year are referred to as “advances to/from other funds.” Any residual balances outstanding between the governmental activities and business-type activities are reported in the governmental-wide financial statements as “internal balances.” Advances between funds, as reported in the fund financial statements, are offset by a fund balance nonspendable account in applicable governmental funds to indicate that they are not available for appropriation and are nonspendable available financial resources.

Proprietary fund receivables are recorded as revenue when earned, including services rendered but not billed. Proprietary fund receivables include residential and commercial customers refuse services billing, consignments of bus tokens for transit services, rental fees from commercial customers at the airport and baseball stadium, and tenant rental fees for City Housing services. The allowance for doubtful accounts is based on management’s assessment of the collectibility of specific customer accounts, the aging of the accounts receivables, and historical experience. All property tax receivables are shown net of an allowance for uncollectibles.

3. Inventories and prepaid items

Generally, proprietary funds value inventory at cost or average cost and expense supply inventory as it is consumed. This is referred to as the consumption method of inventory accounting. The inventories in the general fund consist of fuel, vehicle parts, and fluids. The governmental fund types use the purchase method to account for supply inventories valued at average cost, which are not material. This method records items as expenditures when they are acquired. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

4. Land held for resale

Land held for resale consists primarily of approximately 3,000 acres located throughout the State of New Mexico obtained by trade with the federal government in July 1982, as part of the open space trust permanent fund. Upon resale of these properties, a portion of any gain, as defined in an agreement, is payable to a third party. Other land was obtained through foreclosure proceedings required by special assessment bond ordinances. The land held for resale is valued at the lower of cost or market value, based on appraisals or determined using the county assessor values recorded annually.

For the government-wide financial statements, the City recognizes income on real estate sales by recording the entire gross profit on sales that meet the requirements for the accrual method. Transactions that do not meet the requirements for the

CITY OF ALBUQUERQUE, NEW MEXICO
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

I. Summary of Significant Accounting Policies

D. Assets, deferred outflows, liabilities, deferred inflows, and net position/fund balance

4. Land held for resale

accrual method are recorded using the deposit method or installment method until the requirements for the accrual method are met. Under the deposit method, cash received is recorded as a deposit. Under the installment method, the City records the entire contract price and the related costs at the time the transaction is recognized as a sale, but the gross profit is deferred and recognized as payments are received on the related contract receivable. In the financial statements for the governmental funds, the City recognizes income from the sale of real estate when the principal on mortgage contracts are collected. At the time of the sale, the principal on the real estate contracts are recorded as unearned revenue.

5. Capital assets

Capital assets, which include land, land improvements, buildings, improvements, machinery and equipment, construction in progress, rights of way, and infrastructure assets are reported in the applicable governmental or business-type activity columns of the government-wide financial statements. The City defines capital assets as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year (Section 12-6-10 NMSA 1978). Capital assets are recorded at historical cost or estimated historical cost. Software is capitalized when acquired; library books are not capitalized because the aggregated cost of books is immaterial. The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend assets' lives are not capitalized. Donated capital assets and assets received in a service concession agreement are recorded at acquisition value as of the date of donation.

In accordance with the provisions of GASB 34, works of art and historical treasures are not capitalized because those are: 1) held for public exhibition rather than for financial gain; 2) protected, kept unencumbered, cared for, and preserved; and 3) all proceeds from the sale of collection items are required to be used to acquire other items for collections.

Capital outlay is recorded as expenditures of the General Fund, special revenue and capital projects funds and as assets in the government-wide financial statements to the extent that the City's capitalization threshold is met.

Infrastructure assets consist of the street and storm networks. The street network includes: landscaped medians, roadways, right of ways, bridges, signals, beacons, trails, and trail bridges. The storm network includes: easements, drainage pipes, lift stations, bridges, dams, detention basins right of ways, and arroyo easements right of ways. Streetlights managed by the local electric utility, sidewalks, traffic signs, dirt and milling roads are not considered infrastructure.

Buildings, improvements, infrastructure, and machinery and equipment are depreciated using the straight-line method over the following estimated useful lives:

Buildings	40 years
Building improvements	40 years
Runways	25 years
Infrastructure - storm	50 years
Infrastructure - streets	35 years
Land improvements	40 years
Machinery and equipment	3-15 years

6. Deferred outflows of resources and deferred inflows of resources

A deferred outflow of resources is a consumption of net position by the City that is applicable to a future reporting period and a deferred inflow of resources is an acquisition of net position by the City that is applicable to a future reporting period. Both deferred outflows and inflows are reported in the statement of net position, but are not recognized in the fund financial statements as expenses or revenues until the period(s) to which they relate. Under the modified accrual basis of accounting, revenue and other financial resources are recognized in the period in which they become both measurable and available. Assets recorded in the fund financial statements for which the revenues are not available are reported as a deferred inflow of

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I. Summary of Significant Accounting Policies

D. Assets, deferred outflows, liabilities, deferred inflows, and net position/fund balance

6. *Deferred outflows of resources and deferred inflows of resources*

resources. For governmental funds, deferred inflows of resources are comprised of taxes receivable, special assessments, and developer loans. These deferred inflows of resources have been recognized as revenue in the government-wide statements. For proprietary funds and the governmental activities, deferred outflows and inflows are the result of pension and OPEB activity and the implementation of GASB Statement 68 and 75. Deferred outflows of resources also consists of deferred gains or losses on refunded debt. These costs are amortized over the remaining maturity period of the related bond issues under the effective interest method.

7. *Risk management*

Risk management activities are reported in the City's Risk Management Fund, an internal service fund. Liabilities for workers' compensation, tort and other claims as of June 30, 2019, are accrued using managements' estimates of probable outcome of claims filed against the City, as well as an estimate of claims incurred, but not reported. Revenues consist primarily of charges to other funds, the amounts of which approximate the cost of claims and other risk management costs arising from the activities of those funds.

8. *Compensated absences*

Subject to specific limits, employees accumulate vacation pay that is payable upon termination or retirement. For governmental funds, expenditures are recognized during the period in which vacation costs become payable from available expendable resources. A liability for amounts earned but not payable from available expendable resources is reported in the government-wide financial statements. For proprietary funds, vacation costs are recognized as a liability when incurred.

City employees also accumulate specified amounts of sick leave that are payable to the employee upon termination or retirement. For governmental funds, expenditures are recognized during the period in which sick leave costs become payable from available, expendable resources. A liability for vested amounts, due to employees meeting the termination or retirement requirements, but not payable from available, expendable resources is reported in the government-wide financial statements. For proprietary funds, accumulated sick leave pay is recognized when vested or taken whichever occurs first.

9. *Unearned revenue*

Unearned revenues reflect amounts that have been received before the City has a legal claim to the funds. In subsequent periods, when revenue recognition criteria are met, or when the City has a legal claim to the resources, the unearned revenue is removed from the statement of net position/balance sheet and revenue is recognized.

10. *Special assessments*

Special assessment receivables are recorded upon approval of the assessment roll by the City Council, and the related revenues, interest, and penalties are recognized when due. City participation revenues are recorded at the time of receipt.

11. *Long-term obligations*

Long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statements of net position. Long-term obligations used to finance proprietary fund capital acquisitions and payable from revenue of proprietary funds are recorded in the applicable proprietary fund. Long-term obligations of governmental funds payable from general revenues of the City and special assessment levies are reported in the government-wide financial statements.

Bond premiums and discounts are deferred and amortized over the life of the bonds, using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs, whether or not withheld from the actual debt proceeds received, are recognized as debt service expenditures when incurred.

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D. Assets, deferred outflows, liabilities, deferred inflows, and net position/fund balance

11. Long-term obligations

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

12. Net position

The government-wide and proprietary fund net position is categorized as follows:

Net investment in capital assets – This category reflects the portion of net position that is associated with capital assets less outstanding capital asset related debt.

Restricted net position – Restricted net position results from constraints placed on the use of net position when externally imposed by creditors, grantors, laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. Net position is restricted for debt service, construction, housing and economic development, federal and state funded programs, and open space and urban enhancement. The non-expendable portion relates to the principal of the permanent funds that are to be retained intact. The expendable portion includes fund balances related to the investment earnings available to carry out the goals of the permanent funds. The government-wide statement of net position reports \$397,925,057 of restricted net position.

Unrestricted net position – This category reflects the net position of the City not restricted for any project or other purpose.

13. Fund balance

Fund balances are reported in classifications comprising a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The accompanying financial statements report the following categories of fund balance: nonspendable, restricted, committed, assigned, and unassigned.

Nonspendable fund balance – includes amounts that cannot be spent because they are not in spendable form or funds contractually required to be retained intact, advances between funds, prepaid expenses, long-term receivables, land held for resale, and the principal portion of permanent funds because these items are not yet spendable.

Restricted fund balance – is constrained externally by creditors, grantors, contributors, laws or regulations of other governments, or imposed by law through enabling legislation. Restricted fund balances are associated with various purposes, including public safety, culture and recreation, human services, and debt service. The majority of the restricted funds are restricted for street development and improvement, infrastructure upgrades, and storm drains and channels. Culture and recreation is restricted for parks, library development and improvements, and senior and community center developments. Public safety includes funds restricted for fire apparatus replacement and police vehicle replacements.

Committed fund balance – includes amounts that can be used for specific purposes pursuant to constraints imposed by City Council, the highest level of decision making authority in the City. City Council's formal action to establish committed funds and to rescind committed funds, is through the passage of an ordinance. The City reports committed resources that have been constrained through ordinances of City Council and have been contractually obligated.

Assigned fund balance – includes amounts that are constrained by the Office of Management and Budget to be used for specific purposes, but are neither restricted nor committed. The Office of Management and Budget has the authority to assign funds based on their goals. These include miscellaneous capital projects, debt service, and general government.

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I. Summary of Significant Accounting Policies

D. Assets, deferred outflows, liabilities, deferred inflows, and net position/fund balance

13. Fund balance

Unassigned fund balance – is the residual classification only for the General Fund. A negative unassigned fund balance occurs when expenditures exceed amounts that are nonspendable, restricted, committed, or assigned.

Sometimes the City funds capital outlay from the total of committed, assigned, and unassigned fund balance. In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the City’s policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of the unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance, with unassigned fund balance is applied last.

The constraints on fund balance are detailed in the table below:

Fund Balance Category	General Fund	GO Bond Debt Service Fund	Capital Acquisition Fund	Nonmajor Governmental Funds	Total
Nonspendable:					
General government	\$ 29,528	\$ -	\$ -	\$ -	\$ 29,528
Culture and recreation	-	-	-	19,709,769	19,709,769
	<u>29,528</u>	<u>-</u>	<u>-</u>	<u>19,709,769</u>	<u>19,739,297</u>
Restricted:					
General government	-	-	31,040,406	5,686,462	36,726,868
Public safety	-	-	20,203,609	2,480,472	22,684,081
Culture and recreation	-	-	27,429,171	2,287,306	29,716,477
Public works	-	-	41,971,787	5,696,448	47,668,235
Highways and streets	-	-	75,910,524	69,434,510	145,345,034
Human services	-	-	30,881,703	1,444,475	32,326,178
Health and welfare	-	-	232,401	3,782,512	4,014,913
Debt service	-	66,791,573	-	23,157,654	89,949,227
	<u>-</u>	<u>66,791,573</u>	<u>227,669,601</u>	<u>113,969,839</u>	<u>408,431,013</u>
Committed:					
General government	48,436,000	-	-	2,330,615	50,766,615
Public safety	-	-	-	516,760	516,760
Culture and recreation	-	-	-	671,510	671,510
Public works	-	-	-	1,048,037	1,048,037
Housing	-	-	-	7,805,870	7,805,870
Debt service	-	-	-	765,160	765,160
	<u>48,436,000</u>	<u>-</u>	<u>-</u>	<u>13,137,952</u>	<u>61,573,952</u>
Assigned:					
General government	-	-	-	1,229,352	1,229,352
Culture and recreation	-	-	-	27,455,255	27,455,255
	<u>-</u>	<u>-</u>	<u>-</u>	<u>28,684,607</u>	<u>28,684,607</u>
Unassigned:					
	6,697,883	-	-	-	6,697,883
Total fund balances:	<u>\$ 55,163,411</u>	<u>\$ 66,791,573</u>	<u>\$ 227,669,601</u>	<u>\$ 175,502,167</u>	<u>\$ 525,126,752</u>

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14. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the New Mexico Public Employees Retirement System (PERA), and additions to or deductions from PERA's fiduciary net position have been determined on the same basis as they are reported by PERA. For this purpose, benefit payments, including refunds of employee contributions, are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

15. Other postemployment benefits (OPEB)

OPEB RHCA - For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB and OPEB expense, information about the fiduciary net position of the New Mexico Retiree Health Care Authority (NMRHCA), and additions to and deductions from NMRHCA's fiduciary net position have been determined on the same basis as they are reported by NMRHCA. For this purpose, NMRHCA recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value.

OPEB life insurance - For purposes of measuring the net OPEB liability, deferred outflows of resources, and deferred inflows of resources related to OPEB and OPEB expense, information about the fiduciary net position of the Albuquerque Pooled Trust and additions to and deductions from the fiduciary net position have been determined on the same basis as they are reported by the Trust. For this purpose, the Albuquerque Pooled Trust recognizes benefit payments in the form of direct payments for premiums and taxes (explicit subsidy) and/or indirect payments to retirees in the form of higher premiums for active employees (implicit subsidy). Investments are reported at fair value.

16. Statement of cash flows

The statement of cash flows reports pooled cash and investments which also include investments with a maturity in excess of three months when purchased, because they have the characteristics of demand deposits for each individual fund. Non-pooled investments with original maturities of three months or more are deducted from cash and investments and changes therein are reported as cash flows from investing activities.

17. Estimated amounts reported in financial statements

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Actual results could differ from those estimates.

18. Interfund transactions

Transactions that would be recorded as revenues, expenditures, or expenses when they involve organizations external to the City, are similarly treated when involving other funds of the City. These transactions include: charges for administrative services, building rentals, risk management services, vehicle maintenance and motor pool services, inventory and office services, retirees' health care, and payments in lieu of taxes (PILOT). Other authorized transfers between funds are recorded as transfers and are included in the determination of the results of operations in the governmental, proprietary, and fiduciary funds.

19. New accounting pronouncements

The following GASB's were implemented in fiscal year 2019, if they were applicable to the City:

- *GASB Statement No. 83, Certain Asset Retirement Obligations*
- *GASB Statement No. 88, Certain Disclosures Related to Debt*

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I. Summary of Significant Accounting Policies

D. Assets, deferred outflows, liabilities, deferred inflows, and net position/fund balance

19. New accounting pronouncements

The following GASB pronouncements have been issued, but are not yet effective at June 30, 2019:

- *GASB Statement No. 84, Fiduciary Activities*
- *GASB Statement No. 87, Leases*
- *GASB Statement No. 90, Majority Equity Interests*
- *GASB Statement No. 91, Conduit Debt Obligations*

The City will implement the new GASB pronouncements in the fiscal year no later than the required effective date. The City has not yet determined the financial impact from future implementation of these standards.

CITY OF ALBUQUERQUE, NEW MEXICO
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

II. Reconciliation of government-wide and fund financial statements

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position

The balance sheet-governmental funds includes a reconciliation between fund balance-total governmental funds and net position-governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains that “long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.” The details of this difference are as follows:

General obligation bonds	\$ (423,021,000)
Gross receipts tax revenue bonds	(238,160,000)
Special assessments bonds	(15,453,611)
Fire Fund loan	(961,483)
Unamortized bond premiums/discounts	(27,872,468)
Arbitrage payable	(831,331)
Accrued vacation and sick leave	(35,639,753)
Net pension liability	(584,869,176)
Net OPEB liability	(270,323,452)
Net adjustment	<u>\$ (1,597,132,274)</u>

Another element of the reconciliation involves deferred inflows of resources for taxes, developer loans, and special assessments in the governmental funds which are not reported in governmental activities in the statement of net position. This element also includes deferred inflows of resources related to OPEB and pensions which are not reported in the funds, but are reported in the governmental activities of the statement of net position. The details of this difference are as follows:

Gross receipts taxes, local option	\$ 22,453,033
Property taxes	5,961,198
Lodgers' and hospitality taxes	92,167
State shared taxes	19,543,809
Special assessments	8,415,719
Developer loans	3,935,622
Deferred inflows related to pensions	(55,478,158)
Deferred inflows related to OPEB	(68,135,533)
Net adjustment	<u>\$ (63,212,143)</u>

Deferred outflows of resources are not current financial resources and, therefore, are not reported in the funds. The details of this difference are as follows:

Deferred gain/loss on refunding	\$ 2,747,335
Deferred outflows related to pensions	141,074,148
Deferred outflows related to OPEB	6,482,019
Net adjustment	<u>\$ 150,303,502</u>

CITY OF ALBUQUERQUE, NEW MEXICO
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II. Reconciliation of government-wide and fund financial statements

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities

The statement of revenues, expenditures, and changes in fund balances-governmental funds includes a reconciliation between net changes in fund balances – total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that “governmental funds report capital outlay as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this difference, which excludes internal service funds, are as follows:

Capital additions	\$ 80,505,540
Dedicated infrastructure	11,392,613
Depreciation expense	(101,605,935)
Net gain (loss) on disposition of capital assets	(31,481)
Net adjustment	<u><u>\$ (9,739,263)</u></u>

Another element of that reconciliation states that “the issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on the statement of activities.” The details of this difference are as follows:

Debt issued or incurred:	
General obligation bonds	\$ (35,369,000)
Bond premiums	(2,783,367)
Arbitrage costs	(18,128)
Amortization:	
Bond premiums	7,621,836
Bond discounts	(299,706)
Principal repayments:	
General obligation bonds	51,355,000
Gross receipts tax revenue bonds	13,384,000
Fire fund loan	65,087
Special assessment district bonds	1,717,068
Net adjustment	<u><u>\$ 35,672,790</u></u>

Taxes earned during the fiscal year but received more than one month after the end of the fiscal year as well as developer loans and special assessments are recorded as deferred inflows of resources in the funds because they are not considered revenue under modified accrual. In the statement of activities, which is presented on accrual basis, these amounts are reported as revenue. The details of the difference are as follows:

Gross receipts taxes	\$ 5,422,609
State shared taxes	770,466
Franchise taxes	(2,120,370)
Property taxes	153
Lodgers' and hospitality taxes	73,423
Developer loans	(3,557,144)
Special assessments	(2,214,219)
Net adjustment	<u><u>\$ (1,625,082)</u></u>

CITY OF ALBUQUERQUE, NEW MEXICO
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

II. Reconciliation of government-wide and fund financial statements

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities

The changes in the City OPEB and pension liabilities, which are reported as expense in the statement of activities, do not require the use of current financial resources and, therefore, are not reported as expenditure in governmental funds. The details of this difference are as follows:

Change in net pension liability	\$ (26,229,180)
Change in net OPEB liability	<u>6,977,369</u>
Net adjustment	<u><u>\$ (19,251,811)</u></u>

CITY OF ALBUQUERQUE, NEW MEXICO
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

III. Stewardship, compliance and accountability

A. Budgetary information

Budgets are adopted consistent with the basis of accounting described in Note I.C. As required by the home rule City charter, the annual budget is formulated by the Mayor and submitted to the City Council by April 1 for the fiscal year commencing July 1. When there is a proposal for a change in rates or fees, City ordinances provide that the Mayor shall submit the operating budget to the City Council no later than March 1. Public hearings are conducted to obtain citizen comments on the proposed budget. By June 1, the budget is adopted through passage of an appropriation resolution by the City Council.

The Mayor has the authority to change individual program appropriations by the lesser of 5.0% of the original appropriation or \$100,000, provided that the total amount of appropriations for the fund, as approved by the City Council, does not change. Approved appropriations lapse at the end of the fiscal year except for life-to-date funds and for certain non-recurring items that may be re-appropriated without further approval by the Council, subject to sufficient reversions in the respective program.

B. Deficit fund equity

As of June 30, 2019, the following funds had fund balance/net position deficits:

<u>Internal Service Funds</u>	
Communications	(1,913,645)
Fleet Management	(3,237,217)
Risk Management	(33,196,656)

The deficits in the communications fund, fleet management fund, and a portion of the risk management fund is a result of the implementation of GASB 68, effective June 30, 2015 and the implementation of GASB 75, effective June 30, 2018. Additional information can be found in Notes L and M.

CITY OF ALBUQUERQUE, NEW MEXICO
NOTES TO THE FINANCIAL STATEMENTS
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IV. Detailed notes on all funds

A. Cash and investments

Cash and investments at June 30, 2019 consist of the following:

	City of Albuquerque (in thousands)				Component Unit
	Governmental Activities	Business-type Activities	Fiduciary Funds	Total	
Investments:					
Treasury securities	\$ 137,827	\$ 39,832	\$ -	\$ 177,659	\$ -
Money market funds	86,123	24,890	-	111,013	-
Equity mutual funds	201	58	13,794	14,053	6,920
Fixed income mutual funds	95,212	27,517	9,046	131,775	-
Fixed income ETFs	76,171	22,014	-	98,185	-
Agency securities	189,902	54,882	-	244,784	-
Repurchase agreements	38,798	11,213	-	50,011	-
Municipal bonds	1,328	384	-	1,712	-
Total investments	<u>625,562</u>	<u>180,790</u>	<u>22,840</u>	<u>829,192</u>	<u>6,920</u>
Cash:					
Demand deposits	(43,956)	32,729	5,809	(5,418)	8,303
Other	2,724	657	-	3,381	1,193
Total cash	<u>(41,232)</u>	<u>33,386</u>	<u>5,809</u>	<u>(2,037)</u>	<u>9,496</u>
Total cash and investments	<u>\$ 584,330</u>	<u>\$ 214,176</u>	<u>\$ 28,649</u>	<u>\$ 827,155</u>	<u>\$ 16,416</u>
Financial statement presentation:					
Cash and investments	\$ 397,771	\$ 115,772	\$ 5,809	\$ 519,352	\$ 15,223
Mutual funds - equity	-	-	13,794	13,794	-
Mutual funds - fixed income	-	-	9,046	9,046	-
Restricted:					
Cash and investments	186,458	94,969	-	281,427	1,193
Cash with fiscal agent	101	3,263	-	3,364	-
Security deposits	-	172	-	172	-
Total cash and investments	<u>\$ 584,330</u>	<u>\$ 214,176</u>	<u>\$ 28,649</u>	<u>\$ 827,155</u>	<u>\$ 16,416</u>

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs to measure the fair value of the assets. Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are significant other observable inputs, and Level 3 inputs are significant unobservable inputs.

The following is a summary of the fair value hierarchy of investments of the City as of June 30, 2019:

	Fair Value Measurement Using (in thousands)			
	Total	Level 1	Level 2	Level 3
Treasury securities	\$ 177,659	\$ 177,659	\$ -	\$ -
Money market funds	111,013	111,013	-	-
Equity mutual funds	14,053	14,053	-	-
Fixed income mutual funds	131,775	131,775	-	-
Fixed income ETFs	98,185	98,185	-	-
Agency securities	244,784	244,784	-	-
Repurchase agreements	50,011	50,011	-	-
Municipal bonds	1,712	-	1,712	-
Total	<u>\$ 829,192</u>	<u>\$ 827,480</u>	<u>\$ 1,712</u>	<u>\$ -</u>

CITY OF ALBUQUERQUE, NEW MEXICO
NOTES TO THE FINANCIAL STATEMENTS
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IV. Detailed notes on all funds

A. Cash and investments

Investments classified in Level 1 of the fair value hierarchy, valued at \$827,479,586 include bonds, funds, stocks, and other assets that have a regular “mark-to-market” mechanism for setting a fair market value. These assets are considered to have readily observable prices and, therefore, a reliable fair market value. Investments classified in Level 2, which include municipal bonds valued at \$1,711,629, are valued based on quoted prices for similar assets or liabilities in active markets.

Custodial credit risk—deposits – is the risk that in the event of a bank failure, the City’s funds may not be returned to it. The City is required to obtain from each bank that is a depository for public funds, pledged collateral in an aggregate amount equal to one-half of the public money in each account (Section 6-10-17 NMSA 1978). Although only 50% of the deposited amount requires collateralization the City’s Investment Oversight Committee Investment Policy Statement (IPS) retains the authority to require a collateral level higher than the 50% threshold at its discretion. Currently the City requires 100% collateralization of its deposits as an added layer of risk protection. The City’s depositories hold U.S. Agency collateral as security, incidental custodial credit risk exists with respect to valuation in the remote prospect of collateral liquidation due to bank failure. No security is required for the deposit of public money that is insured by the Federal Deposit Insurance Corporation (FDIC). As of June 30, 2019, none of the City’s bank balances were not exposed to a custodial credit risk.

Custodial credit risk—investments – is the risk that in the event of the failure of the counterparty the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City’s investment policy requires that all security transactions, including collateral for repurchase agreements entered into by the City shall be conducted on a delivery versus payment (DVP) basis. The investment policy further requires that all securities be held by a third party custodian, designated by the City Treasurer. All securities are held in the City’s name and evidenced by a safekeeping receipt or Federal Reserve book-entry reporting. As of June 30, 2019, Wells Fargo Institutional Retirement & Trust (Principal Financial Group) served as custodian of all City securities positions, held in segregated custodial accounts in the name of the City of Albuquerque.

Credit risk – is the risk that in the event an issuer, or other counterparty to an investment, does not fulfill its obligations the City will not be able to recover the value of its principal. As a home rule city, the City’s general investment policy is to apply the tenants of the Uniform Prudent Investor Act (UPIA). This act raises the level of care to which the City is to be held accountable from that of “a businessman of ordinary prudence” (Prudent Man Rule). A standard incorporated into a New Mexico statute in 2005, the UPIA recognizes the Modern Portfolio Theory (MPT) and analyzes individual investments as components of a diversified portfolio, thereby providing the ability to reduce overall portfolio risk while enhancing portfolio returns. The City’s Investment Committee annually reviews its asset allocation strategies and guidelines for the percentage of its total portfolio that may be invested in various asset classes and investment types. As part of the City’s allocation evaluation, these guidelines are reviewed periodically as part of its strategic asset allocation approach. The City’s investment policy describes permitted investments as those allowed for municipalities with a population in excess of 65,000 (Section 10-10-10). Among permitted investments, the investment policy requires: 1) repurchase agreements have a collateralized value of 102% of the par value of the agreement, and 2) deposits with local banks be fully insured by the FDIC and by collateral for amounts greater than the FDIC limit. Investments in direct obligations of the U.S. Treasury are permitted, as are securities of the U.S. Government agencies Section 6-10-10F(2). Finally, fixed income mutual funds and exchange-traded funds (ETFs) are permitted so long as they passively track to a broad, nationally recognized index. As of June 30, 2019, the City’s internal investment pool held investments in U.S. Treasury obligations, U.S. Government agency notes, municipal securities issued by New Mexico governmental entities, and short-term corporate and municipal index mutual funds and ETFs.

Concentration of credit risk – is the risk of loss attributed to the magnitude of the City’s investment in a single issuer. The City’s investment policy states that the City will develop diversification strategies to avoid incurring concentration risk. Both the City’s Liquidity and Core segments have diversification requirements, including asset class limits, issuer limits, and duration ceilings. As of June 30, 2019, the City’s core segment is invested in debt securities issued by four government-sponsored enterprises (GSEs): the Federal Home Loan Banks, the Federal National Mortgage Association, the Federal Farm Credit Banks Funding Corporation, and the Federal Home Loan Mortgage Corporation as well as an A-AAA rated 1-5 year

CITY OF ALBUQUERQUE, NEW MEXICO
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

IV. Detailed notes on all funds

A. Cash and investments

maturity corporate bond mutual fund, a A-AAA rated 1-5 year maturity municipal bond ETF, a 1-5 year Treasury Inflation Protected Securities (TIPS) ETF, a 1-5 year high-yield corporate bond ETF, United States Treasury securities, and local government obligations. These investments comprise 46% (GSEs collectively), 19%, 9%, 5%, 5%, and 0% respectively, of the core segment. Although mutual funds and ETFs do not have credit ratings, the average credit quality both of the City's mutual fund and its ETF holdings is A rated. Portfolio maturities shall be staggered to avoid undue concentration of assets in a specific maturity range. At June 30, 2019, total City investments' fixed income average maturities are allocated as follows: 0-12 months – 23%; 1-2 years – 28%; 2-5 years – 45%; greater than 5 years – 4%.

Summarized information concerning the City's portfolio investments is as follows:

City Portfolio Investments	Amount (in thousands)	Weighted Average Days to Maturity	Weighted Average Days to Call	Standard & Poor's Rating	Moody's Rating
Fed. Home Loan Banks	\$ 51,869	1,047	N/A	AA+	Aaa
Fed. National Mortgage Assoc.	47,481	335	N/A	AA+	Aaa
Fed. Farm Credit Bank Funding Corp	100,717	1,226	N/A	AA+	Aaa
Fed. Home Loan Mortgage Corp.	44,717	514	N/A	AA+	Aaa
Treasury securities	177,659	415	N/A	AA	Aaa
Money market funds	111,013	27/28	N/A	AAA	Aaa
Equity mutual funds	14,053	N/A	N/A	N/A	N/A
Fixed income mutual funds	131,775	1,043	N/A	A/AA-	A1/Aa1
Fixed income ETFs	98,185	1,431	N/A	AA+/A/AA-	Aaa/A1/Aa1
Repurchase agreements	50,011	1	N/A	N/A	N/A
Municipal bonds	1,712	32	N/A	AA	Aa2
Total	<u>\$ 829,192</u>				

Interest rate risk – is the risk that changes in interest rates will adversely affect the fair value of the City's investments. The City's investment policy limits the City's exposure to interest rate risk by requiring that overall Core segment modified duration shall not exceed 3.5 years at any time, nor be less than 75% or greater than 125% of the benchmark's duration. Further, no pooled instrument (i.e., mutual fund or ETF) shall have a modified duration in excess of 4.0 years. The effective duration of the investments in the internal investment pool's core segment at June 30, 2019 is 2.3 years.

Pledged collateral by bank – The City is required to obtain from each bank that is a depository for public funds pledged collateral in an aggregate amount equal to one-half of the public money in each account (Section 6-10-17 NMSA 1978). No pledged security is required for the deposit of public money that is insured by the FDIC. The FDIC provides insurance of \$250,000 per depositor, per FDIC-insured bank, per ownership category. The pledged collateral by bank (in thousands) at June 30, 2019 is as follows:

Pledged collateral by bank	Bank of		NM Bank &	
	Albuquerque	Wells Fargo	Trust	US Bank
Total amount on deposit	\$ 517	\$ (756)	\$ 1,542	\$ 517
Less FDIC coverage	(250)	(250)	(250)	(250)
Total uninsured public	267	N/A	1,292	267
50% collateral requirement	134	N/A	646	134
Pledged securities, fair value	1,024	74,406	996	664
Pledged in excess of requirement	\$ 890	\$ 74,406	\$ 350	\$ 530

CITY OF ALBUQUERQUE, NEW MEXICO
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

IV. Detailed notes on all funds

B. Receivables

Taxes receivable at June 30, 2019 are from the following sources:

Gross receipts tax	\$ 79,859,883
Property tax	8,010,161
Lodgers' and hospitality taxes	1,899,572
Other taxes	3,961,294
	<u>\$ 93,730,910</u>

The property taxes above include a receivable of \$4,502,209 in the general fund and \$3,507,952 in the general obligation debt service fund.

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied each year on July 1 on the taxable valuation of property located in the City as of the preceding January 1. Property in the City for the fiscal year 2019 tax levy had a taxable value of \$16,601,198,646. The state constitution limits the tax rate for operating purposes for all taxing jurisdictions to 20 mills (\$20 per \$1,000 assessed valuation), of which the City's portion, by state regulation, is limited to 7.650 mills for operations and 12.0 mills for each debt service obligation. The general obligation bond debt service levy for tax year 2018 (fiscal year 2019) is 4.976 mills and the operational levy is 6.544 mills on residential property and 6.544 mills on non-residential property. Taxes are payable in two equal installments on November 10 and April 10 and become delinquent after 30 days.

Due from other governments – totaled \$54,567,749 and it consists primarily of grant receivables from federal, state, and county agencies.

Accounts receivable and allowance for uncollectible accounts – Included in the statement of net position are balances of receivables which are reported net of allowances for uncollectible accounts. The amounts of these receivables and allowances as of June 30, 2019 are as follows:

<u>Accounts and notes receivable</u>	<u>Receivables</u>	<u>Allowance</u>	<u>Net</u>
Governmental activities:			
Accounts receivable:			
General Fund	\$ 24,753,489	\$ 22,154,656	\$ 2,598,833
Capital Acquisition Fund	636,045	-	636,045
Nonmajor governmental funds	227,971	5,364	222,607
Internal service funds	34,911	-	34,911
	<u>25,652,416</u>	<u>22,160,020</u>	<u>3,492,396</u>
Notes receivable:			
Nonmajor governmental funds	16,585,770	2,660,819	13,924,951
	<u>\$ 42,238,186</u>	<u>\$ 24,820,839</u>	<u>\$ 17,417,347</u>
Business-type activities:			
Accounts receivable:			
Airport Fund	\$ 5,307,023	\$ 484,299	\$ 4,822,724
Refuse Disposal Fund	5,813,260	1,722,414	4,090,846
Transit Fund	4,802,888	13,827	4,789,061
Nonmajor enterprise funds	1,237,304	320,779	916,525
	<u>17,160,475</u>	<u>2,541,319</u>	<u>14,619,156</u>
Notes receivable:			
Nonmajor enterprise funds	2,432,050	1,042,357	1,389,693
	<u>\$ 19,592,525</u>	<u>\$ 3,583,676</u>	<u>\$ 16,008,849</u>

CITY OF ALBUQUERQUE, NEW MEXICO
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

IV. Detailed notes on all funds

C. Capital assets

Capital asset activity for the year ended June 30, 2019 is as follows:

Governmental activities:	Balance July 1, 2018	Additions	Deductions	Balance June 30, 2019
Land and construction in progress:				
Land	\$ 322,867,038	\$ 6,168,517	\$ -	\$ 329,035,555
Construction in progress	18,298,659	20,266,914	13,335,930	25,229,643
Right of way	1,145,481,026	-	-	1,145,481,026
	<u>1,486,646,723</u>	<u>26,435,431</u>	<u>13,335,930</u>	<u>1,499,746,224</u>
Capital assets-depreciable:				
Buildings	473,330,278	19,205,270	-	492,535,548
Infrastructure	2,291,322,263	31,744,630	-	2,323,066,893
Improvements	805,753,497	10,813,729	-	816,567,226
Machinery and equipment	178,413,049	17,599,700	12,258,306	183,754,443
Intangibles	8,023,614	77,594	-	8,101,208
	<u>3,756,842,701</u>	<u>79,440,923</u>	<u>12,258,306</u>	<u>3,824,025,318</u>
Less accumulated depreciation:				
Buildings	158,859,743	11,450,521	-	170,310,264
Infrastructure	948,876,338	53,320,806	-	1,002,197,144
Improvements	414,048,711	23,498,889	-	437,547,600
Machinery and equipment	150,658,217	13,095,077	12,226,824	151,526,470
Intangibles	6,803,112	908,065	-	7,711,177
	<u>1,679,246,121</u>	<u>102,273,358</u>	<u>12,226,824</u>	<u>1,769,292,655</u>
Capital assets-depreciable, net	<u>2,077,596,580</u>	<u>(22,832,435)</u>	<u>31,482</u>	<u>2,054,732,663</u>
Total capital assets, net	<u>\$ 3,564,243,303</u>	<u>\$ 3,602,996</u>	<u>\$ 13,367,412</u>	<u>\$ 3,554,478,887</u>

CITY OF ALBUQUERQUE, NEW MEXICO
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

IV. Detailed notes on all funds

C. Capital assets

Business-type activities:	Balance July 1, 2018	Additions	Deductions	Balance June 30, 2019
Land and construction in progress:				
Land	\$ 57,498,668	\$ -	\$ -	\$ 57,498,668
Construction in progress	38,566,184	15,378,035	4,083,369	49,860,850
	<u>96,064,852</u>	<u>15,378,035</u>	<u>4,083,369</u>	<u>107,359,518</u>
Capital assets-depreciable:				
Buildings	395,533,611	2,964,519	172,479	398,325,651
Runways	346,372,686	526,170	-	346,898,856
Infrastructure	123,829,249	2,456,884	233,673	126,052,460
Improvements	318,480,069	432,772	19,445	318,893,396
Machinery and equipment	211,514,194	12,028,291	3,547,194	219,995,291
Intangibles	17,566,870	296,004	-	17,862,874
	<u>1,413,296,679</u>	<u>18,704,640</u>	<u>3,972,791</u>	<u>1,428,028,528</u>
Less accumulated depreciation:				
Buildings	166,429,738	9,656,776	2,133	176,084,381
Runways	249,991,360	10,020,998	-	260,012,358
Infrastructure	3,819,045	3,526,597	2,463	7,343,179
Improvements	213,600,609	10,949,639	55	224,550,193
Machinery and equipment	171,474,712	14,022,399	3,516,352	181,980,759
Intangibles	1,069,870	702,000	-	1,771,870
	<u>806,385,334</u>	<u>48,878,409</u>	<u>3,521,003</u>	<u>851,742,740</u>
Capital assets-depreciable, net	<u>606,911,345</u>	<u>(30,173,769)</u>	<u>451,788</u>	<u>576,285,788</u>
Total capital assets, net	<u>\$ 702,976,197</u>	<u>\$ (14,795,734)</u>	<u>\$ 4,535,157</u>	<u>\$ 683,645,306</u>

CITY OF ALBUQUERQUE, NEW MEXICO
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

IV. Detailed notes on all funds

C. Capital assets

Depreciation expense was charged to programs of the City as follows:

	<u>Programs</u>
Governmental activities:	
General government	\$ 5,564,750
Public safety:	
Fire protection	2,795,739
Police protection	6,711,120
Culture and recreation	22,399,439
Public works:	
Municipal development	687,434
Storm	17,703,294
Highways and streets:	
Street maintenance	39,997,662
Traffic engineering	376,286
Health	653,107
Human services	4,717,103
Internal service funds	50,580
Total depreciation expense	<u>101,656,514</u>
Transfers-in from business-type activities	616,844
Total additions to accumulated depreciation	<u>\$ 102,273,358</u>
Business-type activities:	
Major funds:	
Airport	\$ 26,426,753
Refuse Disposal	9,412,549
Transit	10,151,343
Nonmajor funds	2,887,764
Total depreciation expense	<u>48,878,409</u>
Total additions to accumulated depreciation	<u>\$ 48,878,409</u>

CITY OF ALBUQUERQUE, NEW MEXICO
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

IV. Detailed notes on all funds

C. Capital assets

Discretely Presented Component Unit

Capital asset activity for Albuquerque Housing Authority for the year ended June 30, 2019 is as follows:

	Balance July 1, 2018	Additions	Deductions	Balance June 30, 2019
Land and construction in progress:				
Land	\$ 3,767,389	\$ -	\$ -	\$ 3,767,389
Construction in progress	-	283,890	-	283,890
	<u>3,767,389</u>	<u>283,890</u>	<u>-</u>	<u>4,051,279</u>
Capital assets-depreciable:				
Buildings	67,001,127	5,768,671	-	72,769,798
Infrastructure	-	818,505	-	818,505
Machinery and equipment	941,950	111,369	-	1,053,319
	<u>67,943,077</u>	<u>6,698,545</u>	<u>-</u>	<u>74,641,622</u>
Less accumulated depreciation:				
All depreciable assets	54,772,806	1,420,518	-	56,193,324
Capital assets-depreciable, net	<u>13,170,271</u>	<u>5,278,027</u>	<u>-</u>	<u>18,448,298</u>
Total capital assets, net	<u>\$ 16,937,660</u>	<u>\$ 5,561,917</u>	<u>\$ -</u>	<u>\$ 22,499,577</u>

D. Interfund receivables, payables, and transfers

The interfund receivable and payable accounts have primarily been recorded when funds overdraw their share of pooled cash or for payroll related liabilities recorded at year-end. The composition of interfund balances as of June 30, 2019 is as follows:

	Due from other funds	Due to other funds
General Fund	\$ 29,345,286	\$ 1,153,361
Capital Acquisition Fund	-	15,457
Nonmajor governmental funds	-	3,968,701
Airport Fund	-	69,710
Refuse Fund	-	120,308
Transit Fund	1,209,790	26,791,468
Nonmajor enterprise funds	-	20,993
Internal service funds	1,612,493	27,571
Total	<u>\$ 32,167,569</u>	<u>\$ 32,167,569</u>

CITY OF ALBUQUERQUE, NEW MEXICO
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

IV. Detailed notes on all funds

D. Interfund receivables, payables, and transfers

Interfund transfers for the year ended June 30, 2019 are as follows:

<u>From</u>	<u>To</u>	<u>Total</u>
General Fund	Transit Fund	\$ 27,552,000
General Fund	Capital Acquisition Fund	9,561,626
General Fund	Nonmajor governmental funds	24,278,176
General Fund	Nonmajor proprietary funds	2,076,000
Capital Acquisition Fund	Transit Fund	1,537,824
Airport Fund	General Fund	170,000
Refuse Disposal Fund	General Fund	2,618,275
Transit Fund	General Fund	343,470
Nonmajor governmental funds	General Fund	1,512,000
Nonmajor governmental funds	Capital Acquisition Fund	713,598
Nonmajor governmental funds	Transit Fund	14,436,134
Nonmajor governmental funds	Nonmajor governmental funds	8,571,944
Nonmajor proprietary funds	General Fund	256,547
Internal service funds	Nonmajor governmental funds	1,497,000
Internal service funds	General Fund	250,000
Total transfers		<u>\$ 95,374,594</u>

Transfers are summarized as follows:

	<u>Transfers in</u>	<u>Transfers out</u>	<u>Total</u>
Statement of revenues, expenditures, and changes in fund balances - governmental funds	\$ 49,772,634	\$ (90,239,302)	\$ (40,466,668)
Statement of revenues, expenses, and changes in net position - proprietary funds			
Enterprise funds	45,601,960	(3,388,292)	42,213,668
Internal service funds	-	(1,747,000)	(1,747,000)
Total transfers	<u>\$ 95,374,594</u>	<u>\$ (95,374,594)</u>	<u>\$ -</u>

The transfers from the general fund to the other funds are for the purpose of: 1) providing a subsidy for the operations of the Transit, Stadium, and Golf Course funds; 2) providing the City's local match for operating grants from federal and state agencies; 3) funding the purchase of police and fire vehicles, and various construction projects; and 4) transferring resources to debt service funds for the retirement of general obligation and sales tax refunding bonds.

The transfers to the general fund from the major and nonmajor enterprise funds are primarily for PILOT.

Other transfers relating to funds within the nonmajor governmental funds type are: 1) for debt retirement and various other purposes, and 2) from permanent funds to the related expenditures for governmental special revenue funds.

E. Leases

The City has various lease commitments for real property. The lease commitments are for one to ten years, with most leases five years. Approximately half of the leases have renewal options; the others do not. Lease expenses of \$1,299,586 were incurred for the year ended June 30, 2019. Lease commitments for future years are as follows:

CITY OF ALBUQUERQUE, NEW MEXICO
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

IV. Detailed notes on all funds

E. Leases

<u>Fiscal Year</u>	<u>Amount</u>
2020	\$ 1,297,035
2021	1,233,167
2022	1,085,709
2023	1,103,471
2024	912,409
2025-2029	3,857,573
2030-2034	2,121,967
2035-2039	124
	<u>\$ 11,611,455</u>

F. Restricted assets

Restricted assets arise principally from legal restrictions on expenditures of proceeds from general obligations bonds or sales tax revenue bonds in the governmental activities, or on expenditures of proceeds from revenue bonds of the enterprise funds. Restricted assets also include cash with fiscal agent held for debt service and the investments restricted for use held in the City's permanent funds.

The amount of restricted assets reported in the statement of net position at June 30, 2019 is \$288,064,664 as follows:

Governmental activities:	
Capital Acquisition Fund	\$ 166,748,581
Open Space Trust Fund	13,869,729
Urban Enhancement Trust Fund	8,127,346
Nonmajor governmental	100,994
	<u>\$ 188,846,650</u>
Business-type activities:	
Airport Fund	\$ 73,939,041
Refuse Disposal Fund	17,422,824
Transit Fund	13,202
Nonmajor enterprise funds	7,842,947
	<u>\$ 99,218,014</u>

G. Long-term obligations

Governmental activities

Long-term obligations – Bonded obligations of the City consist of various issues of general obligation, revenue, and special assessment bonds. Also included in long-term obligations are notes payable, claims and judgments, net pension liability, deferred credits, other postemployment benefits, and accrued vacation and sick leave. The City has complied with all revenue bond ordinances and bond covenants requirements for maintaining specific reserves for future debt service as of June 30, 2019. The changes in the long-term obligations of the governmental activities for the year ended June 30, 2019, are as follows:

CITY OF ALBUQUERQUE, NEW MEXICO
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

IV. Detailed notes on all funds

G. Long-term obligations

	Balance July 1, 2018	Additions	Deductions	Balance June 30, 2019	Payable in one year
General obligation bonds	\$ 440,576,000	\$ 33,800,000	\$ 51,355,000	\$ 423,021,000	\$ 51,920,000
Gross receipts tax revenue bonds	210,890,000	1,569,000	11,059,000	201,400,000	10,665,000
Loans from direct placements:					
Gross receipts tax revenue bonds	39,085,000	-	2,325,000	36,760,000	2,325,000
Fire fund loan	1,026,570	-	65,087	961,483	66,649
Special assessment bonds	17,170,679	-	1,717,068	15,453,611	1,717,068
Accrued vacation and sick leave	33,402,685	2,904,990	-	36,307,675	26,281,450
Claims reserve	76,499,602	13,772,838	-	90,272,440	24,711,064
Net pension liability	524,793,199	69,177,235	-	593,970,434	-
Net OPEB liability	292,118,241	-	15,834,573	276,283,668	-
Arbitrage	813,204	18,128	-	831,332	-
Unamortized:					
Premium/discount	32,710,937	2,783,367	7,621,836	27,872,468	-
	1,669,086,117	124,025,558	89,977,564	1,703,134,111	117,686,231
Current portion of long-term debt	(108,454,589)	(9,231,642)	-	(117,686,231)	-
Total	<u>\$ 1,560,631,528</u>	<u>\$ 114,793,916</u>	<u>\$ 89,977,564</u>	<u>\$ 1,585,447,880</u>	<u>\$ 117,686,231</u>

Total interest cost incurred for governmental activities for the year ended June 30, 2019 was \$26,715,811, all of which was charged to expense.

The City's outstanding loans from direct placements related to governmental activities of \$53,175,094 contain a provision that in an event of default, the lenders may collect the payments then due and all other amounts under the loan agreements when they become due. These consist of three gross receipts tax revenue bonds totaling \$36,760,000, the fire fund loan for \$961,483, and the special assessment debt for \$15,453,611. The City has an irrevocable standby letter of credit in the amount of \$4,500,000 issued for the account of Netflix Inc.

General Obligation Bonds – are direct obligations of the City for which its full faith and credit are pledged and are payable from taxes levied on property located within the City. The accrued sick leave and vacation obligations are being liquidated primarily by the general fund. Limited amounts are being liquidated by other funds. The City's risk management fund (an internal service fund) liquidates all claims payable.

The Constitution of the State of New Mexico limits the amount of general obligation general purpose bonds that may be issued by a municipality to 4.00% of the taxable valuation of property located within the City. At June 30, 2019, based on the most recent assessed taxable valuation of \$13,666,023,452, the City may issue an additional \$165,577,938 of general purpose GO bonds. Included in the GO bonds outstanding at June 30, 2019, are storm sewer bonds in the amount of \$41,958,000 that are not subject to the legal debt limit.

On April 23, 2019, the City issued \$14,308,000 General Obligation General Purpose Bonds, Series 2019A and \$12,342,000 General Obligation Storm Sewer, Series 2019B bonds with an average coupon rate of 5.00% and 3.44%, respectively. The proceeds of these bonds were deposited into the capital acquisition fund to be used to finance certain City projects relating to: public safety, citizens' centers and community enhancement, parks and recreation, facilities and equipment, libraries, public transportation, streets, and storm sewer. The bonds require annual principal payments and semi-annual interest payments through July 1, 2026 for Series 2019A and July 1, 2032 for Series 2019B.

On June 28, 2019, the City issued \$7,150,000 of Short-Term General Obligation Bonds, Series 2019C. These bonds bear interest at the daily rate on the date of issuance by the State Treasurer of New Mexico. The interest rate in effect for Series 2019C was 2.46%. The bond proceeds are used to fund a portion of the City's capital improvement projects. The bonds mature on July 1, 2019. General obligation bonds outstanding at June 30, 2019, are as follows:

CITY OF ALBUQUERQUE, NEW MEXICO
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

IV. Detailed notes on all funds

G. Long-term obligations

Issue	Face Value of Bonds	Amount Outstanding	Interest Rate	Final Maturity	Call Provisions
June 24, 2009 A General Purpose	\$ 54,970,000	\$ -	2.00/4.00%	July 1, 2018	Non-callable
February 24, 2011 A General Purpose	135,000,000	53,500,000	3.00/4.38%	July 1, 2023	100% beg. July 1, 2020
May 22, 2012 A General Purpose	61,760,000	31,945,000	2.00/5.00%	July 1, 2024	100% beg. July 1, 2020
May 22, 2012 B Storm Sewer	8,035,000	8,035,000	3.00/4.00%	July 1, 2025	100% beg. July 1, 2020
May 8, 2013 A General Purpose	70,040,000	43,385,000	2.50/4.00%	July 1, 2026	100% beg. July 1, 2021
May 8, 2013 B Storm Sewer	4,980,000	4,980,000	2.80%	July 1, 2026	100% beg. July 1, 2021
May 28, 2014 A General Purpose	57,060,000	37,840,000	2.25/5.00%	July 1, 2026	100% beg. July 1, 2022
May 28, 2014 B Storm Sewer	5,375,000	5,375,000	3.50/3.75%	July 1, 2027	100% beg. July 1, 2022
June 10, 2015 A General Purpose	37,970,000	28,120,000	2.75/5.00%	July 1, 2027	100% beg. July 1, 2023
June 10, 2015 B Storm Sewer	4,726,000	4,726,000	3.00/3.50%	July 1, 2028	100% beg. July 1, 2023
March 24, 2016 A General Purpose	71,523,000	59,500,000	2.50/5.00%	July 1, 2028	100% beg. July 1, 2025
March 24, 2016 B Storm Sewer	6,500,000	6,500,000	3.00%	July 1, 2029	100% beg. July 1, 2025
April 11, 2017 A General Purpose	22,850,000	21,090,000	3.00/5.00%	July 1, 2030	100% beg. July 1, 2026
April 11, 2018 A General Purpose	84,225,000	84,225,000	3.00/5.00%	July 1, 2031	100% beg. July 1, 2027
April 23, 2019 A General Purpose	14,308,000	14,308,000	5.00%	July 1, 2026	Non-callable
April 23, 2019 B Storm Sewer	12,342,000	12,342,000	2.75/5.00%	July 1, 2032	100% beg. July 1, 2026
Total long-term outstanding	<u>651,664,000</u>	<u>415,871,000</u>			
June 28, 2019 C Sponge Bond	7,150,000	7,150,000	2.46%	July 1, 2019	Non-callable
	<u>\$ 658,814,000</u>	<u>\$ 423,021,000</u>			

Gross Receipts Tax Revenue Bonds – are secured by a pledge of up to 1.23% of state shared gross receipts tax revenues. Additionally, the City can pledge up to 50.00% of the lodgers’ and hospitality tax revenues for payment of these bonds and notes. Net revenue for state shared gross receipts tax revenues as of June 30, 2019 was \$202,469,404 and lodgers’ and hospitality tax revenues of \$17,272,791. Total debt service expenditures totaled \$23,326,186 .

On December 13, 2018, the City issued \$1,569,000 Short-Term Gross Receipts Tax Taxable Bonds, Series 2018. The bonds have a coupon rate of 2.31% and the bond proceeds are used to fund a portion of the City’s capital improvement projects. The bonds matured on December 14, 2018. Gross receipts tax revenue bonds outstanding at June 30, 2019, are as follows:

Issue	Face Value of Bonds	Amount	Interest Rate	Final Maturity	Call Provisions
October 6, 2004 B Refunding	\$ 28,915,000	\$ 25,595,000	2.39/4.90%	July 1, 2036	100% beg. October 6, 2004
July 22, 2009 A Refunding	10,535,000	9,025,000	3.00/5.00%	July 1, 2025	100% beg. July 1, 2019
July 22, 2009 B Refunding	28,305,000	12,595,000	3.00/5.00%	July 1, 2022	100% beg. July 1, 2019
September 1, 2011 A Refunding	22,660,000	10,410,000	2.00/4.00%	July 1, 2028	100% beg. July 1, 2021
April 9, 2013 Improvement	42,030,000	35,480,000	1.50/5.00%	July 1, 2035	100% beg. July 1, 2023
June 10, 2014 A Refunding	36,960,000	36,230,000	2.00/4.00%	July 1, 2037	100% beg. July 1, 2024
May 27, 2015 A Improvement	39,085,000	36,145,000	2.00/5.00%	July 1, 2038	100% beg. July 1, 2025
May 27, 2015 B Improvement	10,110,000	6,540,000	0.55/2.95%	July 1, 2023	Non-callable
December 8, 2015 C State Shared	2,080,000	1,695,000	1.75%	July 1, 2026	100% beg. July 1, 2020
February 16, 2016 Improvement	24,000,000	23,365,000	3.00/3.90%	July 1, 2038	100% beg. July 1, 2026
September 8, 2016 C Improvement	17,750,000	16,425,000	2.00/5.00%	July 1, 2034	100% beg. July 1, 2026
July 11, 2017 NCREB	25,110,000	24,655,000	4.06%	July 1, 2037	100% beg. July 1, 2027
	<u>\$ 287,540,000</u>	<u>\$ 238,160,000</u>			

Fire fund loan – On January 28, 2011, the City closed on a loan with the New Mexico Finance Authority (NMFA) for \$1,441,625 with an average interest rate of 3.42%. The proceeds were used to design, construct, equip, and furnish Fire Station #7. The terms of the loan require annual principal payments and semi-annual interest payments beginning November 1, 2011 and maturing May 1, 2031. As part of the agreement, the City also entered into an intercept agreement with NMFA whereby the principal and interest payments required, will be made from the annual distributions of State Fire Protection Funds in the amount of \$101,043 to the City’s fire fund made by the State Treasurer (Section 59A-53-7 NMSA 1978). The

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IV. Detailed notes on all funds

G. Long-term obligations

funds are remitted directly to NMFA and held by NMFA until the November and May due dates. The City's obligation is limited only to the available pledged revenues whenever any event of default has occurred. The balance outstanding at June 30, 2019 was \$961,483.

Special assessment debt and notes payable – are secured by pledges of revenues from special assessments levied. Special assessment debt is callable at 100.0% on any semi-annual interest payment date. On October 30, 2012, the City executed a loan agreement with Banc of America Public Capital Corp for Special Assessment District No. 228. The tax-exempt loan payable for \$22,743,479 has a coupon rate of 3.0% and matures on January 1, 2028. The proceeds are used to finance the construction and improvement of streets, water lines, sewer lines, and storm drainage. The City's obligation is limited only to the available pledged revenues and amounts on deposit in the SAD 228 tax-exempt project account, the SAD 228 debt service fund, and the SAD 228 reserve fund whenever any event of default has occurred. The balance outstanding at June 30, 2019 was \$15,453,611.

Business-type activities

Long-term obligations – The changes in the business-type activities obligations for the year ended June 30, 2019, are as follows:

	Balance July 1, 2018	Additions	Deductions	Balance June 30, 2019	Payable in one year
Revenue bonds	\$ 5,555,000	\$ -	\$ 4,585,000	\$ 970,000	\$ 490,000
Loans from direct placements	34,005,000	-	5,910,000	28,095,000	6,185,000
Accrued vacation and sick leave	6,613,276	332,949	107,230	6,838,995	5,262,540
Landfill closure costs	5,138,764	157,294	-	5,296,058	-
Net pension liability	78,435,007	8,681,427	-	87,116,434	-
Net OPEB liability	61,371,353	-	3,118,117	58,253,236	-
Security deposits	161,365	-	6,690	154,675	-
Unamortized:					
Premium/discount	27,317	1,035	35,806	(7,454)	-
	<u>191,307,082</u>	<u>9,172,705</u>	<u>13,762,843</u>	<u>186,716,944</u>	<u>11,937,540</u>
Current portion of long-term debt	(15,447,398)	-	(3,509,858)	(11,937,540)	-
	<u>\$ 175,859,684</u>	<u>\$ 9,172,705</u>	<u>\$ 10,252,985</u>	<u>\$ 174,779,404</u>	<u>\$ 11,937,540</u>

Total interest cost incurred for business-type activities for the year ended June 30, 2019 was \$707,245, all of which was charged to expense.

The City's outstanding loans from direct placements related to business-type activities of \$28,095,000 contain a provision that in an event of default, the City will do and perform all proper acts on behalf and for the owners to protect and preserve the security created for the payment of the bonds and payment obligations and to insure the payment of the debt service requirements promptly as they become due. These consist of two airport revenue bonds totaling \$12,825,000, apartment revenue bonds \$8,430,000, and a stadium loan \$6,840,000.

Airport Revenue Bonds – are secured by pledges of net revenues of the airport. Airport Revenue Bonds outstanding at June 30, 2019, are as follows:

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G. Long-term obligations

Issue	Face Value of		Interest Rate	Final Maturity	Call Provisions
	Bonds	Amount			
May 23, 2004 A, Refunding	\$ 20,610,000	\$ -	1.63%-5.11%	July 1, 2018	100% beg. July 1, 2005
March 11, 2008 A, Refunding	13,640,000	-	3.00%-5.00%	July 1, 2018	Non-callable
May 14, 2008 C, Refunding	5,170,000	970,000	3.50%-4.38%	July 1, 2020	100% beg. July 1, 2018
November 12, 2009 A, Refunding	26,080,000	3,115,000	3.00%-4.50%	July 1, 2019	Non-callable
April 8, 2014 A, Refunding	16,795,000	9,710,000	2.60%	July 1, 2024	Non-callable
Total outstanding	<u>\$ 82,295,000</u>	<u>13,795,000</u>			
Unamortized:					
Premium (discount)		(632)			
Deferred loss on refunding		(614)			
Net outstanding		<u>\$ 13,793,754</u>			

Apartments revenue bonds – On April 21, 2016, the City issued \$8,430,000 Gross Receipts Tax Refunding Revenue Bonds (Beach, Bluewater and Manzano Vista Projects) Series 2016B to partially refund the Series 2008B Bonds. This debt constitutes a limited obligation of the City and is payable solely from the resources of the apartments. Respective revenues are pledged for the repayment of these bonds. The Gross Receipts Tax Refunding Revenue Bonds, Series 2016B mature on July 1, 2030 and bear a 2.3% coupon interest rate. The Series 2016B bonds are subject to optional redemption generally at par; unless long-term interest rates are in effect. The apartments debt in the amount of \$8,430,000 is outstanding at June 30, 2019.

Stadium loans – are secured by pledges of net revenues of the Albuquerque baseball stadium. Revenue in fiscal year 2019 totaled \$2,095,321. The annual debt service payment including interest for fiscal year 2019 was \$998,398. On September 1, 2011, the City issued Gross Receipts Tax / Stadium Revenues Refunding Revenue Bonds, Taxable Series 2011B in the amount of \$11,650,000. The bonds have an average coupon rate of 3.23% and require annual principal payments and semi-annual interest payments through July 1, 2026. The stadium debt in the amount of \$6,840,000 is outstanding at June 30, 2019.

Summary of annual debt service requirements

The annual debt service requirements on bonds outstanding at June 30, 2019 are as follows:

Year Ending	Governmental activities				Business-type activities			
	Bonds		Loans from Direct Placements		Bonds		Loans from Direct Placements	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
June 30,								
2020	\$ 62,585,000	\$ 24,139,492	\$ 4,108,717	\$ 1,829,829	\$ 490,000	\$ 31,107	\$ 6,185,000	\$ 748,981
2021	58,140,000	21,912,896	4,230,484	1,703,692	480,000	10,500	3,070,000	595,206
2022	58,750,000	19,251,751	4,187,488	1,564,822	-	-	3,080,000	508,508
2023	54,510,000	16,752,126	4,194,699	1,419,079	-	-	3,100,000	419,488
2024	54,075,000	14,469,585	4,252,067	1,277,004	-	-	3,115,000	328,255
2025-2029	190,241,000	45,641,649	19,896,054	4,256,584	-	-	7,975,000	602,024
2030-2034	95,310,000	18,346,136	7,160,585	1,842,054	-	-	1,570,000	36,340
2035-2039	50,810,000	4,612,268	5,145,000	420,515	-	-	-	-
Total	<u>\$ 624,421,000</u>	<u>\$ 165,125,903</u>	<u>\$ 53,175,094</u>	<u>\$ 14,313,579</u>	<u>\$ 970,000</u>	<u>\$ 41,607</u>	<u>\$ 28,095,000</u>	<u>\$ 3,238,802</u>

Arbitrage – Section 148 of the Internal Revenue Code generally provides that bonds issued by a municipality will be “arbitrage bonds,” if any portion of the bond proceeds are reasonably expected to be invested in obligations with a yield that is “materially higher” than the yield on the bonds. While municipalities are entitled to earn a certain amount of positive arbitrage during the period the bonds are outstanding, Section 148(f) generally requires that these earnings be paid to the Internal Revenue Service (IRS) at least every five years. As of June 30, 2019, the City has set aside \$831,331 in arbitrage interest due the IRS in connection with future filings and payments to the IRS. This amount is included in other liabilities in the statement of net position. For fiscal year 2019, no payment is due to the IRS.

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IV. Detailed notes on all funds

G. Long-term obligations

Discretely presented component unit

	Balance July 1, 2018	Additions	Deductions	Balance June 30, 2019	Amount due within one year
Bonds and notes payable	\$ 4,348,855	\$ 3,025,121	\$ 185,848	\$ 7,188,128	\$ 187,758
Net pension liability	4,417,682	360,646	-	4,778,328	-
Net OPEB liability	3,133,929	-	349,925	2,784,004	-
Accrued vacation and sick leave	172,389	133,403	131,826	173,966	73,932
	<u>\$ 12,072,855</u>	<u>\$ 3,519,170</u>	<u>\$ 667,599</u>	<u>\$ 14,924,426</u>	<u>\$ 261,690</u>

H. Refunded bonds

The City has refunded various bond issues by issuing refunding bonds, the proceeds of which have been placed in escrow and used to purchase securities of the United States Government and related agencies at various interest rates and maturities sufficient to meet all debt service requirements of the refunded debt. These assets are administered by trustees and are restricted to use for retirement of the refunded debt. The liability for the refunded bonds and the related securities and escrow accounts are not included in the accompanying general purpose financial statements as the City satisfied its obligation for payment of the refunded debt upon completion of the refunding transactions. Refunded debt outstanding at June 30, 2019, is as follows:

Gross Receipts Tax Revenue Bonds	\$	27,470,000
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I. Conduit bonds

The City has acted from time to time as the issuer of conduit bonds, the proceeds of which have been immediately loaned to a private borrower. Such bonds are payable by the City only from amounts paid to the City by such conduit borrowers pursuant to a lease, loan or other agreement. The City has assigned its rights with respect to such bonds to various trustees that monitor amounts due by the borrowers and pay the principal and interest as due on such conduit bonds from the borrowers' payments. The City has no obligation to repay all or any portion of such bonds in the event the private borrowers fail to make their payments when due.

Industrial Revenue Bonds – As of June 30, 2019, there were six series of Industrial Revenue Bonds outstanding. The aggregate principal amount payable was \$143 million. There were no bonds pending close out.

J. Construction Commitments

In the fall of 2017, the City entered into a multi-year contract with Citelum US, Inc. for the purpose of evaluating and implementing energy efficient street lights throughout the City. This contract is scheduled to end in 2032 and carries a scheduled termination value payment clause in the contract that stipulates that if the City terminates the contract before completion then the City shall pay Citelum an agreed upon value corresponding to the month in which the contract is terminated. If the City terminates the contract during fiscal year 2020 the City shall be required to pay an amount between \$15,457,697 and \$16,349,472, depending on the month.

K. Segment information

Significant financial data of major enterprise funds are reported in the statements for enterprise funds in the basic financial statements section. Significant financial data of nonmajor enterprise funds as of and for the year ended June 30, 2019, is as follows:

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IV. Detailed notes on all funds

K. Segment information

	(in thousands)				
CONDENSED STATEMENT OF NET POSITION	Golf Course Fund	Apartments Fund	Parking Facilities Fund	Stadium Fund	Total
Assets					
Current assets	\$ 1,183	\$ 1,182	\$ 2,186	\$ 782	\$ 5,333
Restricted assets	94	5,004	2,611	710	8,419
Capital assets	3,749	10,096	25,391	14,038	53,274
Total assets	<u>\$ 5,026</u>	<u>\$ 16,282</u>	<u>\$ 30,188</u>	<u>\$ 15,530</u>	<u>\$ 67,026</u>
Deferred outflows of resources					
Deferred gain/loss on bond refunding	\$ -	\$ 384	\$ -	\$ 26	\$ 410
Deferred outflows related to pensions	641	-	542	34	1,217
Deferred outflows related to OPEB	38	-	136	7	181
Total deferred outflows of resources	<u>\$ 679</u>	<u>\$ 384</u>	<u>\$ 678</u>	<u>\$ 67</u>	<u>\$ 1,808</u>
Liabilities					
Current liabilities	458	935	269	926	2,588
Liabilities payable from restricted assets	-	155	-	-	155
Bonds, notes payable, and other long-term liabilities	-	7,810	-	6,083	13,893
Other liabilities	4,148	-	3,608	260	8,016
Total liabilities	<u>4,606</u>	<u>8,900</u>	<u>3,877</u>	<u>7,269</u>	<u>24,652</u>
Deferred inflows of resources					
Deferred inflows related to pensions	174	-	147	10	331
Deferred inflows related to OPEB	404	-	369	28	801
Total deferred inflows of resources	<u>578</u>	<u>-</u>	<u>516</u>	<u>38</u>	<u>1,132</u>
Net position (deficit)					
Invested in capital assets	3,749	2,050	25,391	7,231	38,421
Restricted for:					
Debt service	49	-	7	710	766
Construction	45	-	2,604	-	2,649
Unrestricted	(3,322)	5,716	(1,528)	348	1,214
Total net position	<u>\$ 521</u>	<u>\$ 7,766</u>	<u>\$ 26,474</u>	<u>\$ 8,289</u>	<u>\$ 43,050</u>
CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION					
Operating revenues	\$ 3,734	\$ 4,214	\$ 5,071	\$ 2,095	\$ 15,114
Depreciation	(192)	(541)	(1,528)	(627)	(2,888)
Other operating expenses	(5,124)	(2,677)	(4,299)	(946)	(13,046)
Operating income (loss)	<u>(1,582)</u>	<u>996</u>	<u>(756)</u>	<u>522</u>	<u>(820)</u>
Nonoperating revenues (expenses):					
Investment income	14	91	118	22	245
Interest expense	-	(278)	-	(282)	(560)
Other	78	-	189	-	267
Transfers in	1,878	-	-	198	2,076
Transfers out	(73)	-	(184)	-	(257)
Change in net position	315	809	(633)	460	951
Beginning net position	206	6,957	27,107	7,829	42,099
Ending net position	<u>\$ 521</u>	<u>\$ 7,766</u>	<u>\$ 26,474</u>	<u>\$ 8,289</u>	<u>\$ 43,050</u>

CITY OF ALBUQUERQUE, NEW MEXICO
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IV. Detailed notes on all funds

K. Segment information

CONDENSED STATEMENT OF CASH FLOWS	Golf Course Fund	Apartments Fund	Parking Facilities Fund	Stadium Fund	Total
Net cash provided (used) by:					
Operating activities	\$ (1,355)	\$ 1,382	\$ 816	\$ 1,085	\$ 1,928
Noncapital financing activities	1,883	-	5	198	2,086
Capital and related financing activities	-	(865)	-	(1,009)	(1,874)
Investing activities	14	91	118	22	245
Net increase (decrease)	542	608	939	296	2,385
Beginning cash and investments	724	5,556	2,117	649	9,046
Ending cash and investments	<u>\$ 1,266</u>	<u>\$ 6,164</u>	<u>\$ 3,056</u>	<u>\$ 945</u>	<u>\$ 11,431</u>

L. Defined benefit pension plan

General Information about the Pension Plan

Plan description – Substantially all of the City’s full-time employees participate in a public employee retirement system governed by the Public Employees Retirement Act (Chapter 10, Article 11, NMSA 1978). The Public Employees Retirement Association (PERA) is the administrator of the plan, which is a cost-sharing multiple-employer defined benefit retirement plan. PERA issues a separate CAFR. That report may be obtained by writing to: PERA, PO Box 2123, Santa Fe NM 87504-2123. The report is also available on PERA’s website at: www.nmpera.org.

Benefits provided – The plan provides for retirement benefits, disability benefits, survivor benefits and cost-of-living adjustments to plan members and beneficiaries. Effective July 1, 2013, new legislation enabled two benefit tiers under each PERA coverage plan. The coverage plans include: Municipal General, Municipal Police, and Municipal Fire plans. Members are eligible to retire when they meet the age and service credit requirement for the plan they participate in. Plan members are required to contribute between 7.75%-18.15% of their gross salary, depending on the specific plan type. The City is required to contribute between 7.40%-21.65% of the gross covered salary, depending on the specific plan type.

Contributions – The following are the plans covered by the City and the contribution requirements (in thousands of dollars) for the year ended June 30, 2019:

Group Covered	Employee		Employer	
	Percent	Amount	Percent	Amount
General, management, and bus drivers	14.65 %	\$ 25,499	9.80 %	\$ 16,508
Temporary employees	7.00 %	5	7.65 %	6
J-Series 20-year	18.15 %	8	17.30 %	8
Police	17.80 %	11,897	19.15 %	12,624
Fire	17.70 %	7,661	21.90 %	9,371
		<u>\$ 45,070</u>		<u>\$ 38,517</u>

The contribution requirements of plan members and the City are established in New Mexico Statute Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. In accordance with Chapter 10, Article 11, Section 5 NMSA 1978, the City has elected to make a percentage of the employees’ contributions. The percentage of the employees’ contributions paid by the City varies according to the specific plan type. The City’s required contributions to PERA for the years ending June 30, 2019, 2018, and 2017 were \$38,517,412, \$36,278,146, and \$35,376,597, respectively. The City’s total contributions to PERA, including the employer required contributions, and the portion the City pays for the employees for the years ending June 30, 2019, 2018, and 2017 were \$69,587,223, \$64,913,483, and \$63,864,670, respectively.

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IV. Detailed notes on all funds

L. Defined benefit pension plan

Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

As of June 30, 2019, the City reported a net pension liability of \$681,086,868 its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017.

The City's proportion of the net pension liability was based on the City's share of contributions to the pension plan by type for fiscal year 2019. As June 30, 2019, the City's proportional share was 17.83% of the Municipal General Division, 27.87% of the Municipal Police Division, and 32.28% of the Municipal Fire Division.

For the year ended June 30, 2019, the City recognized its proportional share of the pension contribution expense of \$68,179,751. The proportional share of the pension contribution expense by plan type is as follows:

Plan Type	Pension Expense
Municipal General	\$ 29,201,163
Municipal Police	\$ 19,844,937
Municipal Fire	\$ 19,133,651

At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred outflows of resources	Deferred inflows of resources
City of Albuquerque - overall		
Differences between expected and actual experience	\$ 20,847,140	\$ (41,383,716)
Change in assumptions	59,407,349	(3,551,675)
Net difference between projected and actual earnings on pension plan investments	41,417,024	-
Changes in proportion and differences between City contributions and proportionate share of contributions	4,417,994	(17,241,938)
City contributions subsequent to the measurement date	38,517,412	-
Total	<u>\$ 164,606,919</u>	<u>\$ (62,177,329)</u>

	Deferred outflows of resources	Deferred inflows of resources
Municipal General		
Differences between expected and actual experience	\$ 8,216,758	\$ (7,464,125)
Change in assumptions	25,775,536	(1,634,600)
Net difference between projected and actual earnings on pension plan investments	21,084,895	-
Changes in proportion and differences between City contributions and proportionate share of contributions	1,849,602	(11,365,532)
City contributions subsequent to the measurement date	16,522,632	-
Total	<u>\$ 73,449,423</u>	<u>\$ (20,464,257)</u>

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L. Defined benefit pension plan

Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

	Deferred outflows of resources	Deferred inflows of resources
Municipal Police		
Differences between expected and actual experience	\$ 9,309,998	\$ (18,851,094)
Change in assumptions	21,699,024	(1,162,603)
Net difference between projected and actual earnings on pension plan investments	13,086,621	-
Changes in proportion and differences between City contributions and proportionate share of contributions	1,085,236	(2,524,695)
City contributions subsequent to the measurement date	12,623,660	-
Total	\$ 57,804,539	\$ (22,538,392)

	Deferred outflows of resources	Deferred inflows of resources
Municipal Fire		
Differences between expected and actual experience	\$ 3,320,384	\$ (15,068,497)
Change in assumptions	11,932,789	(754,472)
Net difference between projected and actual earnings on pension plan investments	7,245,508	-
Changes in proportion and differences between City contributions and proportionate share of contributions	1,483,156	(3,351,711)
City contributions subsequent to the measurement date	9,371,120	-
Total	\$ 33,352,957	\$ (19,174,680)

The amount of contributions related to fiscal year 2019 have been reported as deferred outflows of resources related to pensions and will be recognized as a reduction of the net pension liability in fiscal year 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Fiscal Year Ended June 30	City Overall	Municipal General	Municipal Police	Municipal Fire
2020	\$ 46,096,690	\$ 26,086,529	\$ 14,260,218	\$ 5,749,943
2021	\$ 11,296,842	\$ 9,596,037	\$ 3,534,590	\$ (1,833,785)
2022	\$ 4,455,314	\$ (247,723)	\$ 4,166,202	\$ 536,835
2023	\$ 2,063,332	\$ 1,027,691	\$ 681,477	\$ 354,164

Actuarial assumptions – The total pension liability as of the June 30, 2018 valuation date was determined using the following actuarial assumptions, applied to all periods including the measurement:

Actuarial Methods	
Actuarial valuation date	June 30, 2017
Actuarial cost method	Entry Age Normal
Amortization method	Level Percentage of Pay
Amortization period	Solved for based on statutory rates

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L. Defined benefit pension plan

Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Actuarial Assumptions	
Investment rate of return	7.25%
Payroll growth	3.00%
Projected salary increases	3.25% to 13.50% annual rate
Inflation assumption	2.50%
Mortality assumption	PH-2014 Blue Collar Mortality Table

The long-term expected rate of return on pension plan investments was determined using statistical analysis in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

ALL FUNDS - Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	43.50 %	7.48 %
Risk Reduction and Mitigation	21.50 %	2.37 %
Credit Oriented Fixed Income	15.00 %	5.47 %
Real Assets	20.00 %	6.48 %
Total	100.00 %	

Discount rate – Previously a select and ultimate rate of return assumption had been adopted for funding purposes but new economic assumptions were adopted for the June 30, 2018 valuations including the change to a 7.25% static rate. The projection of cash flows used to determine the discount rate assumed that future contributions will be made in accordance with statutory rates. On this basis, the pension plan’s fiduciary net position together with the expected future contributions are sufficient to provide all projected future benefit payments of current plan members as determined in accordance with GASB 67. Therefore, the 7.25% assumed long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City’s proportionate share of the net pension liability to changes in the discount rate – The following presents the City’s proportionate share of the net pension liability calculated using the discount rate of 7.25%, as well as what the City’s proportionate share of the net pension liability would be if it were calculated using a discount rate with a 1.00% decrease or 1.00% increase from the current rate:

Plan Type	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
City of Albuquerque, Overall	\$ 1,006,308,997	\$ 681,086,868	\$ 413,922,658
Municipal General	\$ 438,082,504	\$ 284,296,918	\$ 157,168,534
Municipal Police	\$ 292,408,858	\$ 190,173,216	\$ 106,827,647
Municipal Fire	\$ 275,817,635	\$ 206,616,734	\$ 149,926,777

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L. Defined benefit pension plan

Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Pension plan fiduciary net position – Detailed information about the pension plan’s fiduciary net position is available in the separately issued PERA’s CAFR. As of June 30, 2019, there was a \$5,347,432 PERA contributions payable.

M. Postemployment benefits

The City provides certain health care and life insurance benefits for retired employees. Substantially all of the City’s employees may become eligible for those benefits if they reach the normal retirement eligibility conditions while working for the City. As of June 30, 2019, the total net OPEB liability for postemployment life insurance and retiree healthcare benefits totaled \$334,536,904, total deferred outflows totaled \$7,824,513, and total deferred inflows totaled \$81,998,855.

Postemployment Life Insurance Benefits

Plan description – The City’s Life Insurance Benefit Plan (Plan) is a cost sharing multiple-employer plan administered as a formal trust by the City. The Plan includes coverage for all City employees. The Plan also includes coverage for the employees of the Albuquerque Bernalillo County Water Authority (a separate legal entity, formerly a component unit of the City). The Albuquerque Pooled OPEB Trust Plan issues a separate report that can be obtained from the Accounting Division at: PO Box 1293, Room 8010, 8th Floor, Albuquerque NM 87103. The Water Utility Authority and the City have different benefit rules. Insurance benefits are authorized by the City’s Merit System Ordinance and Personnel Rules and Regulations. Upon retirement with the City, an employee will continue to be covered by the City’s plan at no cost to the employee. Coverage will be one-half of the coverage reflected on the most recent annual life insurance adjustment report immediately prior to retirement up to a maximum of \$25,000. Effective July 1, 2008 the minimum amount of coverage per retiree is \$12,500. The number of retired employees covered under the life insurance benefit was 5,038 at June 30, 2019, and the amount of life insurance coverage for these retired employees was \$228,586,941.

Funding policy – The City contributes 100.00% or more of the actuarially determined contributions each year.

Contributions – Contributions are expected to match or exceed the actuarial annual determined contribution (ADC). Monthly invoices for retiree life insurance premiums are paid out of the trust. When expected benefit claims exceed retiree premiums, the City is allowed to treat the implicit subsidy as a contribution. The City’s total contributions to the trust for the year ending June 30, 2019 were \$3,943,472 which included \$2,022,186 of employer contributions and \$1,921,286 implicit subsidy contributions reported in insurance expense. Included in the trust assets is an accrual that is not included in the contributions used to calculate the net OPEB liability in the amount of \$1,189.

OPEB liabilities, OPEB expense, deferred outflows of resources and deferred inflows of resources – As of June 30, 2019, the City reported a net OPEB liability of \$36,484,498 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the OPEB liability was determined by an actuarial valuation as of July 1, 2017 rolled forward to June 30, 2019. As of June 30, 2019, the City’s proportionate share of the OPEB liability was 97%.

For year ended June 30, 2019, the City recognized OPEB expense of \$2,938,549.

As of June 30, 2019, the City reported deferred outflows of resources and deferred inflow of resources related to OPEB Life Insurance from the following sources:

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M. Postemployment benefits

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 266,600	\$ -
Change in assumptions	1,323,261	-
Net difference between projected and actual earnings on OPEB plan investments	-	(617,381)
Total	\$ 1,589,861	\$ (617,381)

The amount of contributions related to fiscal year 2019 have been recorded as a reduction of the OPEB liability. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

Fiscal Year Ended June 30	Amount
2020	379,963
2021	379,963
2022	347,707
2023	(135,153)

Sensitivity of the City's proportionate share of the net OPEB liability to changes in the discount rate – The following presents the City's proportionate share of the net OPEB liability calculated using the discount rate of 5.00%, as well as what the City's proportionate share of the net OPEB liability would be if it were calculated using a discount rate with a 1.00% decrease or 1.00% increase from the current rate. The healthcare trend is not an assumption used in the actuarial analysis.

	1.00% Decrease 4.00%	Current Discount Rate 5.00%	1.00% Increase 6.00%
City's proportionate share of the net OPEB liability	\$ 46,069,690	\$ 36,484,498	\$ 28,603,972

OPEB plan fiduciary net position – Detailed information about the trust plan's fiduciary net position is available in separate OPEB financial statements.

Payables to the OPEB plan – As of June 30, 2019, there was a \$412,866 contributions payable to the trust.

Actuarial assumptions – The total OPEB liability in the June 30, 2019 valuation was determined using the following actuarial assumptions applied to all periods including the measurement:

	Actuarial Methods
Actuarial valuation date	July 1, 2017
Actuarial cost method	Entry Age Normal
Amortization method	Level % of pay
Amortization period	19 years closed
Asset valuation method	Market Value

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M. Postemployment benefits

	Actuarial Assumptions
Long-term return on assets	5.00%
Discount rate	5.00% as of June 30, 2017 and June 30, 2016
Inflation	2.75% per year
Salary increase	4.25% per year
Retirement age	50 to 80
Mortality	PERA of New Mexico; projected with MW Scale 2017

The long-term expected rate of return on OPEB plan investments was determined using statistical analysis in which best estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

City of Albuquerque - overall	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Equity - total stock market index	60.00 %	6.00 %
U.S. Fixed income - aggregate bond market	40.00 %	3.00 %
	<u>100.00 %</u>	

Discount rate – The expected long-term rate of return on trust assets was used. Based on the level of funding to date and the expected future contributions established in the funding policy, trust assets are expected to be sufficient in all future years to provide the expected benefit payments.

Retiree Health Care Act Contributions

Plan description – The City contributes to the New Mexico Retiree Health Care Fund, a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by the New Mexico Retiree Health Care Authority (RHCA). The RHCA provides health care insurance and prescription drug benefits to retired employees of participating New Mexico government agencies, their spouses, dependents, and surviving spouses and dependents. The RHCA Board was established by the Retiree Health Care Act (Section 10-7C-1 NMSA 1978). The Board is responsible for establishing and amending benefit provisions of the healthcare plan and is also authorized to designate optional and/or voluntary benefits like dental, vision, supplemental life insurance, and long-term care policies.

Benefits provided – eligible retirees, their spouses, dependents and surviving spouses and dependents with health insurance and prescription drug benefits consisting of a plan, or optional plans of benefits, that can be contributions to RHCA and by co-payments or out-of-pocket payments of eligible retirees.

Eligible retirees are: 1) retirees who make contributions to the fund for at least five years prior to retirement and whose eligible employer during that period of time made contributions as a participant in the RHCA plan on the person’s behalf unless that person retires before the employer’s RHCA effective date, in which case the period required for contributions becomes the period between the employer’s effective date and the date of retirement; 2) retirees defined by the Retiree Health Care Act who retired prior to July 1, 1990; 3) former legislators who served at least two years; and 4) former governing authority members who served at least four years. The City does not have data pertaining to retired and active employees as of June 30, 2019.

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M. Postemployment benefits

The RHCA issues a publicly available stand-alone financial report that includes financial statements and required supplementary information for the postemployment healthcare plan. Information related to the number of plan members can be found in the publicly available report. That report and further information can be obtained by writing to the Retiree Health Care Authority at: 4308 Carlisle NE, Suite 104, Albuquerque NM 87107.

Funding policy – The Retiree Health Care Act (Section 10-7C-13 NMSA 1978) authorizes the RHCA Board to establish the monthly premium contributions that retirees are required to pay for healthcare benefits. Each participating retiree pays a monthly premium according to a service based subsidy rate schedule for the medical plus basic life plan plus an additional participation fee of five dollars if the eligible participant retired prior to the employer's RHCA effective date or is a former legislator or former governing authority member. Former legislators and governing authority members are required to pay 100.0% of the insurance premium to cover their claims and the administrative expenses of the plan. The monthly premium rate schedule can be obtained from the RHCA or viewed on their website at: www.nmrhca.org.

Contributions – The employer and employee retiree contributions are required to be remitted to the RHCA on a monthly basis. The statutory requirements for the contributions can be changed by the New Mexico State Legislature. Employers that choose to become participating employers are January 1, 1998, are required to make contributions to the RHCA fund in the amount determined to be appropriate by the board. The City's total contributions for the year ending June 30, 2019 were \$5,884,575. This represents the City's proportionate share and excludes the contributions included in the report for AMAFCA and MRCOG totaling \$153,999.

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. For employees who are members of an enhanced retirement plan: state police and adult correctional officer coverage plan 1; municipal police member coverage plans 3, 4 and 5; municipal fire member coverage plan 3, 4 and 5; municipal detention officer member coverage plan 1; and members pursuant to the Judicial Retirement Act (10-12B-1 NMSA 1978), during the fiscal year ended June 30, 2015, the statute required each participating employer to contribute 2.50% of each participating employee's annual salary, and each participating employee was required to contribute 1.25% of their salary. For employees that were not members of an enhanced retirement plan during the fiscal year ended June 30, 2015, the statute required each participating employer to contribute 2.00% of each participating employee's annual salary; each participating employee was required to contribute 1.00% of their salary. In addition, pursuant to Section 10-7C-15(G) NMSA 1978, at the first session of the Legislature following July 1, 2013, the legislature shall review and adjust the distributions pursuant to Section 7-1-6.1 NMSA 1978 and the employer and employee contributions to the authority in order to ensure the actuarial soundness of the benefits provided under the Retiree Health Care Act.

OPEB liabilities, OPEB expense, deferred outflows of resources and deferred inflows of resources – As of June 30, 2019, the City reported a net OPEB Liability for Retiree Health Care of \$298,052,406 for its proportionate share of the net OPEB liability. This amount excludes the amount attributable to Albuquerque Metropolitan Arroyo Flood Control Authority (AMAFCA) and Mid-Region Council of Governments of New Mexico (MRCOG) \$7,373,853. RHCA included these two entities in the City's Liability. The net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the OPEB liability was determined by an actuarial valuation as of June 30, 2017. As of June 30, 2019, the City's proportionate share of the OPEB liability was 6.84%. AMAFCA and MRCOG represent 0.18% of the reported percentage by RHCA.

For year ended June 30, 2019, the City recognized its proportionate share of negative OPEB expense in the amount of (\$1,347,468). As of June 30, 2019, the City reported deferred outflows of resources and deferred inflow of resources related to OPEB Life Insurance from the following sources:

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M. Postemployment benefits

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ (17,618,453)
Change in assumptions	-	(55,556,270)
Net difference between projected and actual earnings on OPEB plan investments	-	(3,713,648)
Changes in proportion and differences between City contributions and proportionate share of contributions	-	(4,493,103)
City contributions subsequent to the measurement date	6,234,652	-
Total	\$ 6,234,652	\$ (81,381,474)

The amount of contributions related to fiscal year 2019 have been recorded as a deferred outflow of resources related to the RHCA OPEB liability. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

Fiscal Year Ended June 30:	
2020	(20,487,606)
2021	(20,487,606)
2022	(20,487,606)
2023	(16,038,406)
2024	(3,880,250)

Actuarial assumptions – The total OPEB liability in the June 30, 2018 valuation was determined using the following actuarial assumptions applied to all periods including the measurement:

Actuarial Methods	
Actuarial valuation date	June 30, 2017
Actuarial cost method	Entry Age Normal
Amortization method	Market value of assets
Actuarial Assumptions	
Inflation	2.50% for ERB members; 2.25% for PERA members
Investment rate of return	7.25% annual rate, net of investment expense and margin of adverse deviation including inflation
Discount rate	4.08%
Projected salary increases	3.50% to 12.00% based on years of service including inflation
Mortality rate	RP-2000 Combined Healthy Mortality
Healthcare cost trend rate	8.00% graded down to 4.50% over 14 years for non-Medicare medical plan costs 7.50% graded down to 4.50% over 12 years for Medicare medical plan costs

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M. Postemployment benefits

The long-term expected rate of return on OPEB plan investments was determined using a building block method in which the expected future real rates of return (net of investment fees and inflation) are developed for each major asset class. These returns are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adding expected inflation and subtracting expected investment expenses as a risk margin. The target allocation and projected arithmetic real rates of return for each major asset class, after deducting inflation, but before investments expenses, used in the derivation of the long-term expected investment rate of return assumptions.

	Target Allocation	Long-Term Expected Real Rate of Return
City of Albuquerque - overall		
U.S. core fixed income	20.00 %	2.10 %
U.S. equity - large cap	20.00 %	7.10 %
Non U.S. - emerging markets	15.00 %	10.20 %
Non U.S. - developed equities	12.00 %	7.80 %
Private equity	10.00 %	11.80 %
Credit and structured finance	10.00 %	5.30 %
Real estate	5.00 %	4.90 %
Absolute return	5.00 %	4.10 %
U.S. equity - small cap	3.00 %	7.10 %
	100.00 %	

Discount rate – The discount rate used to measure the total OPEB liability is 4.08% as of June 30, 2018. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at rates proportional to the actuary determined contribution rates. For this purpose, employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs for future plan members and their beneficiaries are not included. Based on those assumptions, the fund’s fiduciary net position was projected to be available to make all projected future benefit payments for current plan members through the fiscal year ending June 30, 2029. Thus, the 7.25% discount rate was used to calculate the net OPEB liability through 2030. Beyond 2030, the index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. Thus 4.08% is the blended discount rate.

Sensitivity of the City’s proportionate share of the net OPEB liability to changes in the discount rate – The following represents the City’s proportionate share of the net OPEB liability calculated using the discount rate of 4.08%, as well as what the City’s proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is a 1.00% decrease or 1.00% increase from the current rate:

	1.00% Decrease 3.08%	Current Discount Rate 4.08%	1.00% Increase 5.08%
City’s proportionate share of the net OPEB liability	\$ 360,138,016	\$ 298,052,406	\$ 248,167,211

The following represents the proportionate share of the net OPEB liability for the City as of June 30, 2018, if it were calculated using a health cost trend rate that is a 1.00% decrease and 1.00% increase than the health cost trend rates used:

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M. Postemployment benefits

	<u>1.00% Decrease</u>	<u>Current Trend Rates</u>	<u>1.00% Increase</u>
City's proportionate share of the net OPEB liability using the health cost trend	\$ 251,577,525	\$ 298,052,406	\$ 333,685,159

OPEB plan fiduciary net position – Detailed information about RHCA's fiduciary net position is available in their separately issued OPEB Financial Report.

Payables to the OPEB plan – As of June 30, 2019, there was a \$364,907 RHCA contributions payable.

N. Landfill closure and postclosure care costs

Federal laws and regulations require the City to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the City reports a portion of these closure and postclosure care costs in the refuse disposal fund, as an operating expense in each period, based on landfill capacity used as of each balance sheet date. The \$5,296,058 reported as accrued landfill closure costs at June 30, 2019, represents the cumulative amount reported to date based on the use of 32.6% of the estimated capacity of the Cerro Colorado Landfill.

The City will recognize the remaining estimated cost of closure and postclosure care of \$10,950,788 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and postclosure care in 2019. The City expects to close the landfill in the year 2078. Actual cost may be higher due to inflation, change in technology, or change in regulations. The City has set aside \$5,296,058 for future postclosure costs. This amount is reported as a restricted asset on the balance sheet. The City expects that future inflation costs will be paid from interest earnings on these annual contributions. However, if interest earnings are inadequate, or additional postclosure care requirements are determined (due to change in technology or applicable laws or regulations, for example); these costs may need to be covered by charges to future landfill users or from future tax revenue.

Annually the City files a financial assurance report for closure and postclosure costs with the New Mexico Department of Environmental Quality as required by Section 20.9.5.16 NMAC. CDM Smith, an engineering and consulting firm, provides the solid waste department with an Airspace Depletion Analysis report and the analytical data from the report is used to determine the estimated landfill closure and postclosure care costs.

O. Restatement of previously reported net position

In fiscal year 2019, the City concluded that in prior years it had made errors in recording certain transactions related to transfers, debt, and investment income in the Apartments Fund, the impact of which on the prior year's net income could not be determined; however, the total impact on the fiscal years 2014 to 2019 was \$48,070.

As a result, net position for the apartments fund and business-type activities increased by \$48,070.

P. Risk management

The City is exposed to various risks of loss related to torts and civil rights claims including: law enforcement and employment related exposures; theft, damage and destruction of its real and personal assets; workers' compensation losses; errors and omissions of City officers and officials; and natural disasters. The City uses the Risk Management Fund to account for and finance its uninsured risks of loss. Under this program, the fund provides coverage for up to a maximum of \$2.0 million for public safety employees, and \$1.5 million for all other employees for each workers' compensation incident, \$1.05 million for

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P. Risk management

each tort liability claim, and \$50,000 for each City real and contents damage claim. Losses in other categories and catastrophic losses in the mentioned categories are the subject of insurance and/or actuarially reviewed retention. Whenever a risk exposure is insured, the City continues to benefit from case coverage on claims that were incurred during the insured claim year.

In the risk management fund claims are tracked on a program by program basis and assessed charges to each program based on historical claims experience and the need to establish a reserve for unanticipated catastrophic losses. The claims liabilities reported in the risk management fund are based on the requirements of GASB 10, which requires that a liability for claims be reported, if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements, and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). The result of the process to estimate the claims liability is an exact amount as it depends on many complex factors such as: inflation, changes in legal doctrines, and damage awards. Accordingly, claims are reevaluated periodically to consider the effects of inflation, recent claim settlement trends including frequency and amount of payouts, and other economic factors. The estimate of the claims liability also includes amounts for incremental claim adjustments expenses related to specific claims and other claim adjustment expenses regardless of whether allocated to specific claims. Estimated recoveries, for example, from salvage or subrogation, are another component of the claims liability estimate. The amounts and change in the fund's claims liability in fiscal year 2019 and 2018 were:

	2019	2018
Claims liability, beginning balance	\$ 76,499,602	\$ 71,926,080
Current year claims and change in estimates	43,603,607	35,704,707
Claims liquidated	(29,830,769)	(31,131,185)
Claims liability, ending balance	90,272,440	76,499,602
The components of the claims liability at year-end were:		
Current portion	24,711,064	18,520,885
Noncurrent portion	65,561,376	57,978,717
Total claims liability	\$ 90,272,440	\$ 76,499,602

Q. Albuquerque Housing Authority - Component Unit

The Authority reports the following blended component units:

AHA Rio Vista LLC – Created on September 14, 2016, AHA Rio Vista LLC was organized as a New Mexico single member limited liability company for the purpose of ownership and management of real estate for affordable housing and to engage in activities of providing affordable housing to community members.

AHA Rio Developer LLC – Created on September 28, 2016, AHA Rio Developer LLC was organized as a single member limited liability company for the purpose of development and improvement of real estate for affordable housing.

R. Commitments and contingencies

Encumbrances for purchase orders, contracts, and other commitments for expenditures are recorded in memorandum accounts of the City's governmental funds. Encumbrances lapse for budgetary purposes at the end of each fiscal year and the subsequent year's appropriations provide authority to complete these transactions. For the General Fund and other operating funds, large nonrecurring encumbrances are reappropriated to the following fiscal year so that the commitment does not cause expenses to exceed appropriations. Outstanding encumbrances as of June 30, 2019 are reported in the table below.

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R. Commitments and contingencies

Government activities:

Major funds:	
General fund	\$ 5,285,740
Capital acquisition fund	56,059,185
Nonmajor government funds	<u>10,099,117</u>
Total governmental activities	<u>\$ 71,444,042</u>

In addition, the business-type funds have uncompleted construction and other commitments for construction, improvements and replacements or from operating revenues:

Business-type activities:

Major funds:	
Airport fund	\$ 18,928,051
Refuse disposal fund	9,148,486
Transit fund	16,848,898
Nonmajor business-type funds	<u>515,699</u>
Total business-type activities	<u>\$ 45,441,134</u>

In the normal course of business, the City is subject to certain contingent liabilities and unasserted claims. These contingencies are evaluated in light of their probability of being asserted and the estimability of the claims. Those claims that are probable and estimable have been accrued in the accompanying financial statements. Claims that are possible and/or not estimable are disclosed herein. Remote claims are monitored until such time as they are resolved, disclosed, or accrued. Except as discussed in the following paragraphs, it is the opinion of City management that the ultimate resolution of other litigation will not have a material effect on the financial position of the City.

The City is a defendant in a legal proceeding that does not fall under the New Mexico Tort Claims Act; this legal proceeding alleges that certain time incurred by some of the City’s fire and transit departments and other employees are subject to overtime compensation. The ultimate outcome of these legal proceedings cannot presently be determined; the case is currently awaiting the courts consideration on how the calculations are to be determined. Accordingly, no provision for any additional liability that may result upon the ultimate outcome has been recognized in the accompanying financial statements and schedules.

The City has received a number of federal and state grants for specific purposes. These grants are subject to audit and may result in requests for reimbursements to granting agencies for expenditures disallowed under the terms of the grants. Based on prior experience, City management believes that such discrepancies, if any, will not be material.

S. Budget violations

The City’s spending was in compliance with appropriated budget at all fund levels. The City produces quarterly expenditure reports and provides the information to the departments in an effort to stay in compliance with budgetary amounts.

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IV. Detailed notes on all funds

T. Service concession arrangements

In fiscal year 2017, the City entered into a development agreement with One Central Operating Associates LLC (Developer), under which the City manages, collects, and retains revenue for a parking facility for a term of three hundred (300) months. The City paid the Developer a lump sum of \$17.5 million and is required to operate and maintain the parking facility in accordance with the executed contract. The agreement includes an irrevocable option to purchase the parking facility from the Developer commencing with the 120th month after the signing of the Certificate of Occupancy. The City entered into this agreement to enhance the development of the downtown area and increase parking revenue. The City recognizes an intangible asset in the amount of \$17.5 million pursuant to the development agreement.

U. Tax abatements

There are currently six tax abatement agreements enacted by the City. Four tax abatement agreements expired in fiscal year 2018 and are no longer reported. The City has chosen to disclose information about its tax abatement agreements individually, based on an established quantitative threshold of 5.0% of the total dollar amount of taxes abated during the year; all others are aggregated. Each agreement was negotiated under Article 32 NMSA 1978 and City ordinance 3-2-15 allowing the City to abate property taxes and other state taxes such as, compensating and investment tax credit, for a variety of economic development purposes. It was determined in all cases that the firms were not in direct competition with other firms, and they generated gross receipts taxes through the hiring employees that offset the estimated loss in property tax revenue and other City expenses.

The abatement for real property is based on the total value of the property tax which is determined and reported by the county assessor. Taxable value is one-third of this amount, and the tax rate for the City and other governmental agencies is reported. Personal property tax abatement (equipment purchased with industrial revenue bonds) is reported by the recipient. Payment in lieu of taxes is reported only for the firms that do not have fully depreciated equipment. Information relevant to the disclosure of the abatements for the fiscal year ended June 30, 2019 is:

Tax Abatement Program - Industrial Revenue Bonds	Property Taxes Abated	Payment in Lieu of Taxes
General Mills	\$ 85,945	\$ 14,320
Hotel Andaluz	8,492	884
Hotel Parq	12,114	1,766
General Tech	18,451	-
Ktech	37,940	-
CVI Laser	14,168	-
	<u>\$ 177,110</u>	<u>\$ 16,970</u>

The City is subject to tax abatements entered in by other governmental entities. Each agreement was negotiated under the authority of Section 7-37-6 NMSA 1978 and Section 7-38 NMSA 1978. The types of abated taxes reported to the City by other entities includes real property tax, personal property tax, and gross receipts and compensating tax. Two entities reported abatements to the City. The City has chosen to summarize the abatements reported by reporting entity and by type of tax abated. Information relevant to the disclosure of the abatements entered by other governmental entities for fiscal year ended June 30, 2019 is:

Abating Agency	Real & Personal Property Taxes Abated	Gross Receipts Taxes Abated
Bernalillo County	\$ 706,207	\$ 37,387

CITY OF ALBUQUERQUE, NEW MEXICO
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

IV. Detailed notes on all funds

V. Revenue recognition policy change

Governmental fund financial statements are reported using the modified accrual basis of accounting. Under the modified accrual basis of accounting and the criteria outlined in GASB 33, revenues are recognized in the period in which they are earned when they are measurable and available. Available means collectible within the current period, or soon enough thereafter, to pay liabilities of the current period. Beginning July 1, 2019, the City will change its revenue recognition policy and consider gross receipts and property tax revenues earned in the reported fiscal year as available when received within sixty days after year end, replacing the current policy of thirty day availability. This change aligns the City with the policy used by the majority of other governments within and outside the State of New Mexico. Consequently, in fiscal year 2020 the City will recognize gross receipts and property tax revenues received from September 2019 to August 2020, continuing the same pattern in future years. As the revenues received in August 2019 will be recognized neither in fiscal year 2019 nor in fiscal year 2020, they will be shown as a restatement to fund balance in fiscal year 2020.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF ALBUQUERQUE, NEW MEXICO
SCHEDULE OF PENSION CONTRIBUTIONS
PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (PERA) OF NEW MEXICO
LAST 10 FISCAL YEARS*

	For the Year Ended June 30, 2019	For the Year Ended June 30, 2018	For the Year Ended June 30, 2017	For the Year Ended June 30, 2016	For the Year Ended June 30, 2015
GENERAL MUNICIPAL PLAN					
Contractually required contributions	\$ 16,524,800	\$ 16,014,707	\$ 15,782,439	\$ 15,116,693	\$ 15,235,019
Contributions in relation to the contractually required contributions	(16,524,800)	(16,014,707)	(15,782,439)	(15,116,693)	(15,235,019)
Covered payroll	\$ 172,725,000	\$ 166,669,191	\$ 164,738,621	\$ 157,569,964	\$ 166,682,259
Contributions as a percentage of covered payroll	9.6 %	9.6 %	9.6 %	9.6 %	9.1 %
POLICE PLAN					
Contractually required contributions	\$ 12,628,493	\$ 11,198,828	\$ 10,932,018	\$ 10,397,810	\$ 10,753,611
Contributions in relation to the contractually required contributions	(12,628,493)	(11,198,828)	(10,932,018)	(10,397,810)	(10,735,611)
Covered payroll	\$ 66,850,276	\$ 58,889,322	\$ 57,730,969	\$ 55,252,643	\$ 68,877,124
Contributions as a percentage of covered payroll	18.9 %	19.0 %	18.9 %	18.8 %	15.6 %
FIRE PLAN					
Contractually required contributions	\$ 9,372,552	\$ 8,878,424	\$ 8,654,583	\$ 8,269,385	\$ 7,909,259
Contributions in relation to the contractually required contributions	(9,372,552)	(8,878,424)	(8,654,583)	(8,269,385)	(7,909,259)
Covered payroll	\$ 43,285,138	\$ 41,021,289	\$ 39,998,588	\$ 38,022,557	\$ 43,510,526
Contributions as a percentage of covered payroll	21.7 %	21.6 %	21.6 %	21.7 %	18.2 %

Contribution amounts are reported by PERA. Amounts reported by PERA and the City will differ because of timing differences.

*A Full 10-year schedule will be displayed as it becomes available.

CITY OF ALBUQUERQUE, NEW MEXICO
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
PUBLIC EMPLOYEES RETIREMENT ASSOCIATION OF NEW MEXICO (PERA)
LAST 10 FISCAL YEARS*

	2019 Measurement Date as of June 30, 2018	2018 Measurement Date as of June 30, 2017	2017 Measurement Date as of June 30, 2016	2016 Measurement Date as of June 30, 2015	2015 Measurement Date as of June 30, 2014
GENERAL MUNICIPAL PLAN					
Proportion of the net pension liability	17.8 %	18.8 %	18.5 %	18.5 %	18.4 %
Proportionate share of the net pension liability	\$ 284,290,965	\$ 258,568,366	\$ 295,304,139	\$ 188,570,318	\$ 143,197,639
Covered payroll	\$ 166,669,191	\$ 164,738,621	\$ 157,569,964	\$ 166,682,259	\$ 151,191,059
Proportionate share of the net pension liability as a percentage of its covered payroll	170.6 %	157.0 %	187.4 %	113.1 %	94.7 %
POLICE PLAN					
Proportion of the net pension liability	27.9 %	28.1 %	27.7 %	29.0 %	28.8 %
Proportionate share of the net pension liability	\$ 190,174,313	\$ 155,918,916	\$ 204,088,874	\$ 139,610,198	\$ 94,045,917
Covered payroll	\$ 58,889,322	\$ 57,730,969	\$ 55,252,643	\$ 68,877,124	\$ 55,812,821
Proportionate share of the net pension liability as a percentage of its covered payroll	322.9 %	270.1 %	369.4 %	202.7 %	168.5 %
FIRE PLAN					
Proportion of the net pension liability	32.3 %	32.9 %	32.8 %	32.1 %	33.1 %
Proportionate share of the net pension liability	\$ 206,615,230	\$ 188,737,869	\$ 218,590,539	\$ 165,523,236	\$ 138,010,181
Covered payroll	\$ 41,021,289	\$ 39,998,588	\$ 38,012,557	\$ 43,510,526	\$ 37,118,229
Proportionate share of the net pension liability as a percentage of its covered payroll	504.0 %	472.0 %	575.0 %	380.0 %	371.8 %
Plan fiduciary net position as a percentage of the total pension liability **	71.1 %	73.7 %	69.2 %	77.0 %	81.0 %

* Amounts presented for each fiscal year were determined as of the previous fiscal year. A Full 10-year schedule will be displayed as it becomes available.

** This percentage will be the same for all plans.

CITY OF ALBUQUERQUE, NEW MEXICO
SCHEDULE OF OTHER POST EMPLOYMENT BENEFIT CONTRIBUTIONS
LAST 10 FISCAL YEARS*

	For the Year Ended June 30, 2019	For the Year Ended June 30, 2018
OPEB LIFE INSURANCE		
Actuarially determined contributions	\$ 3,355,137	\$ 3,248,403
Contributions in relation to the actuarially determined contributions		
Employee contributions	(2,022,186)	(2,238,878)
Implicit subsidy	(1,921,286)	(1,823,853)
Total contributions in relation to the actuarially determined contributions	\$ (3,943,472)	\$ (4,062,731)
Contribution deficiency (excess)	(588,335)	(814,328)
Covered payroll	\$ 282,860,414	\$ 266,579,802
Contributions as a percentage of covered payroll	1.4 %	1.0 %
RETIREE HEALTH CARE AUTHORITY		
Contractually required contributions	\$ 5,856,918	\$ 5,967,047
Contributions in relation to the contractually required contributions	(5,856,918)	(5,967,047)
Contribution deficiency (excess)	\$ -	\$ -
Covered payroll	\$ 282,860,414	\$ 266,579,802
Contributions as a percentage of covered payroll	2.1 %	2.0 %
Fiduciary net position as a percentage of the total OPEB liability	11.3 %	11.3 %

* A Full 10-year schedule will be displayed as it becomes available.

CITY OF ALBUQUERQUE, NEW MEXICO
SCHEDULE OF PROPORTIONATE SHARE OF NET OPEB LIABILITY
LAST 10 FISCAL YEARS*

	<u>2019</u>	<u>2018</u>
	Measurement Date as of June 30, 2019	Measurement Date as of June 30, 2018
OPEB LIFE INSURANCE		
Proportion of the net OPEB liability	98.0 %	95.0 %
Proportionate share of the net OPEB liability	\$ 36,484,500	\$ 38,544,574
Covered payroll	\$ 282,860,414	\$ 266,579,802
Proportionate share of the net OPEB liability as a percentage of covered payroll	12.9 %	14.5 %
Plan fiduciary net position as a percentage of the total OPEB liability	38.5 %	32.0 %
	<u>2019</u>	<u>2018</u>
	Measurement Date as of June 30, 2018	Measurement Date as of June 30, 2017
RETIREE HEALTH CARE AUTHORITY		
Proportion of the net OPEB liability	7.0 %	7.0 %
Proportionate share of the net OPEB liability	\$ 298,052,409	\$ 314,945,019
Covered payroll	\$ 266,579,802	\$ 262,468,178
Proportionate share of the net OPEB liability as a percentage of covered payroll	111.8 %	120.0 %
Plan fiduciary net position as a percentage of the total pension liability	13.1 %	11.0 %

* A Full 10-year schedule will be displayed as it becomes available.

CITY OF ALBUQUERQUE, NEW MEXICO
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION RELATED TO PENSION AND OPEB
FOR THE YEAR ENDED JUNE 30, 2019

PERA

Change of benefit terms: PERA and COLA and retirement eligibility benefit changes in recent years are described in Note 1 of the PERA fiscal year 2019 audit available at:

<http://s3.amazonaws.com/boardaudio/cafr/NM%20PERA%20CAFR%202019%20Final.pdf>

Change of Assumptions: The Public Employees Retirement Association (PERA) of the New Mexico Annual Actuarial Valuation as of June 30, 2018 is available at: <http://www.nmpera.org/assets/uploads/downloads/retirement-fund-valuation-reports/6-30-2018-PERA-Valuation-Report-FINAL.pdf>

OPEB

OPEB Life Insurance

Change of benefit terms: There were no major changes to the benefit terms which impact the measurements provided in the Albuquerque Pooled OPEB Trust Plan.

Change in assumptions: No benefit changes occurred. The results as of June 30, 2019 were developed by a one-year roll forward of the results from July 1, 2017 valuation. The actuarial assumptions are contained in the Albuquerque Pooled OPEB Trust GASB 75 report supporting documentation section.

RHCA Insurance

Change of benefit terms: There were no major changes to the benefit terms which impact the measurements provided in the Retiree Health Care Fund: The actuarial assumptions are contained in section 3 of the RHCA GASB 74 Actuarial Report.

APPENDIX B

DESCRIPTION OF SELECTED PROVISIONS OF THE BOND ORDINANCE

The following is a summary and excerpts, supplementing the information in the body of the Official Statement, of certain provisions of the Bond Ordinance which authorized the issuance of the Series 2020 Bonds. The summary and excerpts do not purport to be complete and reference is made to the Bond Ordinance for a full and complete statement of such provisions. See "ADDITIONAL INFORMATION."

Selected Definitions

As used in the Bond Ordinance, the following terms have the meanings specified, unless the context clearly requires otherwise:

ACT. Sections 3-31-1 to 3-31-12, 3-38-13 to 3-38-24, 3-38A-1 to 3-38A-12, 3-65-1 to 3-65-10 and 6-14-8 to 6-14-11 NMSA 1978, as amended, the City Charter, the Home Rule Powers and all enactments of the Council, including the Bond Ordinance, relating to the issuance of the Series 2020 Bonds.

AUTHORIZED DENOMINATIONS. Denominations of \$5,000 and integral multiples thereof.

AUTHORIZED OFFICER. The City's Mayor, Chief Administrative Officer, Chief Financial Officer, Director of Department of Finance and Administrative Services, Treasurer, or other officer or employee of the City when designated by a certificate signed by the Mayor of the City from time to time.

BOND COUNSEL. An attorney at law or a firm of attorneys designated by the City of nationally recognized standing in matters pertaining to the issuance of bonds issued by states and their political subdivisions.

BOND INSURANCE POLICY. A municipal bond insurance policy issued by a Credit Source insuring the payment when due of the principal of and interest on Tax Obligations.

BOND ORDINANCE. The ordinance, being City Twenty-Fourth Council Bill No. F/S O-20-5, as amended or supplemented from time to time.

BOND REGISTER. The books maintained by the Registrar for the registration, transfer and exchange of the Series 2020 Bonds.

BUSINESS DAY. Any day other than (i) a Saturday or Sunday, or (ii) any day in which the offices of the City or the offices of banks located in the State are authorized or required to remain closed.

CITY. The City of Albuquerque, in the County of Bernalillo and State of New Mexico.

CITY CHARTER. The Charter of the City adopted pursuant to the laws of the State at a special election on June 29, 1971 and amended thereafter from time to time.

CLOSING DATE. The date of the original issue, sale and delivery to the Investment Bankers or their designee of the Series 2020 Bonds.

CODE. The Internal Revenue Code of 1986, as amended from time to time. Each reference to a section of the Code in the Bond Ordinance shall be deemed to include the final and temporary United States Treasury regulations thereunder, as the same may be in effect from time to time, to the extent the same are applicable, unless the context clearly requires otherwise.

CONTINUING DISCLOSURE UNDERTAKING. The undertaking of the City for the benefit of Owners and beneficial owners pursuant to which the City will agree that, while the Series 2020 Bonds are Outstanding, the City will annually provide certain financial information and operating data and will provide notice of certain material events in accordance with Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended.

COUNCIL. The governing body in which is vested the legislative power of the City.

COUNSEL. An attorney at law (who may be counsel to the City).

CREDIT FACILITY. A letter of credit, line of credit, Bond Insurance Policy or Reserve Fund Insurance Policy, guaranty or similar agreement provided by a Credit Source whose senior unsecured debt is rated no lower than the current rating on the applicable Obligations and in any event no lower than “AAA” by Moody’s, S&P and Fitch to the extent each such rating agency is then rating such Obligations to provide support to pay the purchase price of, or the payment when due of the principal of and interest on, such Obligations.

CREDIT SOURCE. Any bank, insurance company or other financial institution which provides a Credit Facility for a series of Obligations.

DEBT SERVICE REQUIREMENTS. With respect to Tax Obligations, Lodgers’ Tax Obligations, Hospitality Fee Obligations, Surcharge Obligations and Stadium Lease Obligations, as applicable, and for any given period, the sum of: (1) the amount required to pay the interest, or to make reimbursements for payments of interest, becoming due on the Tax Obligations, Lodgers’ Tax Obligations, Hospitality Fee Obligations, Surcharge Obligations and Stadium Lease Obligations during that period, plus (2) the amount required to pay the principal or accreted value, or to make reimbursements for the payment of principal or accreted value, becoming due on Tax Obligations, Lodgers’ Tax Obligations, Hospitality Fee Obligations, Surcharge Obligations and Stadium Lease Obligations during that period, whether at maturity, an accretion term date or upon mandatory sinking fund redemption dates, plus (3) the periodic payments required to be made by the City pursuant to a qualified exchange agreement minus (4) the periodic payments to be received by the City pursuant to a qualified exchange agreement. No payments required for any Tax Obligations, Lodgers’ Tax Obligations, Hospitality Fee Obligations, Surcharge Obligations and Stadium Lease Obligations which may be tendered or otherwise presented for payment at the option or demand of the owners or holders of the Tax Obligations, Lodgers’ Tax Obligations, Hospitality Fee Obligations, Surcharge Obligations and Stadium Lease Obligations, or which may occur because of the exercise of an option by the City, or which may otherwise become due by reason of any other circumstance or contingency, including acceleration or exchange termination payments, which constitute other than regularly scheduled payments of principal, accreted value, interest or other regularly scheduled payments on the Tax Obligations, Lodgers’ Tax Obligations, Hospitality Fee Obligations, Surcharge Obligations and Stadium Lease Obligations shall be included in any computation of Debt Service Requirements for that period.

Unless, at the time of computation of Debt Service Requirements, payments on the Tax Obligations, Lodgers' Tax Obligations, Hospitality Fee Obligations, Surcharge Obligations and Stadium Lease Obligations are owed to, or the Tax Obligations, Lodgers' Tax Obligations, Hospitality Fee Obligations, Surcharge Obligations and Stadium Lease Obligations are owned or held by, the provider of a Credit Facility pursuant to the provisions of that Credit Facility, the computation of interest for the purposes of this definition shall be made without considering the interest rate payable pursuant to a Credit Facility.

In any computation of Debt Service Requirements relating to the issuance of additional Senior Tax Obligations, there shall be deducted from that computation of Debt Service Requirements amounts and investments which are irrevocably committed to make designated payments on the Tax Obligations during the applicable period, including, without limitation money on deposit in any debt service account, amounts on deposit in an escrow account irrevocably committed to make designated payments on the Tax Obligations, during the applicable period and earnings on such investments which are payable during the applicable period.

For the purpose of the definition of Debt Service Requirements, the accreted value of capital appreciation bonds becoming due shall be included in the calculation of accrued and unpaid and accruing interest and principal only from and after the date which is one year prior to the date on which the accreted value becomes payable. In addition, the definition of Debt Service Requirements shall include any Expense Component.

DEFEASANCE OBLIGATIONS. The following obligations which are not redeemable at the option of the City:

- (1) Government Obligations; and
- (2) if permitted by law, obligations described in Section 103(a) of the Code, (a) provisions for the payment of the principal of, premium, if any, and interest on which (i) shall have been made by the irrevocable deposit with a bank or trust company acting as a trustee, escrow agent or holder of such obligations, securities described in clause (1) of this definition, the maturing principal of and interest on which, when due and payable, without further investment or reinvestment thereof, will provide sufficient money to pay when due the principal of, premium, if any, and interest on such obligations, and (ii) which securities described in clause (1) of this definition are not available to satisfy any other claim, including any claim of such trustee or escrow agent or of any person claiming through such trustee or escrow agent or to whom such trustee or escrow agent may be obligated, including claims in the event of insolvency of such trustee or escrow agent or proceedings arising out of such insolvency or (b) rated in its highest rating category (without regard to any refinement or gradation thereof by numerical modifier or otherwise) by S&P, Moody's or Fitch.

DEPOSITORY. The following registered securities depository: The Depository Trust Company, 570 Washington Boulevard, Jersey City, New Jersey 07310, <http://www.dtcc.com>; or in accordance with then-current guidelines of the Securities and Exchange Commission, to such other addresses and/or such other securities depositories, or no such depositories, as an Authorized Officer may designate in a certificate of the City.

ELECTRONIC MEANS. Telephone, telecopy, telegraph, facsimile transmission or any other similar means of electronic communication. Any communication by telephone as an Electronic Means shall promptly be confirmed in writing, which may be by one of the other means of electronic communication listed in this definition.

EMMA. The Municipal Securities Rulemaking Board's Electronic Municipal Market Access System located on its website at emma.msrb.org.

ESCROW AGENT. The financial institution identified in the Sale Certificate, serving as escrow agent pursuant to the Escrow Agreement.

ESCROW AGREEMENT. The escrow agreement between the City and the Escrow Agent for defeasance of the Refunded Bonds.

ESCROW FUND. The Series 2020 Escrow Fund created herein for the refunding of the Refunded Bonds.

EVENT OF DEFAULT. Any of the events set forth in the Bond Ordinance.

EXPENSES. The reasonable and necessary fees, costs and expenses incurred by the City in connection with the issuance of the Series 2020 Bonds and any transaction or event contemplated by the Series 2020 Bonds and the Bond Ordinance including, without limitation: (i) costs of advertising and publication of legislation relating to the Series 2020 Bonds; (ii) costs of printing certificates for the Series 2020 Bonds and any disclosure documents; (iii) legal fees and expenses; (iv) fees and expenses of any (a) fiscal service providers, (b) underwriter (including underwriter's discount), (c) financial advisor, (d) Independent Accountant, (e) escrow agent, and (f) Qualified Counterparty; (v) the initial premium payable to any Insurer with respect to the Series 2020 Bonds; (vi) disclosure matters pertaining or allocable to, the Series 2020 Bonds; and (vii) all reasonable and necessary fees and administrative costs of the City relating to the foregoing.

FISCAL AGENT. Collectively, the Paying Agent and Registrar.

FISCAL YEAR. The twelve month period beginning on the first day of July of each year and ending on the last day of June of the next succeeding year, or any other twelve month period, which the City or other appropriate authority may establish as the fiscal year for the City.

FITCH. Fitch Ratings, its successors and their assigns, and, if such corporation is dissolved or liquidated or no longer performs the function of a securities rating agency, any other nationally recognized securities rating agency designated by the City.

GOVERNMENT OBLIGATIONS. Direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America or certificates or receipts established by the United States Government or its agencies or instrumentalities representing direct ownership of future interests or principal payments on direct obligations of, or obligations fully guaranteed by, the United States of America or any of its agencies or instrumentalities the obligations of which are backed by the full faith and credit of the United States, which obligations are held by a custodian in safekeeping on behalf of the holders of such receipts, and rated or assessed in its highest Rating Category by S&P, if then rating the Series 2020 Bonds, Moody's, if then rating the Series 2020 Bonds, and Fitch, if then rating the Series 2020 Bonds.

GROSS RECEIPTS TAX INCOME FUND. The "City of Albuquerque Gross Receipts Tax Income Fund" continued in Section 15 of the Bond Ordinance.

HOME RULE POWERS. The authority of the City to exercise legislative powers given pursuant to the City Charter adopted by the City pursuant to Article X, Section 6 of the State Constitution.

HOSPITALITY FEE OBLIGATIONS. All bonds and other similar indebtedness payable solely or primarily from Hospitality Fee Revenues.

HOSPITALITY FEE REVENUE FUND. The “City of Albuquerque Hospitality Fee Revenue Fund” continued in Section 15 of the Bond Ordinance.

HOSPITALITY FEE REVENUES. The revenues received by the City pursuant to the Hospitality Fee Act from a hospitality fee imposed by the Sixteenth Council Bill No. O-04-17, Enactment No. O-2004-19, imposed on gross receipts tax rent for lodging within the City in an amount equal to one percent (1%) of the gross taxable rent paid for lodging (not including State or local gross receipts tax) collected by the City from persons furnishing such lodging.

INDEPENDENT ACCOUNTANT. Any certified public accountant, registered accountant, or firm of accountants duly licensed to practice and practicing as such under the laws of the State, appointed and paid by the City who (a) is, in fact, independent and not under the domination of the City, (b) does not have any substantial interest, direct or indirect, with the City, and (c) is not connected with the City as an officer or employee of the City, but who may be regularly retained to make annual or similar audits of the books or records of the City.

INSURED BANK. Any federally or state-chartered savings and loan association or federally or state-chartered commercial bank, the deposits of which are insured by the Federal Deposit Insurance Corporation and which has, or is the lead bank of a parent holding company which has, combined capital, surplus and undivided profits of not less than \$10,000,000.

INSURED OBLIGATIONS. Any Obligations insured by a Bond Insurance Policy or payable with the proceeds of another Credit Facility.

INSURER. Any insurer or insurers issuing a Bond Insurance Policy or Surety Bond, or both, for Obligations.

INTEREST PAYMENT DATE. January 1 and July 1 of each year (or if such day is not a Business Day, then the next succeeding Business Day), commencing on the date specified in the Sale Certificate.

INVESTMENT BANKERS. Robert W. Baird & Co. Incorporated and Wells Fargo Securities, or their successor.

LEASE. The Stadium Lease Agreement between the City and the Team executed in October 2001 pursuant to which the City leases the Stadium to the Team.

LODGERS’ TAX. The occupancy tax imposed by City Ordinance Enactment No. 68-1984 on revenues on lodging within the City in an amount (at the time of adoption of the Bond Ordinance) equal to five percent (5%) of the gross taxable rent paid for lodging (not including State or local gross receipts tax) collected by the City from persons furnishing such lodging.

LODGERS’ TAX ACT. Sections 3-38-13 to 3-38-24 NMSA 1978, as amended.

LODGERS’ TAX OBLIGATIONS. Outstanding bonds and other obligations of the City secured by Pledged Lodgers’ Tax Revenues, which as of the date of adoption of this Bond Ordinance are the Series 2004B Bonds, the Series 2011A Bonds, the Series 2014A Bonds, the Series 2016 Bonds, the

Series 2019A Bonds and obligations relating thereto, including obligations of the City to the provider of any Credit Facility relating to Lodgers' Tax Obligations.

LODGERS' TAX REVENUE FUND. The "City of Albuquerque Lodgers' Tax Revenue Fund" continued in Section 15 of the Bond Ordinance.

LODGERS' TAX REVENUES. The revenues received by the City pursuant to the Lodgers' Tax Act from the Lodgers' Tax.

MATURITY DATE. The date or dates on which the Series 2020 Bonds mature.

MOODY'S. Moody's Investors Service, Inc., a corporation organized and existing under the laws of the State of Delaware, its successors and their assigns, and, if such corporation is dissolved or liquidated or no longer performs the functions of a securities rating agency, any other nationally recognized securities rating agency designated by the City.

NMSA. New Mexico Statutes Annotated, 1978 Compilation, as amended and supplemented.

OFFICIAL STATEMENT. The final disclosure document relating to the sale of the Series 2020 Bonds (including the cover page and all summary statements, appendices and other materials included or incorporated by reference or attached thereto), as amended or supplemented.

OUTSTANDING. When used in reference to Tax Obligations, on any particular date, the aggregate of all Tax Obligations issued and delivered under the applicable City ordinance or resolution authorizing the issuance of the Tax Obligations, except:

(1) those canceled at or prior to such date or delivered to or acquired by the City at or prior to such date for cancellation;

(2) those which have been paid or are deemed to be paid in accordance with the City ordinance or resolution authorizing the issuance of the applicable Tax Obligations, or otherwise relating thereto, provided that the payment of Insured Tax Obligations with the proceeds of a Bond Insurance Policy shall not result in those Insured Tax Obligations ceasing to be Outstanding;

(3) in the case of Variable Rate Tax Obligations, any Tax Obligations deemed tendered but not yet presented for payment; and

(4) those in lieu of or in exchange or substitution for which other Tax Obligations shall have been delivered, unless proof satisfactory to the City and the Paying Agent for the applicable Tax Obligations is presented that any Tax Obligations for which new Tax Obligations were issued or exchanged are held by a bona fide holder or in due course.

OWNER. The registered owner of a Series 2020 Bond as shown, from time to time, on the registration books for the Series 2020 Bonds maintained by the relevant registrar for the City.

PARITY HOSPITALITY FEE OBLIGATIONS. Any other Hospitality Fee Obligations issued or incurred after the adoption of the Bond Ordinance payable from the Pledged Hospitality Fee Revenues, with a first (but not exclusive first) lien on the Pledged Hospitality Fee Revenues on a parity with the lien on the Pledged Hospitality Fee Revenues of the Series 2020B Bonds and prior to the lien of Subordinate Hospitality Fee Obligations.

PARITY LODGERS' TAX OBLIGATIONS. The Series 2004B Bonds, the Series 2011A Bonds, the Series 2014A Bonds, the Series 2016 Bonds, the Series 2019A Bonds, and any other Lodgers' Tax Obligations issued or incurred after the adoption of this Bond Ordinance payable from the Pledged Lodgers' Tax Revenues, with a first (but not an exclusive first) lien on the Pledged Lodgers' Tax Revenues on a parity with the lien on the Pledged Lodgers' Tax Revenues of the Series 2020A Bonds and Series 2020B Bonds and prior to the lien on the Pledged Lodgers' Tax Revenues of Subordinate Lodgers' Tax Obligations.

PARITY STADIUM LEASE OBLIGATIONS. Any Stadium Lease Obligations issued or incurred after the adoption of the Bond Ordinance payable from Pledged Stadium Lease Revenues, with a first (but not an exclusive first) lien on the Pledged Stadium Lease Revenues on a parity with a lien on the Pledged Stadium Lease Revenues of the Series 2020D Bonds and prior to the lien of the Subordinate Stadium Lease Obligations.

PARITY SURCHARGE OBLIGATIONS. Any Surcharge Obligations issued or incurred after the adoption of the Bond Ordinance payable from the Pledged Surcharge Revenues, with a first (but not an exclusive first) lien on the Pledged Surcharge Revenues on a parity with the lien on the Pledged Surcharge Revenues of the Series 2020D Bonds and prior to the lien of Subordinate Surcharge Obligations.

PAYING AGENT. The City Treasurer or other agent for the City for the payment of the Series 2020 Bonds and any co-paying agent or successor paying agent which is a trust company, national or state banking association or financial institution appointed by resolution of the Council or by an Authorized Officer from time to time.

PAYMENT OBLIGATIONS. All obligations of the City to pay the Credit Source the principal amount of, interest on, and fees, costs, expenses and other amounts related to drawings, term loans and other advances and obligations held by that Credit Source, pursuant to that Credit Facility.

PERMITTED INVESTMENTS. Any investment legally permitted pursuant to Section 6-10-10 NMSA 1978, the City Charter and the City Investment Policy.

PERSON. Any individual, corporation, partnership (in which case each partner shall be deemed a Person), joint venture, association, joint stock company, limited liability company, trust, unincorporated organization, or government or any agency or political subdivision of a government.

PLEDGED HOSPITALITY FEE REVENUES. Fifty percent (50%) of the Hospitality Fee Revenues received by the City, after deduction of the administrative costs pertaining to the Hospitality Fee to the extent required by the Hospitality Fee Act, provided that the City is not pledging, and the term "Pledged Hospitality Fee Revenues" does not include, any Hospitality Fee Revenues in excess of fifty percent (50%) thereof.

PLEDGED LODGERS' TAX REVENUES. Fifty percent (50%) of the Lodgers' Tax Revenues received by the City, after deduction of the administrative costs pertaining to the Lodgers' Tax to the extent required by the Lodgers' Tax Act, provided that the City is not pledging, and the term "Pledged Lodgers' Tax Revenues" does not include, any of the Lodgers' Tax Revenues in excess of fifty percent (50%) thereof.

PLEDGED REVENUES. In the case of (i) the Series 2020A Bonds, the Pledged Lodgers' Tax Revenues and the State-Shared Gross Receipts Tax Revenues, (ii) the Series 2020B Bonds,

the Pledged Lodgers' Tax Revenues, Pledged Hospitality Fee Revenues, and the State-Shared Gross Receipts Tax Revenues, (iii) the Series 2020C Bonds, the State-Shared Gross Receipts Tax Revenues, and (iv) the Series 2020D Bonds, the State-Shared Gross Receipts Tax Revenues, the Pledged Stadium Lease Revenues and Pledged Surcharge Revenues.

PLEGDED STADIUM LEASE REVENUES. All revenues derived by the City from the Lease including, but not limited to:

- (1) base rent payment of \$700,000 per lease year as set forth in Section 3.01 of the Lease but subject to rental adjustment as set forth in Section 3.02 of the Lease;
- (2) additional base rent not to exceed \$75,000 as set forth in Section 3.03 of the Lease;
- (3) additional percentage rent, equal to 12.5% of the Team's gross revenues (as defined in the Lease) in excess of \$5,500,000 per lease year or \$437,500, whichever is less, as set forth in Section 3.04 of the Lease;
- (4) any Net Proceeds (as defined in the Lease) received by the City as shared revenues pursuant to Section 6.02 of the Lease;
- (5) any parking revenues received by the City pursuant to Section 5.02 of the Lease, subject, however, to any escrow established pursuant to Section 5.02(b) of the Lease; and
- (6) any and all other revenues derived by the City pursuant to the Lease.

PLEGDED SURCHARGE REVENUES. Revenues derived by the City pursuant to City Fourteenth Council Bill No. O-01-140, and equal to ten percent of Stadium Revenues as described therein.

PRINCIPAL PAYMENT DATE. July 1 of each year (or if such day is not a Business Day, then the next succeeding Business Day), commencing on the date specified in the Sale Certificate.

QUALIFIED COUNTERPARTY. Any Person entering into a Qualified Exchange Agreement with the City, its successors and assigns, or any substitute Qualified Counterparty, appointed or consented to from time to time by an Authorized Officer.

QUALIFIED EXCHANGE AGREEMENT. Any financial arrangement between the City and a Qualified Counterparty which satisfies the requirements of Section 6-18-8.1 NMSA 1978, as amended, at the time the agreement is entered into.

RATING CATEGORY. A generic securities rating category, without regard, in the case of a long-term rating category, to any refinement or gradation of such long-term rating category by a numerical modifier or otherwise.

RECORD DATE. The fifteenth day of the month immediately preceding each Interest Payment Date.

REDEMPTION DATES. Such date as provided for in the applicable Refunded Bonds Ordinance or as determined by the City on which the Refunded Bonds shall be redeemed.

REFUNDED BONDS The Outstanding Series 2011A Bonds, Series 2011B Bonds, Series 2013 Bonds, Series 2014A Bonds, Series 2015A Bonds and Series 2016 Bonds.

REFUNDED BONDS ORDINANCE. With respect to the Series 2011A Bonds and the Series 2011B Bonds, City Bill No. F/S O-11-60, Series 2013 Bonds, City Bill No. F/S O-12-17, Series 2014A Bonds, City Bill No. F/S O-14-9, Series 2015A Bonds, City Bill Nos. F/S O-14-24 and F/SO-15-46, and Series 2016 Bonds, City Bill No. F/S O-16-20.

REFUNDING PROJECT. The redemption on the Redemption Dates of the Series 2011A Bonds with the proceeds of the Series 2020B Bonds, the Series 2014A Bonds and Series 2016 Bonds with proceeds of the Series 2020A Bonds, the Series 2011B Bonds with the proceeds of the Series 2020D Bonds, and the Series 2013 Bonds and Series 2015A Bonds with proceeds of the Series 2020C Bonds and, to the extent necessary, other money of the City legally available for the purpose.

REGISTRAR. The Treasurer or other agent for the City for the transfer and exchange of the Series 2020 Bonds and any co-registrar or successor registrar which is a trust company, national or state banking association or financial institution appointed by resolution of the Council or by an Authorized Officer from time to time.

RELATED DOCUMENTS. The Bond Purchase Agreement, the Escrow Agreement the Continuing Disclosure Undertaking, and any other documents relating to the Series 2020 Bonds identified and approved in the Bond Ordinance.

S&P. S&P Global Ratings, its successors and their assigns, and, if such corporation is dissolved or liquidated or no longer performs the functions of a securities rating agency, any other nationally recognized securities agency designated by the City.

SALE CERTIFICATE. One or more certificates executed by the Chief Financial Officer, Director of the Department of Finance and Administrative Services or the City Treasurer dated on or before the date of delivery of the Series 2020 Bonds, setting forth the following final terms of the Series 2020 Bonds: (i) the interest and principal payment dates; (ii) the principal amounts, denominations and maturity amortization; (iii) the sale prices; (iv) the interest rate or rates; (v) the interest payment periods; (vi) the redemption and tender provisions; (vii) the creation of any capitalized interest fund or a debt service reserve account, including the size and funding of such fund(s); (viii) the amount of underwriting discount, if any; and (ix) the final terms of agreements, if any, with agents or service providers required for the purchase, sale, issuance and delivery of the Series 2020 Bonds, all subject to the parameters and conditions contained in this Bond Ordinance.

SENIOR TAX OBLIGATIONS. The Series 2004B Bonds, the Series 2011A Bonds, the Series 2011B Bonds, the Series 2013 Bonds, the Series 2014A Bonds, the Series 2015A Bonds, the Series 2015B Bonds, the Series 2015C Bonds, the Series 2016 Bonds, the Series 2016B Bonds, the Series 2016C Bonds, the Series 2019A Bonds, the Series 2019B Bonds and any other Tax Obligations issued or incurred after the adoption of this Bond Ordinance payable from the State-Shared Gross Receipts Tax Revenues, with a lien on the State-Shared Gross Receipts Tax Revenues on a parity with the lien on the State-Shared Gross Receipts Tax Revenues of the Series 2020 Bonds.

SERIES 2004B BONDS. The “City of Albuquerque, New Mexico Taxable Gross Receipts Tax/Lodgers’ Tax Refunding Revenue Bonds, Series 2004B.”

SERIES 2011 BONDS. The Series 2011A Bonds and the Series 2011B Bonds.

SERIES 2011A BONDS. The “City of Albuquerque, New Mexico Gross Receipts Tax/Lodgers’ Tax/Hospitality Fee Improvement and Refunding Revenue Bonds, Series 2011A.”

SERIES 2011B BONDS. The “City of Albuquerque, New Mexico Gross Receipts Tax/Stadium Revenues Refunding Revenue Bonds, Taxable Series 2011B.”

SERIES 2013 BONDS. The “City of Albuquerque, New Mexico Gross Receipts Tax Revenue Bonds, Series 2013.”

SERIES 2014A BONDS. The “City of Albuquerque, New Mexico Gross Receipts Tax/Lodgers’ Tax Refunding and Improvement Revenue Bonds, Series 2014A.”

SERIES 2015A BONDS. The “City of Albuquerque, New Mexico Gross Receipts Tax Improvement Revenue Bonds, Series 2015A.”

SERIES 2015B BONDS. The “City of Albuquerque, New Mexico Gross Receipts Tax Improvement Revenue Bonds, Taxable Series 2015B.”

SERIES 2015C BONDS. The “City of Albuquerque, New Mexico Gross Receipts Tax Improvement Revenue Bonds, Series 2015C.”

SERIES 2016 BONDS. The “City of Albuquerque, New Mexico Gross Receipts Tax/Lodgers’ Tax Improvement Revenue Bonds, Taxable Series 2016.”

SERIES 2016B BONDS. The “City of Albuquerque, New Mexico Gross Receipts Tax Revenue Bonds (Beach, Bluewater and Manzano Vista Projects), Series 2016B.”

SERIES 2016C BONDS. The “City of Albuquerque, New Mexico Gross Receipts Tax Improvement Revenue Bonds, Series 2016C.”

SERIES 2019 BONDS OR BONDS. The Series 2019A Bonds and the Series 2019B Bonds.

SERIES 2019A BONDS. The “City of Albuquerque, New Mexico Gross Receipts Tax/Lodgers’ Tax Refunding and Improvement Revenue Bonds, Series 2019A.”

SERIES 2019B BONDS. The “City of Albuquerque, New Mexico Gross Receipts Tax Refunding Revenue Bonds, Series 2019B.”

SERIES 2020 BONDS OR BONDS. Collectively, the Series 2020A Bonds, the Series 2020B Bonds, the Series 2020C Bonds and the Series 2020D Bonds

SERIES 2020A BONDS. The “City of Albuquerque, New Mexico Gross Receipts Tax/Lodgers’ Tax Refunding Revenue Bonds, Series 2020A.”

SERIES 2020B BONDS. The “City of Albuquerque, New Mexico Gross Receipts Tax/Lodgers’ Tax/Hospitality Fee Refunding Revenue Bonds, Series 2020B.”

SERIES 2020C BONDS. The “City of Albuquerque, New Mexico Gross Receipts Tax Refunding Revenue Bonds, Series 2020C.”

SERIES 2020D BONDS. The “City of Albuquerque, New Mexico Gross Receipts Tax/Stadium Revenues Refunding Revenue Bonds, Series 2020D.

SERIES 2020A DEBT SERVICE FUND. The “City of Albuquerque, New Mexico Gross Receipts Tax/Lodgers’ Tax Refunding Revenue Bonds, Series 2020A Debt Service Fund” created in Section 15.

SERIES 2020B DEBT SERVICE FUND. The “City of Albuquerque, New Mexico Gross Receipts Tax/Lodgers’ Tax/Hospitality Fee Refunding Revenue Bonds, Series 2020B Debt Service Fund” created in Section 15.

SERIES 2020C DEBT SERVICE FUND. The “City of Albuquerque, New Mexico Gross Receipts Tax Refunding Revenue Bonds, Series 2020C Debt Service Fund” created in Section 15.

SERIES 2020D DEBT SERVICE FUND. The “City of Albuquerque, New Mexico Gross Receipts Tax/Stadium Revenues Refunding Revenue Bonds, Series 2020D Debt Service Fund” created in Section 15

SPECIAL RECORD DATE. A date established for payment of overdue interest on Series 2020 Bonds by the Paying Agent pursuant to the Bond Ordinance.

STADIUM. The Albuquerque Sports Stadium located at the Northeast corner of University Boulevard and Cesar Chavez Boulevard, including related parking.

STADIUM LEASE OBLIGATIONS. All bonds and other similar indebtedness payable solely or primarily from Pledged Stadium Lease Revenues.

STADIUM LEASE REVENUE FUND. The “City of Albuquerque Stadium Lease Revenue Fund” continued in Section 15 of the Bond Ordinance.

STATE. The State of New Mexico.

STATE-SHARED GROSS RECEIPTS TAX REVENUES. The revenues from the State gross receipts tax derived pursuant to Section 7-9-4 NMSA 1978, imposed on persons engaging in business in the State, which revenues are remitted monthly by the Revenue Division of the Taxation and Revenue Department of the State to the City as authorized by Sections 7-1-6.1 and 7-1-6.4 NMSA 1978, and which remittances as of the date of adoption of this Bond Ordinance are equal to one and two hundred twenty-five thousandths percent (1.225%) of the taxable gross receipts reported to the City for the month for which such remittance is made; provided that if a greater amount of such gross receipts tax revenues are hereafter provided to be remitted to the City under applicable law, such additional amounts shall be included as revenues pledged pursuant to the Bond Ordinance; and provided further that the amount of revenues pledged pursuant to the Bond Ordinance shall never be less than the greater of: (i) 1.225% of the taxable gross receipts remitted to the City as set forth above, or (ii) the maximum amount at any time provided hereinafter to be remitted to the City under applicable law; and provided further, the City intends that Section 3-31-6(C) NMSA 1978 applies expressly to the amount of revenues pledged pursuant to the Bond Ordinance. State-Shared Gross Receipts Tax Revenues also includes (i) the portion of the gross receipts tax distribution to the City to be made pursuant to Section 7-1-6.46 NMSA 1978, which represents the amount of State-Shared Gross Receipts Tax Revenues set forth in the sentence above that would have been remitted to the City but for the deductions provided by Sections 7-9-92 and 7-9-93 NMSA 1978 and (ii) any similar distributions made to the City in lieu of State-Shared Gross Receipts Tax

Revenues, but State-Shared Gross Receipts Tax Revenues do not include any similar distributions in lieu of any municipal local option gross receipts tax revenues.

SUBORDINATE HOSPITALITY FEE OBLIGATIONS. Any Hospitality Fee Obligations hereafter issued or incurred payable from the Pledged Hospitality Fee Revenues and issued with a lien thereon junior and inferior to the lien thereon of the Parity Hospitality Fee Obligations.

SUBORDINATE LODGERS' TAX OBLIGATIONS. Any Lodgers' Tax Obligations hereafter issued or incurred payable from the Lodgers' Tax Revenues and issued with a lien thereon junior and inferior to the lien thereon of the Parity Lodgers' Tax Obligations.

SUBORDINATE STADIUM LEASE OBLIGATIONS. Any Stadium Lease Obligations hereafter issued or incurred payable from the Pledged Stadium Lease Revenues and issued with a lien thereon junior and inferior to the lien thereon of the Parity Stadium Lease Obligations.

SUBORDINATE SURCHARGE OBLIGATIONS. Any Surcharge Obligations hereafter issued or incurred payable from Pledged Surcharge Revenues and issued with a lien thereon junior and inferior to the lien thereon of the Parity Surcharge Obligations

SUBORDINATE TAX OBLIGATIONS. All Tax Obligations now outstanding or hereafter issued or incurred with a lien on the State-Shared Gross Receipts Tax Revenues subordinate to the lien of the Senior Tax Obligations on the State-Shared Gross Receipts Tax Revenues.

SURCHARGE OBLIGATIONS. All bonds and other similar indebtedness payable solely or primarily from Pledged Surcharge Revenues.

SURCHARGE REVENUE FUND. The "City of Albuquerque Surcharge Revenue Fund" continued in Section 15 of the Bond Ordinance.

SURETY BOND. Any policy of insurance or surety bond with respect to a series of Tax Obligations guaranteeing certain payments into a debt service reserve account or similar account with respect to that series of Tax Obligations, purchased to satisfy, in whole or in part, the reserve requirement for that series or to replace any money on deposit in a debt service reserve account or similar account.

SURPLUS FUND. The City of Albuquerque Surplus Lodgers' Tax Revenues Reserve Fund continued in Section 15 of the Bond Ordinance.

TAX OBLIGATIONS. Senior Tax Obligations, Lodgers' Tax Obligations and any other bonds, notes or other instruments which evidence a borrowing payable from and secured by (i) the State-Shared Gross Receipts Tax Revenues, or (ii) the Pledged Lodgers' Tax Revenues, now Outstanding or hereafter issued or incurred.

TEAM. The Albuquerque Baseball Club, LLC, a New Mexico limited liability company.

VARIABLE INTEREST RATE. An interest rate which varies or fluctuates from time to time. Except for any historical period for which the actual rate or rates are determinable, and unless otherwise stated in the Bond Ordinance, interest shall be calculated for Variable Interest Rate Tax Obligations at the maximum interest rate then permitted on such Tax Obligations by the City ordinance authorizing the issuance of such Tax Obligations.

VARIABLE RATE OBLIGATIONS. Tax Obligations, including reimbursement obligations pursuant to a Credit Facility, the interest rate on which is subject to change from time to time.

Flow of Pledged Revenues

Funds

The following special and separate funds are created or continued by the Bond Ordinance: (i) continues the Gross Receipts Tax Income Fund previously established and maintained by the City; (ii) continues the Lodgers' Tax Revenue Fund previously established and maintained by the City; (iii) continues the Hospitality Fee Revenue Fund previously established and maintained by the City; (iv) continues the Surcharge Revenue Fund previously established and maintained by the City; (v) continues the Stadium Lease Revenue Fund previously established and maintained by the City; (vi) creates the Series 2020A Debt Service Fund, Series 2020B Debt Service Fund, Series 2020C Debt Service Fund, and the Series 2020D Debt Service fund, each to be maintained by the City; (vii) creates the Series 2020 Escrow Fund to be maintained by the City; and (viii) continues the City of Albuquerque Surplus Lodgers' Tax Revenues Reserve Fund.

Deposit and Priorities for Use of Pledged Revenues

So long as any Series 2020A Bonds and Series 2020B Bonds are Outstanding, the Pledged Lodgers' Tax Revenues shall, immediately upon receipt thereof by the City, be set aside and deposited into the Lodgers' Tax Revenue Fund. All money deposited into the Lodgers' Tax Revenue Fund shall be held separate and apart from the City's general fund and applied only in accordance with the provisions of the Bond Ordinance, the Sale Certificate and any other City ordinance authorizing the issuance of Lodgers' Tax Obligations.

So long as any Series 2020B Bonds are Outstanding, the Pledged Hospitality Fee Revenues shall, immediately upon receipt thereof by the City, be set aside and deposited into the Hospitality Fee Revenue Fund. All money deposited into the Hospitality Fee Revenue Fund shall be held separate and apart from the City's general fund and applied only in accordance with the provisions of the Bond Ordinance, the Sale Certificate and any other City ordinance authorizing the issuance of Hospitality Fee Obligations.

So long as any Series 2020D Bonds are Outstanding, the Pledged Stadium Lease Revenues and Pledged Surcharge Revenues shall, immediately upon receipt thereof by the City, be set aside and deposited into the Stadium Lease Revenue Fund and Surcharge Revenue Fund, respectively. All money deposited into the Stadium Lease Revenue Fund and Surcharge Revenue Fund shall be held separate and apart from the City's general fund and applied only in accordance with the provisions of the Bond Ordinance, the Sale Certificate and any other City ordinance authorizing the issuance of Stadium Lease Obligations and Surcharge Obligations.

So long as any Series 2020 Bonds are Outstanding, the State-Shared Gross Receipts Tax Revenues shall, immediately upon receipt thereof by the City, be set aside and deposited into the Gross Receipts Tax Income Fund. All money deposited into the Gross Receipts Tax Income Fund shall be held separate and apart from the City's general fund and applied only in accordance with the provisions of the Bond Ordinance, the Sale Certificate and any other City ordinance authorizing the issuance of Tax Obligations.

Debt Service Funds.

(1) As a first charge on the Pledged Lodgers' Tax Revenues, the amounts necessary to pay the Debt Service Requirements on Parity Lodgers' Tax Obligations at the time Outstanding or to fund any debt service reserve account as required by the terms of the Bond Ordinance or any ordinance or resolution authorizing the issuance of such Parity Lodgers' Tax Obligations shall be withdrawn from the Lodgers' Tax Revenue Fund and shall be concurrently credited to the Series 2020A Debt Service Fund and Series 2020B Debt Service Fund or any relevant debt service account, with the same priority and, if insufficient to pay all of the enumerated Debt Service Requirements, pro-rated in proportion to the amounts of such Debt Service Requirements:

(a) Prior to each interest payment date, that amount necessary to pay the next maturing installment of interest on each series of Parity Lodgers' Tax Obligations then Outstanding.

(b) Prior to each principal payment date, that amount necessary to pay the next regularly scheduled installment of principal, whether at maturity or a mandatory sinking fund redemption date, of each series of Parity Lodgers' Tax Obligations then Outstanding.

(c) Prior to their respective due dates, the amounts necessary to pay or reimburse the Credit Source for payments of Debt Service Requirements (but not tender price) on Parity Lodgers' Tax Obligations made by that facility provider. The tender price of a series of Parity Lodgers' Tax Obligations and any interest payment owed to any Credit Source which exceeds the amount of interest which would be payable at the maximum bond interest rate on that series, shall not be reimbursed from the Lodgers' Tax Revenue Fund with the priority set forth in the subsection below entitled "Other Tax Obligations."

(2) As a first charge and lien on the Pledged Hospitality Fee Revenues, the amounts necessary to pay the Debt Service Requirements on Parity Hospitality Fee Obligations at the time Outstanding or to fund any debt service reserve account as required by the terms of the Bond Ordinance or any ordinance or resolution authorizing the issuance of such Parity Hospitality Fee Obligations shall be withdrawn from the Hospitality Fee Revenue Fund and shall be concurrently credited to the Series 2020B Debt Service Fund or any relevant debt service account, with the same priority and, if insufficient to pay all of the enumerated Debt Service Requirements, pro-rated in proportion to the amounts of such Debt Service Requirements:

(a) Prior to each interest payment date, that amount necessary to pay or reimburse the next maturing installment of interest on each series of Parity Hospitality Fee Obligations then Outstanding.

(b) Prior to each principal payment date, that amount necessary to pay the next regularly scheduled installment of principal, whether at maturity or a mandatory sinking fund redemption date, of each series of Parity Hospitality Fee Obligations then Outstanding.

(c) Prior to their respective due dates, the amounts necessary to pay or reimburse the provider of a Credit Facility for payments of Debt Service Requirements (but not tender price) on Parity Hospitality Fee Obligations made by that Credit Source. The tender price of a series of Parity Hospitality Fee Obligations and any interest payment owed to any Credit Source which exceeds the amount of interest which would be payable at the maximum bond interest rate on that series, shall not be reimbursed from the Hospitality Fee Income Fund with the priority set forth in Section 18.(B) but shall be reimbursed with the priority set forth in Section 18.(C) of the Bond Ordinance.

(3) As a first charge and lien on the Pledged Surcharge Revenues, the amounts necessary to pay the Debt Service Requirements on Parity Surcharge Obligations at the time Outstanding or to fund any debt service reserve account as required by the terms of the Bond Ordinance or any ordinance or resolution authorizing the issuance of such Parity Surcharge Obligations shall be withdrawn from the Surcharge Revenue Fund and shall be concurrently credited to the Series 2020D Debt Service Fund or any relevant debt service account, with the same priority and, if insufficient to pay all of the enumerated Debt Service Requirements, pro-rated in proportion to the amounts of such Debt Service Requirements:

(a) Prior to each interest payment date, that amount necessary to pay the next maturing installment of interest on each series of Surcharge Obligations then Outstanding.

(b) Prior to each principal payment date, that amount necessary to pay the next regularly scheduled installment of principal, whether at maturity or a mandatory sinking fund redemption date, of each series of Parity Surcharge Obligations then outstanding.

(c) Prior to their respective due dates, the amounts necessary to pay or reimburse the Credit Source for payments of Debt Service Requirements (but not tender price) on Parity Surcharge Obligations made by that facility provider. The tender price of a series of Parity Surcharge Obligations and any interest payment owed to any Credit Source which exceeds the amount of interest which would be payable at the maximum bond interest rate on that series, shall not be reimbursed from the Surcharge Revenue Fund with the priority set forth in Section 18.(B) but shall be reimbursed with the priority set forth in Section 18.(C) of the Bond Ordinance.

(4) As a first charge and lien on the Pledged Stadium Lease Revenues, the amounts necessary to pay the Debt Service Requirements on Parity Stadium Lease Obligations at the time Outstanding or to fund any debt service reserve account as required by the terms of the Bond Ordinance or any ordinance or resolution authorizing the issuance of such Parity Stadium Lease Obligations shall be withdrawn from the Stadium Lease Revenue Fund and shall be concurrently credited to the Series 2020D Debt Service Fund or any relevant debt service account, with the same priority and, if insufficient to pay all of the enumerated Debt Service Requirements, pro-rated in proportion to the amounts of such Debt Service Requirements:

(a) Prior to each interest payment date, that amount necessary to pay the next maturing installment of interest on each series of Stadium Lease Obligations then Outstanding.

(b) Prior to each principal payment date, that amount necessary to pay the next regularly scheduled installment of principal, whether at maturity or a mandatory sinking fund redemption date, of each series of Parity Stadium Lease Obligations then outstanding.

(c) Prior to their respective due dates, the amounts necessary to pay or reimburse the Credit Source for payments of Debt Service Requirements (but not tender price) on Parity Stadium Lease Obligations made by that facility provider. The tender price of a series of Parity Stadium Lease Obligations and any interest payment owed to any Credit Source which exceeds the amount of interest which would be payable at the maximum bond interest rate on that series, shall not be reimbursed from the Stadium Lease Revenue Fund with the priority set forth in Section 18.(B) but shall be reimbursed with the priority set forth in Section 18.(C) of the Bond Ordinance.

(5) As a first charge on the State-Shared Gross Receipts Tax Revenues, the amounts necessary to pay the Debt Service Requirements on Senior Tax Obligations at the time Outstanding shall be withdrawn from the Gross Receipts Tax Income Fund and shall be concurrently credited to the Series

2020A Debt Service Fund (only if amounts described in paragraph (1) herein are insufficient to pay the Debt Service Requirements for the Series 2020A Bonds), the Series 2020B Debt Service Fund (only if amounts described in paragraphs (1) and (2) herein are insufficient to pay the Debt Service Requirements for the Series 2020B Bonds), the Series 2020D Debt Service Fund (only if amounts described in paragraphs (3) and (4) herein are insufficient to pay the Debt Service Requirements for the Series 2020D Bonds), and the Series 2020C Debt Service Fund or any relevant debt service account, with the same priority and, if insufficient to pay all of the enumerated Debt Service Requirements, pro-rated in proportion to the amounts of such Debt Service Requirements (monthly, in the case of the Series 2020 Bonds, in accordance with Section 19.(G)):

(a) Prior to each interest payment date, that amount necessary to pay or reimburse the next maturing installment of interest on each series of Senior Tax Obligations then Outstanding.

(b) Prior to each principal payment date, that amount necessary to pay the next regularly scheduled installment of principal, whether at maturity or a mandatory sinking fund redemption date, of each series of Senior Tax Obligations then Outstanding.

(c) Prior to their respective due dates, the amounts necessary to pay or reimburse the provider of a Credit Facility for payments of Debt Service Requirements (but not tender price) on Senior Tax Obligations made by that Credit Source. The tender price of a series of Senior Tax Obligations and any interest payment owed to any Credit Source which exceeds the amount of interest which would be payable at the maximum bond interest rate on that series, shall not be reimbursed from the Gross Receipts Tax Income Fund with the priority set forth in Section 18.(B) but shall be reimbursed with the priority set forth in Section 18.(C) of the Bond Ordinance.

(6) The City may pay the Debt Service Requirements on the Series 2020 Bonds and, unless otherwise required under the ordinance or resolution under which they were issued, any other Tax Obligations that are Senior Tax Obligations, Parity Lodgers' Tax Obligations, Parity Hospitality Fee Obligations, Parity Surcharge Obligations and Parity Stadium Lease Obligations from Pledged Revenues as described in Section 18 in such order, in whole or in part, as to the use of State-Shared Gross Receipts Tax Revenues, Pledged Lodgers' Tax Revenues, Pledged Hospitality Fee Revenues, Pledged Surcharge Revenues and Pledged Stadium Lease Revenues as the City may from time to time determine in its sole discretion.

Other Tax Obligations. To the extent not required to be deposited or paid pursuant to Sections 18.(A) or 18.(B) of the Bond Ordinance: (i) State-Shared Gross Receipts Tax Revenues available in the Gross Receipts Tax Income Fund shall be used, as necessary, to pay (x) payment obligations owed by the City to the Credit Source for Senior Tax Obligations, including the tender price of and certain interest payments on, Senior Tax Obligations paid by that Credit Source; and (y) fees, expenses and interest owed by the City to any other provider of fiscal services for a series of Senior Tax Obligations; (ii) Pledged Lodgers' Tax Revenues available in the Lodgers' Tax Revenue Fund shall be used, as necessary, to pay (x) payment obligations owed by the City to the Credit Source for Parity Lodgers' Tax Obligations, including the tender price of and certain interest payments on, Parity Lodgers' Tax Obligations paid by that Credit Source; and (y) fees, expenses and interest owed by the City to any other provider of fiscal services for a series of Parity Lodgers' Tax Obligations; (iii) Pledged Hospitality Fee Revenues available in the Hospitality Fee Revenue Fund shall be used, as necessary, to pay (x) payment obligations owed by the City to the Credit Source for Parity Hospitality Fee Obligations, including the tender price of and certain interest payments on, Parity Hospitality Fee Obligations paid by that Credit Source; and (y) fees, expenses and interest owed by the City to any other provider of fiscal services for a series of Parity Hospitality Fee Obligations; (iv) Pledged Surcharge Revenues available in the Surcharge

Revenue Fund shall be used, as necessary, to pay (x) payment obligations owed by the City to the Credit Source for Parity Surcharge Obligations, including the tender price of and certain interest payments on, Parity Surcharge Obligations paid by that Credit Source; and (y) fees, expenses and interest owed by the City to any other provider of fiscal services for a series of Parity Surcharge Obligations; (v) Pledged Stadium Lease Revenues available in the Stadium Lease Revenue Fund shall be used, as necessary, to pay (x) payment obligations owed by the City to the Credit Source for Parity Stadium Lease Obligations, including the tender price of and certain interest payments on, Parity Stadium Lease Obligations paid by that Credit Source; and (y) fees, expenses and interest owed by the City to any other provider of fiscal services for a series of Parity Stadium Lease Obligations. Amounts from the Gross Receipts Tax Income Fund, the Lodgers' Tax Revenue Fund, the Hospitality Fee Revenue Fund, the Surcharge Revenue Fund or the Stadium Lease Revenue Fund to be used to pay interest pursuant to Section 18.(C) of the Bond Ordinance shall be deposited by the City into a separate account maintained by the City on or before the due date thereof.

Debt Service Reserve Requirements. To the extent not required to be deposited or paid pursuant to above, State-Shared Gross Receipts Tax Revenues available in the Gross Receipts Tax Income Fund shall be used, as necessary, to pay any debt service reserve account as required by the terms of any ordinance or resolution authorizing the issuance of Senior Tax Obligations.

Subordinate Tax Obligations. To the extent not required to be deposited or paid pursuant to Sections 18.(A), 18.(B), 18.(C) or 18.(D) of the Bond Ordinance: (i) State-Shared Gross Receipts Tax Revenues available in the Gross Receipts Tax Income Fund shall be used, as necessary, to pay Debt Service Requirements on Subordinate Gross Receipts Tax Obligations as the same accrue; (ii) Pledged Lodgers' Tax Revenues available in the Lodgers' Tax Revenue Fund shall be used, as necessary, to pay Debt Service Requirements on Subordinate Lodgers' Tax Obligations as the same accrue; (iii) Pledged Hospitality Fee Revenues available in the Hospitality Fee Revenue Fund shall be used, as necessary, to pay Debt Service Requirements on Subordinate Hospitality Fee Obligations as the same accrue; (iv) Pledged Surcharge Revenues available in the Surcharge Revenue Fund shall be used, as necessary, to pay Debt Service Requirements on Subordinate Surcharge Obligations as the same accrue; and (v) Pledged Stadium Lease Revenues available in the Stadium Lease Revenue Fund shall be used, as necessary, to pay Debt Service Requirements on Subordinate Stadium Lease Obligations as the same accrue.

Use of Surplus Pledged Lodgers' Tax Revenues. To the extent not required in any month to be deposited or paid pursuant to above or any ordinance or resolution authorizing the issuance of any Parity Lodgers' Tax Obligations, any Pledged Lodgers' Tax Revenues remaining in the Lodgers' Tax Revenue Fund shall be transferred from the Lodgers' Tax Revenue Fund to the Surplus Fund and held therein until such time as it is practicable to use such funds to pay, redeem or defease Lodgers' Tax Obligations and then shall be so used, subject to any limitations imposed by the Code.

Use of Surplus State-Shared Gross Receipts Tax Revenues. To the extent not required in any month to be deposited or paid pursuant to above or any ordinance or resolution authorizing the issuance of any Tax Obligations, any State-Shared Gross Receipts Tax Revenues remaining in the Gross Receipts Tax Income Fund may be transferred from the Gross Receipts Tax Income Fund and applied to any other lawful purpose or purposes; as determined by the City, subject to any limitations imposed by the Code.

Use of Surplus Pledged Hospitality Fee Revenues. To the extent not required to be paid pursuant to Section 18 of the Bond Ordinance, Pledged Hospitality Fee Revenues in the Hospitality Fee Revenue Fund shall be used in accordance with the terms of Sections 3-38A-1 to 3-38A-12 NMSA 1978.

Use of Surplus Pledged Surcharge Revenues. To the extent not required by be paid pursuant to Section 18 of the Bond Ordinance, Pledged Surcharge Revenues in the Surcharge Revenue Fund shall be used in accordance with the terms of Section 3-65-1 to 3-65-10 NMSA 1978 and City Fourteenth Council Bill No. O-01-140.

Use of Surplus Pledged Stadium Lease Revenues. To the extent not required to be paid pursuant to Section 18 of the Bond Ordinance, Pledged Stadium Lease Revenues in the Stadium Lease Revenue Fund shall be used in accordance with the terms of Section 3-65-1 to 3-65-10 NMSA 1978.

General Administration of Funds

Use of Amounts and Termination of Deposits in Debt Service Fund.

(1) Except as provided in (2) below, the money credited to the Series 2020A Debt Service Fund shall be used by the City only to pay, or to reimburse a Credit Source for the payment of, the Debt Service Requirements of the Series 2020A Bonds, the money credited to the Series 2020B Debt Service Fund shall be used by the City only to pay, or to reimburse a Credit Source for the payment of, the Debt Service Requirements of the Series 2020B Bonds, the money credited to the Series 2020C Debt Service Fund shall be used by the City only to pay, or to reimburse a Credit Source for the payment of, the Debt Service Requirements of the Series 2020C Bonds, and the money credited to the Series 2020D Debt Service Fund shall be used by the City only to pay, or to reimburse a Credit Source for the payment of, the Debt Service Requirements of the Series 2020D Bonds. Money on deposit in the Series 2020A Debt Service Fund, the Series 2020B Debt Service Fund, the Series 2020C Debt Service Fund, and the Series 2020D Debt Service Fund shall be transferred to the Paying Agent on or before each relevant payment date.

(2) No payment needs to be made into the Series 2020A Debt Service Fund, the Series 2020B Debt Service Fund, the Series 2020C Debt Service Fund or the Series 2020D Debt Service Fund, or any debt service reserve fund for the Series 2020A Bonds, Series 2020B Bonds, Series 2020C Bonds or Series 2020D Bonds, respectively, if no Debt Service Requirements on the Series 2020A Bonds, Series 2020B Bonds, Series 2020C Bonds or Series 2020D Bonds are then past due and the amounts on deposit in the Series 2020A Debt Service Fund, Series 2020B Debt Service Fund, Series 2020C Debt Service Fund or Series 2020D Debt Service Funds, as applicable, for the payment of such Series 2020 Bonds are at least equal to all Debt Service Requirements on such Series 2020 Bonds to their Maturity Dates or mandatory redemption dates, or to any date for which the City has exercised or has obligated itself to exercise its option to redeem such Series 2020 Bonds prior to their Maturity Dates or redemption dates. In such event, money in the Series 2020A Debt Service Fund, Series 2020B Debt Service Fund, Series 2020C Debt Service Fund or Series 2020D Debt Service Fund shall be used for the payment of the Debt Service Requirements or such optional redemption payments, if applicable, when due, on the respective Series 2020 Bonds. Any money in those accounts in excess of the amounts required by the preceding sentence may be used as provided in Section 18 of the Bond Ordinance.

Credit or Deficiency. In making the determinations of the amounts to be transferred from the Gross Receipts Tax Income Fund, Lodgers' Tax Revenue Fund, Hospitality Fee Revenue Fund, Surcharge Revenue Fund or Stadium Lease Revenue Fund as provided in Section 18 or Section 19 of the Bond Ordinance, the City may take into account any amount then on deposit in any fund or escrow relating to the respective Series 2020 Bonds which is available and required to be used for the designated payment. If any deposit made to a fund for the payment of any Series 2020 Bonds is less than the amount required to be deposited, the City shall pay or credit to that fund from Pledged Revenues in the Gross Receipts Tax Income Fund, Lodgers' Tax Revenue Fund, Hospitality Fee Revenue Fund, Surcharge Revenue Fund and Stadium Lease Revenue Fund, as applicable to the respective Series 2020 Bonds, the

first money available to pay that deficiency using the priorities set forth in Section 18 and Section 19 of the Bond Ordinance.

Transfer of Money. Each payment of principal and interest coming due on the Series 2020 Bonds shall be transferred from the applicable fund to the Paying Agent.

Variable Interest Rate. In making the computations required by above and this section, interest on Variable Interest Rate Tax Obligations which cannot be computed exactly shall be computed at the maximum interest rate permitted for those Tax Obligations unless otherwise required by the City ordinance authorizing the issuance of such Tax Obligations.

Investment of Money. Any money in any fund created or continued in the Bond Ordinance shall be invested in Permitted Investments. The investments purchased using money in any such fund shall be deemed at all times to be part of that fund. The interest accruing in the funds and any profit realized therefrom shall be credited to the fund in which the relevant investments are deemed to be held. Any loss resulting from such investment shall be charged to the applicable fund. The City Treasurer shall present for redemption or sale on the prevailing market any obligations purchased as an investment of money in the applicable fund whenever it shall be necessary to do so in order to provide money to meet any payment or transfer from such fund. Neither the City Treasurer nor any other officer of the City shall be liable or responsible for any loss resulting from any such investment made in accordance with the Bond Ordinance.

Deposits of Funds. The money and investments deposited in the funds created or continued in the Bond Ordinance shall be maintained and kept in one or more Insured Banks. Each payment shall be made into and credited to the proper fund at the designated time, except that when the designated time is not a Business Day, then such payment shall be made on the next succeeding Business Day. Nothing herein shall prevent the establishment of one or more such funds in insured banks for all of the accounts designated in the Bond Ordinance.

Deposits of Pledged Revenues for Series 2020 Bonds.

(1) The City shall make substantially equal monthly deposits into each of the Series 2020A Debt Service Fund, the Series 2020B Debt Service Fund, the Series 2020C Debt Service Fund, and the Series 2020D Revenue Fund as required in order to pay the amount of interest on the Series 2020A Bonds, Series 2020B Bonds, Series 2020C Bonds and Series 2020D Bonds which will become due on the Interest Payment Date next following the date of deposit. The monthly deposits required in the preceding sentence shall begin in the calendar month subsequent to the Closing Date.

(2) The City shall make substantially equal monthly deposits into each of the Series 2020A Debt Service Fund, the Series 2020B Debt Service Fund, the Series 2020C Debt Service Fund, and the Series 2020D Revenue Fund as required in order to pay the amount of interest on the Series 2020A Bonds, Series 2020B Bonds, Series 2020C Bonds and Series 2020D Bonds which will become due on the Interest Payment Date next following the date of deposit. The monthly deposits required in the preceding sentence shall begin in the calendar month subsequent to the Closing Date.

Deposits for the payment of principal of and interest on the other Senior Tax Obligations or Parity Lodgers' Tax Obligations required by the Bond Ordinance may be made more or less frequently than monthly.

Valuation. The "value" of Permitted Investments shall be determined at least every six months as follows:

(1) if the price of the investment is not set as described in paragraph (4) below, as to investments the bid and asked prices of which are published on a regular basis in The Wall Street Journal (or, if not there, then in The New York Times): the average of the bid and asked prices for such investments published on or more recently prior to such time of determination;

(2) as to investments the bid and asked prices of which are not published on a regular basis in The Wall Street Journal or The New York Times: the average bid price at such time of determination for such investments by any two nationally recognized government securities dealers (selected by the City in its absolute discretion) at the time making a market in such investments or the bid price published by a nationally recognized pricing service;

(3) as to certificates of deposit and bankers acceptances: the face amount thereof, plus accrued interest;

(4) as to investments pursuant to which a financial institution is obligated to purchase the investment from the City at a fixed price through maturity of the investment: the price set forth in such agreement, provided that such institution, or the guarantor of such institution or agreement, shall be rated in one of the top two Rating Categories by S&P, Moody's and Fitch if then rating the Series 2020 Bonds, or by another national rating agency; and

(5) as to any investment not specified above: the cost of the Permitted Investments (including any amount paid as accrued interest) or the principal amount thereof, whichever is less; except that Permitted Investments purchased at a premium may initially be valued at the cost thereof, but in each year after such purchase shall be valued at a lesser amount determined by ratably amortizing the premium over the remaining term.

No loss or profit on Permitted Investments shall be deemed to take place as a result of fluctuations in the market quotations prior to the sale or maturity thereof.

Selected Protective Covenants

Use of Proceeds of Tax Obligations. The City shall proceed without delay to apply the proceeds of the Series 2020 Bonds to the purposes for which they are issued.

Payment of Obligations. The City shall promptly pay Debt Service Requirements on each series of Tax Obligations at the place, on the date and in the manner specified in the City ordinances and resolutions and the documents relating to those Tax Obligations.

City's Existence. The City shall maintain its corporate identity and existence unless another political subdivision by operation of law succeeds to the liabilities and rights of the City under the Bond Ordinance, without adversely affecting to any substantial degree the privileges and rights of any Owner.

Prohibition of Extension of Interest Payments. In order to prevent any accumulation of claims for interest after maturity, the City shall not directly or indirectly extend or assent to the extension of time for the payment of any claim for interest on any Series 2020 Bonds. If the time for payment of any interest is extended, such payment shall not be made by the City, in case of default under the Bond Ordinance, until the prior payment in full of the Debt Service Requirements on all Series 2020 Bonds on which the payment of interest has not been extended.

Records. The City shall keep proper books of record and account, separate and apart from all other records and accounts, showing complete and correct entries of all transactions relating to the Pledged Revenues.

Audits. The City shall, within 270 days following the close of each Fiscal Year, cause an audit of its books and accounts relating to the Pledged Revenues to be completed by an Independent Accountant showing the receipts and disbursements in connection with the Pledged Revenues.

Duty to Impose Tax. If State law or the City Charter or any City ordinance or part thereof, which affects the Pledged Revenues, shall ever be held to be invalid or unenforceable, the City shall immediately take any action which is legally available to the City necessary to produce sufficient Pledged Revenues to comply with the obligations of the City under the Bond Ordinance.

Impairment of Contract. In accordance with Section 3-31-6(C) NMSA 1978, no law, ordinance or resolution of the City which affects the Pledged Revenues or the Series 2020 Bonds shall be repealed or otherwise directly or indirectly modified in such a manner as to impair Outstanding Series 2020 Bonds or obligations of the City under the Bond Ordinance or any Related Documents, unless the Series 2020 Bonds or obligations have been discharged in full or provision has been fully made therefor.

Collection of Lodgers' Tax and Hospitality Fee. The City shall take whatever action is necessary to collect the Lodgers' Tax and Hospitality Fee and to enforce collection thereof by all persons furnishing lodgings to which such tax is applicable.

Administrative Costs Upon the occurrence and continuance of an Event of Default, the City shall not, except to the extent required by law to do so, deduct administrative costs from the Lodgers' Tax in determining Pledged Lodgers' Tax Revenues.

Bonds Not Presented for Payment

If any Series 2020 Bonds are not presented for payment when the principal becomes due either at maturity or at the date fixed for redemption thereof or otherwise, or if any check or draft mailed to an Owner in connection with a payment of interest on any Series 2020 Bonds is not cashed by an Owner, and an amount sufficient to pay those Series 2020 Bonds or interest is held by the Paying Agent for the benefit of the Owners, the Paying Agent shall segregate and hold such money in trust without liability for interest on that money to the Owners, for the benefit of the Owners of the applicable Series 2020 Bonds, who shall, except as provided in the following paragraph, then be restricted to only the amounts segregated for the satisfaction of any claim relating to that payment on such Series 2020 Bonds.

Any money which the Paying Agent segregates and holds in trust for the payment of the principal of, premium or interest on Series 2020 Bonds which remains unclaimed for three years after such payment has become due shall be paid to the City. After the payment of such unclaimed money to the City, the Owners shall look only to the City for the payment of those Series 2020 Bonds.

Defeasance

If, when all Series 2020 Bonds become due and payable in accordance with their terms or otherwise as provided in the Bond Ordinance and the entire amount of the principal of, premium, if any, and interest due and payable on all of the Series 2020 Bonds is paid or if provisions are made for the payment thereof when due and payable, and all other sums payable under the Bond Ordinance are paid, then all covenants, agreements and other obligations of the City to the Owners of the Series 2020 Bonds shall cease, terminate and become void and be discharged and satisfied. However, the covenants of the

Bond Ordinance relating to the rebate requirements of Section 148(f) of the Code shall survive until all applicable requirements have been satisfied.

When all principal, interest and prior redemption premium, if any, in connection with any Series 2020 Bond have been duly paid or provided for, the pledge and lien of the Bond Ordinance, and all obligations under the Bond Ordinance (except as provided for in Section 35 of the Bond Ordinance), shall be discharged with respect to that Series 2020 Bond and that Series 2020 Bond shall no longer be deemed to be Outstanding within the meaning of the Bond Ordinance. There shall be deemed to be such due payment or to be adequate provisions for the prompt and complete payment of a Series 2020 Bond when the City has placed in escrow and in trust with a commercial bank or trust company located within or without the State and exercising trust powers, an amount sufficient (including the known minimum yield from Defeasance Obligations in which such amount may be initially invested) to meet all requirements of principal, interest and prior redemption premium, if any, on that Series 2020 Bond as the same become due to its final maturity or upon the designated prior redemption date. The Defeasance Obligations shall become due prior to the respective times at which the proceeds thereof shall be needed, in accordance with a schedule established and agreed upon between the City and such bank or trust company at the time of the creation of the escrow, or the Defeasance Obligations shall be subject to redemption at the option of the owners thereof to assure such availability as so needed to meet such schedule.

If any Series 2020 Bonds are deemed to be paid and discharged pursuant to the Bond Ordinance, within 15 days after the date of defeasance, the City shall irrevocably direct the Fiscal Agent to give written notice to each Owner of Series 2020 Bonds deemed paid and discharged at the address shown on the Bond Register on the date on which those Series 2020 Bonds are deemed paid and discharged. The notice shall state, to the extent applicable, the same information required by the Bond Ordinance for the redemption of Series 2020 Bonds and shall describe the Defeasance Obligations.

Registration, Transfer, Exchange and Ownership of Bonds

Registration, Transfer and Exchange. The City shall cause books for the registration, transfer and exchange of the Series 2020 Bonds to be kept at the principal office of the Registrar. Upon surrender for transfer or exchange of any Series 2020 Bonds at the principal office of the Registrar duly endorsed by the Owner or his attorney duly authorized in writing, or accompanied by a written instrument or instruments of transfer or exchange in form satisfactory to such Registrar and properly executed, the City shall execute and the Registrar shall authenticate and deliver in the name of the transferee or Owner a new Series 2020 Bond or Bonds of the same series and Maturity Date, interest rate and same aggregate principal amount in Authorized Denominations.

Owner of Bonds. The person in whose name any Series 2020 Bond is registered shall be deemed and regarded as its absolute Owner for all purposes, except as may otherwise be provided with respect to the payment of interest on Series 2020 Bonds under the Bond Ordinance. Payment of the principal on any Series 2020 Bonds shall be made only to or upon the order of its Owner or his legal representative. All such payments shall be valid and effectual to satisfy and discharge the liability on Series 2020 Bonds to the extent of the amount paid.

Replacement of Bonds. If any Series 2020 Bond is lost, stolen, destroyed or mutilated, the Registrar shall, upon receipt of that Series 2020 Bond if mutilated, and evidence, information or indemnity which the Registrar may reasonably require, authenticate and deliver a replacement Series 2020 Bond or Bonds of the same aggregate principal amount, series and Maturity Date and interest rate, bearing a number or numbers not then outstanding. If any lost, stolen, destroyed or mutilated Series 2020 Bond has matured or been called for redemption, the Registrar may direct the Paying Agent to pay that Series 2020 Bond in lieu of replacement.

Charges. Exchanges and transfers of Series 2020 Bonds shall be made without charge to the Owners or any transferee except that the Registrar may make a charge sufficient to reimburse the Registrar for any tax, fee or other governmental charge required to be paid with respect to that transfer or exchange.

Bonds Called for Redemption. The Fiscal Agent shall not be required to transfer or exchange (i) any Series 2020 Bonds during the five-day period preceding the mailing of notice calling Series 2020 Bonds of such series for redemption and (ii) any Series 2020 Bonds called for redemption.

Unauthenticated Bonds; Bonds Called for Redemption. The officers of the City are authorized to deliver to the Registrar fully registered but unauthenticated Series 2020 Bonds in such quantities as may be convenient to be held in custody by the Registrar pending the use thereof as provided in the Bond Ordinance.

Events of Default

Each of the following events shall constitute an “Event of Default” as used under the Bond Ordinance:

Nonpayment of Principal. Failure to pay the principal of any Series 2020 Bonds when the same becomes due and payable, either at maturity, or by proceedings for prior redemption, or otherwise.

Nonpayment of Interest. Failure to pay any installment of interest on any Series 2020 Bonds on the due date thereof.

Incapable to Perform. The City shall for any reason be rendered incapable of performing its obligations under the Bond Ordinance.

Other Default. Default by the City in the due and punctual performance of its covenants or conditions, agreements and provisions contained in the Series 2020 Bonds or in the Bond Ordinance on its part to be performed, and the continuance of such default (other than a default set forth above) for 60 days after written notice specifying such default and requiring the same to be remedied has been given to the City by the Owners of 25% in aggregate principal amount of the Series 2020 Bonds then Outstanding or the Series 2020 Bonds Outstanding.

Remedies on Events of Default

Upon the happening and during the continuance of any Event of Default, the Owners of not less than 25% in aggregate principal amount of the Series 2020 Bonds then Outstanding affected by the Event of Default, including but not limited to a trustee or trustees therefor, may proceed against the City to:

- (1) protect and enforce the rights of the Owners by mandamus or other suit, action or special proceedings in equity or at law, in any court of competent jurisdiction, either for the appointment of a receiver or for the specific performance of any covenant or agreement contained in the Bond Ordinance or for the enforcement of any proper legal or equitable remedy as those Owners may deem necessary or desirable to protect and enforce their respective rights;
- (2) enjoin any act or thing which may be unlawful or in violation of any right of any Owner;
- (3) require the Council to act as if it were the trustee of an express trust; and

- (4) any combination of those remedies.

All proceedings shall be instituted and maintained for the equal benefit of all Owners of the Series 2020 Bonds then Outstanding. The failure of an Owner to exercise any right granted by section shall not relieve the City of any obligation to perform any duty. Each right or privilege of any such Owner (or trustee or receiver therefor) is in addition and cumulative to any other right or privilege and the exercise of any right or privilege by or on behalf of any Owner shall not be deemed a waiver of any other right or privilege of such Owner.

No remedy in the Bond Ordinance is intended to be exclusive of any other remedy or remedies, and each and every such remedy shall be cumulative, and shall be in addition to every other remedy given under the Bond Ordinance or now or hereafter existing at law or in equity or by statute.

All rights, remedies and powers provided by the Bond Ordinance may be exercised only to the extent that the exercise thereof does not violate any applicable provision of law and all the provisions relating to an Event of Default or the exercise of remedies upon the occurrence of an Event of Default are intended to be subject to all applicable provisions of law which may be controlling and to be limited to the extent necessary so that they shall not render the Bond Ordinance invalid or unenforceable under the provisions of any applicable law.

Amendment of Bond Ordinance

Limitations upon Amendments. Prior to any Series 2020 Bonds being issued, the Bond Ordinance may be amended by ordinance or resolution of the Council without the consent of Owners. After Series 2020 Bonds have been issued, the Bond Ordinance may be amended by ordinance or resolution of the Council without the consent of Owners:

- (1) To cure any ambiguity, or to cure, correct or supplement any defect or inconsistent provision contained in the Bond Ordinance;
- (2) To grant to the Owners any additional rights, remedies, powers or authority that may lawfully be granted to them;
- (3) To obtain or maintain a rating or shadow rating on any Series 2020 Bonds from any rating agency which amendment, in the judgment of Bond Counsel, does not materially adversely affect the Owners;
- (4) To achieve compliance with federal securities or tax laws; and
- (5) To make any other changes in the Bond Ordinance which, in the opinion of Bond Counsel, is not materially adverse to the Owners.

Additional Amendments. Except as provided above, the Bond Ordinance may only be amended or supplemented by ordinance adopted by the Council without receipt by the City of any additional consideration, but with the written consent of the Owners of a majority of the principal amount of the Outstanding Series 2020 Bonds which are affected by the amendment or supplement (not including Bonds which are then owned by or for the account of the City). However, no such ordinance shall have the effect of permitting:

- (1) An extension of the maturity of any Series 2020 Bonds; or

(2) A reduction in the principal amount of, premium, if any, or interest rate on any Series 2020 Bonds; or

(3) The creation or continuance of a lien on or a pledge of the Pledged Revenues ranking prior to the lien or pledge of Obligations on the respective Pledged Revenues; or

(4) A reduction of the principal amount of Series 2020 Bonds required for consent to such amendment or supplement.

APPENDIX C

FORM OF OPINION OF BOND COUNSEL

June __, 2020

City of Albuquerque
Albuquerque, New Mexico

Ladies and Gentlemen:

We have acted as bond counsel to the City of Albuquerque, New Mexico (the “City”), in connection with its issuance of the (i) \$_____ City of Albuquerque, New Mexico, Gross Receipts Tax/Lodgers’ Tax Refunding Revenue Bonds, Series 2020A (“Series 2020A Bonds”), (ii) \$_____ City of Albuquerque, New Mexico, Gross Receipts Tax/Lodgers’ Tax/Hospitality Fee Refunding Revenue Bonds, Series 2020B (“Series 2020B Bonds”), (iii) \$_____ City of Albuquerque, New Mexico, Gross Receipts Tax Refunding Revenue Bonds, Series 2020C (“Series 2020C Bonds”), and (iv) \$_____ City of Albuquerque, New Mexico, Gross Receipts Tax/Stadium Revenues Refunding Revenue Bonds, Series 2020D (“Series 2020D Bonds” and, collectively, with the Series 2020A Bonds, Series 2020B Bonds and Series 2020C Bonds, the “Series 2020 Bonds”), pursuant to City Ordinance Twenty-Fourth Council Bill No. F/S O-20-5 adopted on April 6, 2020, and Sale Certificate dated June __, 2020 (collectively, the “Bond Legislation”). Capitalized terms not otherwise defined herein shall have the meanings ascribed to them by the Bond Legislation.

We have examined the City’s certified proceedings, the City Charter and such other documents and such law of the State of New Mexico (the “State”) and of the United States of America as we have deemed necessary to render this opinion letter. As to the questions of fact material to our opinion, we have relied upon the City’s certified proceedings and other representations and certifications of public officials and others furnished to us, without undertaking to verify the same by independent investigation.

Based upon such examination, it is our opinion as bond counsel that:

1. The Series 2020 Bonds are valid and binding, special, limited obligations of the City enforceable in accordance with their terms and the provisions of the Bond Legislation.

2. The Bond Legislation has been duly authorized, executed and delivered by the City and the provisions of the Bond Legislation are valid, binding and enforceable on the City.

3. The Series 2020A Bonds are payable as to principal, interest and any prior redemption premium, solely from, and are secured by a pledge (but not an exclusive pledge) of the Pledged Lodgers’ Tax Revenues and the State-Shared Gross Receipts Tax Revenues, and, to the extent stated in the Bond Legislation, certain of the funds and accounts created or continued in the Bond Legislation. The Series 2020B Bonds are payable as to principal, interest and any prior redemption premium, solely from, and are secured by a pledge (but not an exclusive pledge) of the Pledged Hospitality Fee Revenues, Pledged Lodgers’ Tax Revenues and State-Shared Gross Receipts Tax Revenues, and, to the extent stated in the Bond Legislation, certain of the funds and accounts created or continued in the Bond Legislation. The Series 2020C Bonds are payable as to principal, interest and any prior redemption premium, solely from, and are secured by a pledge (but not an exclusive pledge) of the State-Shared Gross Receipts Tax Revenues, and, to the extent stated in the Bond Legislation, certain of

the funds and accounts created or continued in the Bond Legislation. The Series 2020D Bonds are payable as to principal, interest and any prior redemption premium, solely from, and are secured by a pledge (but not an exclusive pledge) of the Pledged Stadium Revenues and the State-Shared Gross Receipts Tax Revenues, and, to the extent stated in the Bond Legislation, certain of the funds and accounts created or continued in the Bond Legislation. The owners of the Series 2020 Bonds have no right to have taxes levied by the City for the payment of principal of or interest on the Series 2020 Bonds and the Series 2020 Bonds do not represent or constitute a debt or a pledge of, or a charge against, the general credit of the City.

4. The Bond Legislation creates the lien on the Pledged Revenues that it purports to create.

5. Under the laws of the State of New Mexico as enacted and construed on the date hereof, the interest on the Series 2020 Bonds is exempt from all taxation by the State of New Mexico or any political subdivision thereof.

The rights of the owners of the Series 2020 Bonds and the enforceability of the Series 2020 Bonds and the Bond Legislation are limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally, and by equitable principles, whether considered at law or in equity.

The foregoing opinions represent our legal judgment based upon a review of existing legal authorities as of the date of issuance and delivery of the Series 2020 Bonds that we deem relevant to render such opinions and are not a guarantee of result. We express no opinion with respect to any pending legislation.

As bond counsel, we are passing upon only those matters set forth in this opinion and are not passing upon the accuracy or completeness of any statement made in connection with any sale of the Series 2020 Bonds or upon any tax consequences arising from the receipt or accrual of interest on, or the ownership of, the Series 2020 Bonds.

The opinions are given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur.

Respectfully submitted,

APPENDIX D

FORM OF CONTINUING DISCLOSURE UNDERTAKING

\$ _____
CITY OF ALBUQUERQUE, NEW MEXICO
Gross Receipts Tax/Lodgers' Tax Refunding
Revenue Bonds
Taxable Series 2020A

\$ _____
CITY OF ALBUQUERQUE, NEW MEXICO
Gross Receipts Tax /Lodgers' Tax/Hospitality Fee
Refunding Revenue Bonds
Taxable Series 2020B

\$ _____
CITY OF ALBUQUERQUE, NEW MEXICO
Gross Receipts Tax Refunding
Revenue Bonds
Taxable Series 2020C

\$ _____
CITY OF ALBUQUERQUE, NEW MEXICO
Gross Receipts Tax/Stadium Refunding
Revenue Bonds
Taxable Series 2020D

CONTINUING DISCLOSURE UNDERTAKING

This Continuing Disclosure Undertaking (the "Disclosure Undertaking") is executed and delivered by the CITY OF ALBUQUERQUE, NEW MEXICO (the "City") in connection with the issuance of the above-referenced bonds (collectively, the "Series 2020 Bonds"). The Series 2020 Bonds are being issued pursuant to City Ordinance Twenty-Third Council Bill No. F/S O-20-5 (the "Bond Legislation").

The City covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Undertaking. This Disclosure Undertaking is being executed and delivered by the City for the benefit of the Owners of the Series 2020 Bonds and in order to allow the Participating Underwriters (as defined by Rule 15c2-12) to comply with Rule 15c2-12.

SECTION 2. Definitions. In addition to the definitions set forth in the Bond Legislation, which apply to any capitalized term used in this Disclosure Undertaking unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Financial Information" means the financial information or operating data with respect to the City, delivered at least annually pursuant to Section 3 hereof, of the type set forth in the Official Statement, including but not limited to, the type of financial information and operating data with respect to the City set forth in "SECURITY AND SOURCES OF PAYMENT"

"Audited Financial Statements" means the annual financial statements for the City, prepared in accordance with generally accepted accounting principles consistently applied, as in effect from time to time, audited by a firm of certified public accountants.

"EMMA" means the Municipal Securities Rulemaking Board's Electronic Municipal Market Access System located on its website at emma.msrb.org.

"Events" means any of the events listed in Section 4(a) of this Disclosure Undertaking.

"Financial Obligation" shall mean a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt

obligation, or (iii) guarantee of (i) or (ii). The term Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the Municipal Securities Rulemaking Board in compliance with Rule 15c2-12.

“Fiscal Year” means the Fiscal Year of the City, ending June 30.

“Official Statement” means the final Official Statement delivered in connection with the original issue and sale of the Series 2020 Bonds.

“Owners” means the registered owners of the Series 2020 Bonds, and so long as the Series 2020 Bonds are subject to the book-entry system, any Beneficial Owner, as such term is defined in the Bond Legislation.

“Rule 15c2-12” shall mean Rule 15c2-12 adopted by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“SEC” means the Securities and Exchange Commission.

SECTION 3. Provision of Annual Information.

(a) Annually while the Series 2020 Bonds remain outstanding, the City shall provide or cause to be provided to EMMA Annual Financial Information and Audited Financial Statements.

(b) Annual Financial Information shall be provided by the City not later than March 31st after the end of each Fiscal Year. If not filed with the Annual Financial Information, the Audited Financial Statements will be provided when available.

(c) The City may provide Annual Financial Information and Audited Financial Statements with respect to the City by specific cross reference to other documents which have been submitted to EMMA or filed with the SEC. If the document so referenced is a final official statement within the meaning of Rule 15c2-12, such final official statement must also be available from the MSRB. The City shall clearly identify each other document incorporated by cross reference.

SECTION 4. Reporting of Events.

(a) This Section 4 shall govern the giving of notices of the occurrence of any of the following Events with respect to the Series 2020 Bonds:

1. principal and interest payment delinquencies;
2. non-payment related defaults, if material;
3. unscheduled draws on debt service reserves reflecting financial difficulties;
4. unscheduled draws on credit enhancements reflecting financial difficulties;
5. substitution of credit or liquidity providers, or their failure to perform;
6. adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issued (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax

status of the security, or other material events affecting the tax status of the security;

7. modifications to the rights of the security holders, if material;
8. bond calls, if material , or tender offers;
9. defeasances;
10. release, substitution or sale of property securing repayment of the securities, if material;
11. rating changes;
12. bankruptcy, insolvency, receivership or a similar event with respect to the City or an obligated person¹;
13. the consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
14. appointment of a successor or additional trustee, or a change of name of a trustee, if material.
15. incurrence of a Financial Obligation of the obligated person, if material, or an agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the obligated person, any of which affect security holders, if material; and
16. default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of an obligated person, any of which reflect financial difficulties.

(b) At any time the Series 2020 Bonds are outstanding and the City obtains knowledge of the occurrence of an Event, the City shall file, in a timely manner not in excess of ten (10) business days after the occurrence of the event, a notice of such occurrence with EMMA.

(c) At any time the Series 2020 Bonds are outstanding, the City shall provide to EMMA, notice in a timely manner not in excess of ten (10) business days after the occurrence of any

¹ For the purposes of the event identified in subparagraph (b)(5)(i)(C)(12) of Rule 15c2-12, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and official or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

failure of the City to timely provide the Annual Financial Information and Audited Financial Statements as specified in Section 3 hereof.

SECTION 5. Term. This Disclosure Undertaking shall be in effect from and after the issuance and delivery of the Series 2020 Bonds and shall extend to the earliest of (a) the date all principal and interest on the Series 2020 Bonds are deemed paid or legally defeased pursuant to the terms of the Bond Legislation; (b) the date that the City is no longer an “obligated person” with respect to the Series 2020 Bonds within the meaning of Rule 15c2-12; and (c) the date on which those portions of Rule 15c2-12 which require this Disclosure Undertaking are determined to be invalid by a court of competent jurisdiction in a non-appealable action, have been repealed retroactively or otherwise do not apply to the Series 2020 Bonds, the determination of (a), (b) or (c) herein to be made in any manner deemed appropriate by the City, including by an opinion of Counsel experienced in federal securities laws selected by the City. The City shall file a notice of any such termination with EMMA.

SECTION 6. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Undertaking, the City may amend this Disclosure Undertaking, and any provision of this Disclosure Undertaking may be waived, if (a) such amendment or waiver is consented to by the Owners of no less than a majority in aggregate principal amount of the Series 2020 Bonds obtained in the manner prescribed by the Bond Legislation or (b) if such amendment or waiver is otherwise consistent with Rule 15c2-12, as determined by an opinion of Counsel experienced in federal securities laws selected by the City. Written notice of any such amendment or waiver shall be provided by the City to EMMA, and the Annual Financial Information shall explain the reasons for the amendment and the impact of any change in the type of information being provided. If any amendment changes the accounting principles to be followed in preparing financial statements, the Annual Financial Information for the year in which the change is made will present a comparison between the financial statement or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The City shall provide notice of any such amendment or waiver to EMMA.

SECTION 7. Additional Information. Nothing in this Disclosure Undertaking shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Disclosure Undertaking or any other means of communication, or including any other annual information or notice of occurrence of an event which is not an Event, in addition to that which is required by this Disclosure Undertaking; provided that the City shall not be required to do so. If the City chooses to include any annual information or notice of occurrence of an event in addition to that which is specifically required by this Disclosure Undertaking, the City shall have no obligation under this Disclosure Undertaking to update such information or include it in any future annual filing or notice of occurrence of an Event.

SECTION 8. Default and Enforcement. If the City fails to comply with any provision of this Disclosure Undertaking, any Owner of the Series 2020 Bonds may take action to seek specific performance by court order to compel the City to comply with its obligations under this Disclosure Undertaking; provided that any Owner of the Series 2020 Bonds seeking to require the City to so comply shall first provide at least 30 days’ prior written notice to the City of the City’s failure (giving reasonable details of such failure), following which notice the City shall have 30 days to comply and, provided further, that only the Owners of no less than a majority in aggregate principal amount of the Series 2020 Bonds may take action to seek specific performance in connection with a challenge to the adequacy of the information provided by the City in accordance with this Disclosure Undertaking, after notice and opportunity to comply as provided herein, and such action shall be taken only in a court of competent jurisdiction in the State of New Mexico. A DEFAULT UNDER THIS DISCLOSURE UNDERTAKING SHALL NOT BE DEEMED AN EVENT OF DEFAULT UNDER THE BOND LEGISLATION OR THE SERIES 2020 BONDS, AND THE SOLE REMEDY UNDER THIS DISCLOSURE

UNDERTAKING IN THE EVENT OF ANY FAILURE OF THE CITY TO COMPLY WITH THIS DISCLOSURE UNDERTAKING SHALL BE AN ACTION TO COMPEL PERFORMANCE.

SECTION 9. Beneficiaries. The Disclosure Undertaking shall inure solely to the benefit of the City, the Participating Underwriters and Owners from time to time of the Series 2020 Bonds, and shall create no rights in any other person or entity.

Dated as of June ____, 2020.

CITY OF ALBUQUERQUE, NEW MEXICO

By: _____

Title: _____

APPENDIX E

BOOK-ENTRY ONLY SYSTEM

Introduction

Unless otherwise noted, the information contained under the caption “General” below has been provided by DTC. The City makes no representations as to the accuracy or the completeness of such information. The Beneficial Owners of the Series 2020A-D Bonds should confirm the following information with DTC, the Direct Participants or the Indirect Participants.

NEITHER THE CITY NOR THE FISCAL AGENT WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO DIRECT PARTICIPANTS, TO INDIRECT PARTICIPANTS, OR TO ANY BENEFICIAL OWNER WITH RESPECT TO (A) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, ANY DIRECT PARTICIPANT, OR ANY INDIRECT PARTICIPANT; (B) ANY NOTICE THAT IS PERMITTED OR REQUIRED TO BE GIVEN TO THE OWNERS OF THE SERIES 2020A-D BONDS UNDER THE BOND ORDINANCE, (C) THE SELECTION BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY PERSON TO RECEIVE PAYMENT IN THE EVENT OF A PARTIAL REDEMPTION OF THE SERIES 2020A-D BONDS; (D) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE PRINCIPAL OR INTEREST DUE WITH RESPECT TO THE OWNER OF THE SERIES 2020A-D BONDS; (E) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS THE OWNERS OF SERIES 2020A-D BONDS; OR (F) ANY OTHER MATTER REGARDING DTC.

General

The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the Series 2020A-D Bonds. The Series 2020A-D Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Series 2020A-D Bond certificate will be issued for the Series 2020A-D Bonds, in the aggregate principal amount of such issue, and will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.8 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship

with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has Standard & Poor’s rating of AA+. The DTC Rules applicable to Direct Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org. The City undertakes no responsibility for and makes no representations as to the accuracy or the completeness of the content of such material contained on that website as described in the preceding sentence including, but not limited to, updates of such information or links to other Internet sites accessed through the aforementioned website.

Purchases of the Series 2020A-D Bonds under the DTC system must be made by or through Direct or Indirect Participants, which will receive a credit for the Series 2020A-D Bonds on DTC’s records. The ownership interest of each actual purchaser of each Series 2020A-D Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2020A-D Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Series 2020A-D Bonds, except in the event that use of the book-entry system for the Series 2020A-D Bonds is discontinued.

To facilitate subsequent transfers, all Series 2020A-D Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2020A-D Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2020A-D Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Series 2020A-D Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

While the Series 2020A-D Bonds are in the book-entry only system, redemption notices will be sent to DTC. If less than all of the Series 2020A-D Bonds are being redeemed, DTC’s practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2020A-D Bonds unless authorized by a Direct Participant in accordance with DTC’s MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.’s consenting or voting rights to those Direct Participants to whose accounts the Series 2020A-D Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Series 2020A-D Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC’s practice is to credit Direct Participants’ accounts, upon DTC’s receipt of funds and corresponding detail information from the City or agent on payable date in accordance with their respective holdings

shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, agent, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Series 2020A-D Bonds at any time by giving reasonable notice to the City. Under such circumstances, in the event that a successor depository is not obtained, certificates representing the Series 2020A-D Bonds are required to be printed and delivered.

The City may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, certificates representing the Series 2020A-D Bonds will be printed and delivered to DTC.

The information in this Appendix concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but the City does not take any responsibility for the accuracy thereof.

APPENDIX F

PRINCIPAL PAYDOWN FACTOR TABLE

PRO RATA PASS-THROUGH DISTRIBUTION OF PRINCIPAL

[___ Term Bond Due ___]

<u>Principal Paydown Date</u>	<u>Mandatory Sinking Fund/Paydown Amounts⁽¹⁾</u>	<u>Paydown Amount per \$X.XXX</u>	<u>Remaining Balance per \$X.XXX</u>	<u>Paydown Factor</u>	<u>Remaining Bond Factor</u>
[DATE]	\$ _____	\$xxx.xx	\$xxx.xx	0.xxxxxx	0.xxxxxx
[DATE]	\$ _____	\$xxx.xx	\$xxx.xx	0.xxxxxx	0.xxxxxx
[DATE]	\$ _____	\$xxx.xx	\$xxx.xx	0.xxxxxx	0.xxxxxx
[DATE]	\$ _____	\$xxx.xx	\$xxx.xx	0.xxxxxx	0.xxxxxx

⁽¹⁾ SUBJECT TO CHANGE IN THE EVENT OF CERTAIN OPTIONAL REDEMPTIONS OR PURCHASES OF 2020A-D BONDS AND SUBJECT TO DTC'S (OR OTHER SECURITIES DEPOSITORY) OPERATIONAL PROCEDURES ON THE DATE SUCH MANDATORY SINKING FUND REDEMPTION.