

CITY OF ALBUQUERQUE



ANNUAL INFORMATION STATEMENT

DATED March 18, 2020

IN CONNECTION WITH BONDS AND OTHER OBLIGATIONS

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, Acting City Clerk

DEPARTMENT OF FINANCE AND ADMINISTRATIVE SERVICES

Renee Martinez, Director
Cilia E. Agliodoro, 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

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INTRODUCTION

This “Annual Information Statement Dated March 18, 2020 in Connection with Bonds and Other Obligations” (the “Annual Statement”) has been prepared by the City to provide certain financial and other information relating to the City, its various enterprise operations and its other projects, the revenues of which secure certain outstanding long-term obligations of the City. The Annual Statement also includes annual financial information and operating data which the City has agreed in certain continuing disclosure undertakings to provide on an annual basis for the benefit of its bondholders. See “CONTINUING DISCLOSURE UNDERTAKINGS.” **Inclusion of information in this Annual Statement that is not required by continuing disclosure undertakings is provided as a courtesy and does not create an affirmative obligation to provide such additional information in the future.**

City Council (the “Council”) actions taken after January 1, 2020 are not included in the Annual Statement unless related to bonds, notes or other obligations of the City issued or incurred after that date and disclosed in Official Statements. Other information contained in the Annual Statement is current as of January 1, 2020, unless specifically stated otherwise in the Annual Statement. **Accordingly, this document does not reflect the impact of the spread of the strain of coronavirus called COVID-19.** The information in the Annual Statement is subject to change without notice and the delivery of the Annual Statement shall not create any implication that the affairs of the City have remained unchanged since the date of its delivery. The distribution of the Annual Statement by the City does not in any way imply that the City has obligated itself to update the information therein. All financial and other information presented in the Annual Statement has been provided by the City from its records, except for information expressly attributed to other sources believed to be reliable.

The City does not intend that the Annual Statement be relied on as specific offering information in connection with the primary offering and issuance by the City of bonds, notes or other obligations. The presentation of information, including tables of receipts from taxes, enterprise revenues and other information, is intended to show recent historical information, and is not intended to indicate future or continuing trends in the financial position or other affairs of the City or its enterprises. No representation is made that past experiences, as might be shown by such financial and other information will necessarily continue in the future.

Questions regarding information contained in the Annual Statement should be directed to Cilia Agliodoro, Treasurer, City of Albuquerque, Albuquerque/Bernalillo County Government Center, One Civic Plaza, NW, Albuquerque, New Mexico 87102 (P.O. Box 1293, Albuquerque, New Mexico 87103), Telephone (505) 768-3309, Fax (505) 768-3447. Information about the City may also be obtained through the City’s web site, www.cabq.gov.

CONTINUING DISCLOSURE UNDERTAKINGS

Pursuant to the requirements of Rule 15c2-12 promulgated by the Securities and Exchange Commission (the “SEC”), the City has entered into continuing disclosure undertakings (the “Disclosure Undertakings”) for the benefit of holders of the following outstanding bonds of the City:

- 1) Gross Receipts Tax/Lodgers’ Tax Taxable Refunding Revenue Bonds, Series 2004B;
- 2) Airport Refunding Revenue Bonds, Series 2008C;
- 3) Gross Receipts Tax/Lodgers’ Tax Refunding Revenue Bonds, Series 2009A;
- 4) General Obligation General Purpose Bonds, Series 2011A;
- 5) General Obligation General Purpose Bonds, Series 2012A;
- 6) General Obligation Storm Sewer Bonds, Series 2012B;
- 7) Gross Receipts Tax Improvement Revenue Bonds, Series 2013;
- 8) General Obligation General Purpose Bonds, Series 2013A;
- 9) General Obligation Storm Sewer Bonds, Series 2013B;
- 10) Gross Receipts Tax/Lodgers’ Tax Refunding and Improvement Revenue Bonds, Series 2014A;
- 11) General Obligation General Purpose Bonds, Series 2014A;
- 12) General Obligation Storm Sewer Bonds, Series 2014B;
- 13) General Obligation General Purpose Bonds, Series 2015A;
- 14) Gross Receipts Tax Improvement Revenue Bonds, Series 2015A;
- 15) Gross Receipts Tax Improvement Revenue Bonds, Taxable Series 2015B;
- 16) General Obligation Storm Sewer Bonds, Series 2015B;
- 17) General Obligation General Purpose Bonds, Series 2016A;
- 18) Gross Receipts Tax/Lodgers’ Tax Improvement Revenue Bonds, Series 2016
- 19) General Obligation Storm Sewer Bonds, Series 2016B;
- 20) Gross Receipts Tax Improvement Revenue Bonds, Series 2016C;
- 21) General Obligation General Purpose Bonds, Series 2017A;
- 22) General Obligation General Purpose Bonds, Series 2018A;
- 23) General Obligation General Purpose Bonds, Series 2019A;
- 24) General Obligation Storm Sewer Bonds, Series 2019B.

In each of its Disclosure Undertakings, the City has agreed to file certain annual information with the Municipal Securities Rulemaking Board. Timely filing of the information provided in the Annual Statement, including the City’s current audited financial statements, with the Municipal Securities Rulemaking Board satisfies the disclosure requirements set forth in the Disclosure Undertakings. The City has timely filed Annual Financial Information, including audited financials for Fiscal Year 2014, 2015, 2016, 2017 and 2018 prior to the 270-day deadline. Additionally, in the past few years the City did not provide notice to the market, in addition to the notice provided to the market by Moody’s and Fitch, 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, in addition to the notice provided to the market by Assured Guaranty, of the downgrade of Assured Guaranty Municipal Corp. which insured certain outstanding obligations of the City. 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, all of whom have experience and knowledge related to the City's continuing disclosure obligations. Other than as described herein, the City believes it is in material compliance with its outstanding Disclosure Undertakings.

OUTSTANDING CITY OBLIGATIONS

Summary of Outstanding Obligations

The City has issued and there are outstanding certain general obligation bonds payable from property tax revenues and limited obligations payable from State and municipal gross receipts tax revenues, net revenues of various City enterprise operations, special property assessments, and certain single family and multifamily housing programs. These outstanding obligations are generally described below and certain terms of such obligations are summarized in the Comprehensive Audited Financial Report of the City of Albuquerque, Audited General Purpose Financial Statements as of and for the Fiscal Year ended June 30, 2019 ("CAFR"), a portion of which is attached hereto as Appendix A. Other information relating to the City's outstanding obligations, including information about debt service coverage ratios, can be obtained from the CAFR. The full CAFR can be viewed at and downloaded from the City's website, www.cabq.gov. Certain of these obligations are further secured by municipal bond insurance and other credit enhancement provided by various entities as described under the caption "Credit Enhancement." The CUSIP numbers for each maturity of the City's outstanding obligations, as applicable, are listed in Appendix B hereto.

Ratings of City Obligations

The assigned ratings on the City's bonds reflect only the respective views of the rating agencies. These ratings are the long-term ratings of the City with respect to the bonds. Some City bonds are credit enhanced and, assuming the credit enhancer has a higher rating than the underlying rating on the bonds, have a rating which is based on the rating of the credit enhancer rather than the rating of the City for such bonds. See "Credit Enhancement" under this caption. Any explanation of the significance of the ratings may be obtained from the respective rating agency. There can be no assurance that these ratings will continue for any given period of time or that any rating will not be lowered or withdrawn entirely by a rating agency, if in its judgment circumstances so warrant. Any downward change in, or withdrawal of, a rating may have an adverse effect on the marketability and/or market price of the City's bonds.

Tax-Supported Obligations

General Obligation Debt

Outstanding General Obligation Bonds. As of January 1, 2020, the City has outstanding general purpose general obligation bonds in an outstanding aggregate principal amount of \$329,143,000, and storm sewer general obligation bonds in an outstanding aggregate principal amount of \$41,958,000.

CITY OF ALBUQUERQUE Outstanding General Obligation Bonds As of January 1, 2020

Issue	Principal Amount Of Original Issue	Current Outstanding
<u>General Purpose G.O. Bonds:</u>		
February 2011	\$135,000,000	\$42,800,000
May 2012	61,760,000	26,245,000
May 2013	70,040,000	37,345,000
May 2014	57,060,000	33,035,000
May 2015	37,970,000	24,835,000
March 2016	71,523,000	53,500,000
April 2017	22,850,000	19,330,000
April 2018	84,225,000	77,745,000
April 2019	14,308,000	<u>14,308,000</u>
Total		<u>\$329,143,000</u>
<u>Water, Sewer and Storm Sewer G.O. Bonds:</u>		
May 2012	\$8,035,000	\$8,035,000
May 2013	4,980,000	4,980,000
May 2014	5,375,000	5,375,000
May 2015	4,726,000	4,726,000
March 2016	6,500,000	6,500,000
April 2019	12,342,000	<u>12,342,000</u>
Total		<u>\$ 41,958,000</u>
<u>Total General Obligation Bonds</u>		<u>\$371,101,000</u>

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

The Constitution of the State of New Mexico (the “State”) limits the amount of general purpose general obligation indebtedness of the City to 4% of the assessed value of taxable property within the City. Based on the most recent assessed value of real property in the City of \$14,121,194,592 as shown below, and the City’s outstanding general purpose general obligation debt of \$371,101,000, the City has the capacity to issue \$193,746,784 aggregate principal amount of general purpose general obligation bonds in the future.

CITY OF ALBUQUERQUE
Test for Maximum General Purpose General Obligation Bonds
(January 2020)

4% of Assessed Value of \$14,121,194,592	\$564,847,784
Outstanding (General Purpose subject to 4% limitation):	371,101,000
Available for Future Issues:	\$193,746,784

CITY OF ALBUQUERQUE
Assessed Valuation
(County Tax Year⁽¹⁾ 2019)

Assessor’s Total Valuation	\$12,652,301,613
Less Exemptions	(2,436,363,415)
Plus Centrally Assessed (Corporate)	3,905,256,394
2019 Assessed Valuation	\$14,121,194,592
2019 Actual Valuation ⁽²⁾	\$49,672,674,021

(1) The County Tax Year (“Tax Year”) begins November 1 and ends October 31.
(2) Actual valuation is computed by adding the exemptions to the assessed valuation and multiplying by three.

Sources: City of Albuquerque, Department of Finance and Administrative Services; Bernalillo County Assessor; New Mexico Department of Finance and Administration.

CITY OF ALBUQUERQUE
Direct and Overlapping General Obligation Debt
As of January 1, 2020

Gross G.O. Bonded Debt	\$371,101,000
Less G.O. Sinking Fund Balance	7,357,533
Net G.O. Bonded Debt	\$363,743,467

	<u>G.O. Debt⁽²⁾</u>	<u>Tax Year 2019 Assessed Valuation</u>	<u>% Applicable to City</u>	<u>Gross Overlapping</u>
City of Albuquerque	\$371,101,000	\$14,121,194,592	100.00%	\$371,101,000
Albuquerque Public Schools	559,606,791	17,476,514,827	80.80%	452,167,750
Albuquerque Metropolitan Arroyo Flood Control Authority	46,965,000	15,931,512,861	88.64%	41,628,307
Central New Mexico Community College	100,985,000	19,889,521,255	71.00%	71,697,494
Bernalillo County	123,620,000	17,172,340,660	82.23%	101,655,453
State of New Mexico	490,910,000	66,382,974,295	21.27%	104,427,916
 Total Direct and Overlapping G.O. Debt	 \$1,693,187,791			 \$1,142,677,920

RATIOS

Direct and Overlapping G.O. Debt as Percent of 2018 Taxable Assessed Valuation	8.09%
Direct and Overlapping G.O. Debt as Percent of 2018 Actual Market Valuation	2.60%
Assessed Valuation Per Capita (2018 Population 560,218)	\$25,206.61
Direct and Overlapping G.O. Debt Per Capita	\$2,039.70

(1) Unaudited.

(2) Amount does not include any bonds which have been advance refunded and fully defeased by an escrow containing cash and securities.

Sources: City of Albuquerque, Department of Finance and Administrative Services; Bernalillo County Assessor; New Mexico Department of Finance and Administration; United States Census Bureau.

CITY OF ALBUQUERQUE
Ratio of Net General Obligation Debt to Taxable Value
And Net General Obligation Debt Per Capita

GENERAL OBLIGATION DEBT

Fiscal Year	Population⁽¹⁾	Taxable Value(000s)⁽²⁾	Total G.O. Debt (000s)	Debt Service Fund (000s)⁽³⁾	Net G.O. Debt (000s)	Ratio of Net G.O. Debt To Taxable Value	Net G.O. Debt Per Capita
2010	543,302	\$11,920,466	\$257,880	\$73,851	\$184,029	1.50%	\$338.72
2011	545,852	11,951,430	323,805	8,588	315,217	2.64	577.48
2012	551,742	11,876,389	349,260	6,303	342,957	2.87	621.59
2013	554,621	11,967,046	375,029	5,948	369,081	3.11	665.47
2014	556,495	12,228,594	354,380	8,309	346,071	2.89	621.88
2015	557,169	12,414,140	365,921	8,695	357,226	2.93	641.15
2016	559,121	12,809,839	373,989	14,286	359,703	2.89	643.34
2017	559,277	13,251,142	376,769	64,323	312,446	2.44	558.66
2018	558,545	13,666,023	349,376	66,792	282,584	2.06	505.93
2019	560,218	14,121,194	371,101	63,228	307,873	2.18	549.56

(1) United States Census Bureau.

(2) Assessment made by County Assessor. The taxable value by State statute is one-third of assessed value.

(3) Available for debt service.

Source: City of Albuquerque, Department of Finance and Administrative Services (unless otherwise noted).

CITY OF ALBUQUERQUE
Aggregate Debt Service
For Outstanding General Obligation Bonds
As of January 1, 2020

Fiscal Year	Principal	Interest	Total Debt Service
2020	\$46,820,000	\$15,144,766	\$61,964,766
2021	46,815,000	12,971,166	59,786,166
2022	46,815,000	10,797,816	57,612,816
2023	46,825,000	8,770,366	55,595,366
2024	36,125,000	6,800,241	42,925,241
2025	36,205,000	5,303,991	41,508,991
2026	30,435,000	3,919,191	34,354,191
2027	24,371,000	2,744,241	27,115,241
2028	19,575,000	1,844,206	21,419,206
2029	16,285,000	1,134,356	17,419,356
2030	10,255,000	625,306	10,880,306
2031	8,525,000	317,656	8,842,656
2032	2,050,000	58,938	2,108,938
TOTAL	\$371,101,000	\$70,432,243	\$441,533,243

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

CITY OF ALBUQUERQUE
Historical General Obligation Bond Debt Service
As a Percent of Total General Fund Expenditures

Fiscal Year	Principal	Interest	Total Debt Service	Total General Fund Expenditures (Excluding G.O. Debt Service)⁽¹⁾	Debt Service as a % of Total General Fund Expenditures (Excluding G.O. Debt Service)
2008	\$74,625,000	\$9,205,374	\$83,830,374	\$481,785,495	17.4%
2009	65,028,000	9,634,353	74,662,353	451,379,000	16.5
2010	69,075,000	9,529,809	78,604,809	455,137,270	17.3
2011	48,530,000	9,591,425	58,121,415	446,038,625	13.0
2012	49,615,000	10,971,476	60,586,476	459,239,839	13.2
2013	53,220,000	12,019,306	65,241,306	425,551,556	15.3
2014	50,030,000	13,114,378	63,144,378	472,825,899	13.4
2015	43,470,000	13,941,134	57,411,139	489,970,855	11.7
2016	53,625,000	13,959,443	67,584,443	503,242,418	13.4
2017	47,463,000	16,150,297	63,613,297	513,960,907	12.4
2018	44,380,000	14,405,054	58,785,054	521,117,304	11.2
2019	51,355,000	15,258,678	66,613,678	579,930,516	11.5

(1) Includes transfers and other financing uses. Property taxes collected to pay debt service on outstanding general obligation bonds are accounted for in an internal fund other than the City's General Fund.

Sources: City of Albuquerque Comprehensive Annual Financial Reports.

Current Ratings of the General Obligation Bonds. The City's outstanding general obligation bonds are currently rated "Aa2" by Moody's Investors Service, Inc. ("Moody's"), "AAA" by Standard & Poor's Ratings Service ("S&P") and "AA+" by Fitch, Inc. ("Fitch").

State Gross Receipts Tax Obligations

Outstanding State Gross Receipts Tax Obligations. The City presently has outstanding the following series of special limited obligation bonds and loans secured by a pledge of revenues received by the City as a distribution from the State of the City's share of the State gross receipts tax as described in "FINANCIAL INFORMATION – Gross Receipts Taxes - State Gross Receipts Taxes."

CITY OF ALBUQUERQUE
Outstanding State Gross Receipts Tax Obligations
As of January 1, 2020

Issue	Principal Amt. of Original Issue	Outstanding Principal Amount
Taxable Gross Receipts Tax/Lodgers' Tax Refunding Revenue Bonds, Series 2004B ⁽¹⁾	\$28,915,000	\$25,190,000
Gross Receipts Tax/Lodgers' Tax Revenue Bonds, Series 2011A ⁽¹⁾	22,660,000	9,335,000
Gross Receipts Tax/Stadium Revenues Refunding Revenue Bonds, Taxable Series 2011B ⁽²⁾	11,650,000	6,090,000
Gross Receipts Tax Improvement Revenue Bonds, Series 2013	42,030,000	33,980,000
Gross Receipts Tax/Lodgers' Tax Refunding and Improvement Revenue Bonds, Series 2014A ⁽¹⁾	36,960,000	32,445,000
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 Improvement Revenue Bonds, Series 2017 (NCREB)	25,110,000	24,205,000
Gross Receipts Tax/Lodgers' Tax Refunding and Improvement Revenue Bonds, Series 2019A	33,830,000	33,830,000
Gross Receipts Tax Refunding Revenue Bonds, Series 2019B	8,745,000	<u>8,745,000</u>
Total		\$261,865,000

(1) These Bonds are also secured by Lodgers' Tax revenues.

(2) These Bonds are also secured by a pledge of lease payments due to the City from the lease of the baseball stadium and from surcharges imposed on ticket sales, concessions and other goods and services sold at the baseball stadium.

Stadium Lease Payments and Surcharge. On September 1, 2011, the City issued Gross Receipts Tax/Stadium Revenues Refunding Revenue Bonds, Taxable Series 2011B (the “Stadium Bonds”) in the amount of \$11,650,000. The Stadium Bonds have a lien on certain lease and surcharge revenues related to the City’s minor league baseball stadium and are payable through July 1, 2026. As of January 1, 2019, the Stadium Bonds are outstanding in the amount of \$7,565,000.

The pledged stadium lease revenues include all revenues derived by the City from the lease including (1) a base rent payment of \$700,000 per lease year, subject to rental adjustments as provided 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 baseball team’s gross revenues in excess of \$5,500,000 per lease year or \$437,500, whichever is less, and (4) any parking revenues and other revenues due to the City pursuant to the lease.

The pledged surcharge revenues are calculated as equal to ten percent of the total amount of money or the value of other consideration paid to a vendor at the minor league baseball stadium by a user for property or services related to the stadium or related to activities occurring at the stadium, whether occurring at the stadium or not, including tickets, parking, souvenirs, concessions, programs, advertising, merchandise, corporate suites or boxes, and broadcast revenues.

The stadium lease revenues and surcharge revenues collected by the City for the last five Fiscal Years 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

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

Combined Debt Service. The following schedule shows, for each calendar year, the total combined debt service estimated for all outstanding bonds of the City payable from State gross receipts tax revenues. See “FINANCIAL INFORMATION - Gross Receipts Taxes - State Gross Receipts Taxes.”

**Total Combined Debt Service
Outstanding State Gross Receipts Tax Obligations**

Calendar Year	Series 2004B	Series 2011A	Series 2011B	Series 2013	Series 2014A	Series 2015A&B	Series 2015C	Series 2016	Series 2016B	Series 2016C	Series 2019A	Series 2019B	Combined Debt Service Requirements
2020	\$1,816,904	\$1,338,813	\$1,025,148	\$2,998,513	\$1,574,313	\$4,430,558	\$231,599	\$1,233,985	\$814,630	\$1,419,000	\$2,088,545	\$4,306,243	\$23,278,251
2021	1,818,996	1,258,188	1,022,248	2,996,113	1,572,563	4,428,708	227,889	1,360,635	815,025	1,420,600	2,600,450	4,199,500	23,720,915
2022	1,809,741	1,199,388	1,026,848	2,996,313	1,570,663	2,929,430	229,251	1,483,085	810,075	1,421,450	2,551,700	761,250	18,789,194
2023	1,864,678	1,196,388	1,023,448	2,999,700	1,573,613	2,933,450	230,525	2,826,335	809,895	1,418,250	1,276,950	--	18,153,232
2024	1,820,302	1,196,838	1,022,766	2,995,500	1,576,263	2,929,088	226,743	1,532,3635	809,370	1,418,850	2,762,450	--	18,290,535
2025	1,891,735	1,196,388	1,019,516	2,998,750	1,576,063	2,928,588	227,896	1,573,135	813,500	1,419,100	2,898,750	--	18,543,421
2026	4,131,833	1,198,731	1,023,610	2,997,250	1,575,463	2,929,338	228,992	1,425,385	807,170	1,422,100	1,091,000	--	18,830,872
2027	4,220,896	1,198,631	--	2,996,000	1,574,463	2,931,088	--	1,481,235	815,610	1,422,600	1,234,000	--	17,874,523
2028	4,306,109	1,196,000	--	2,999,750	1,570,913	2,928,588	--	1,544,685	808,475	1,421,000	1,394,500	--	18,170,020
2029	4,396,918	--	--	2,998,000	1,571,850	2,928,538	--	1,599,460	811,110	1,417,800	1,551,250	--	17,274,926
2030	2,182,215	--	--	2,998,200	3,872,100	2,929,038	--	1,665,540	813,285	1,418,000	1,719,000	--	17,597,378
2031	403,866	--	--	2,999,988	5,747,275	2,929,638	--	1,722,260	--	1,421,400	1,895,200	--	17,119,627
2032	403,866	--	--	2,998,100	5,839,475	2,932,038	--	1,789,590	--	1,422,800	2,078,000	--	17,463,869
2033	403,866	--	--	2,998,100	5,935,075	2,931,038	--	1,856,815	--	1,422,200	2,266,800	--	17,813,894
2034	2,838,866	--	--	2,998,900	3,591,400	2,929,288	--	1,928,535	--	1,419,600	2,471,000	--	18,177,589
2035	268,967	--	--	1,759,500	6,253,800	2,932,038	--	2,004,150	--	--	2,684,600	--	15,903,055
2036	5,123,967	--	--	--	1,500,000	2,928,438	--	1,953,900	--	--	3,021,800	--	14,528,105
2037	--	--	--	--	6,687,200	2,930,438	--	2,060,455	--	--	3,257,200	--	14,935,293
2038	--	--	--	--	--	2,930,938	--	1,470,185	--	--	10,959,200	--	15,360,323
Total	\$39,703,725	\$10,979,365	\$7,163,584	\$46,728,677	\$55,162,492	\$58,670,266	\$1,602,895	\$32,511,735	\$8,928,145	\$21,304,750	\$49,802,395	\$9,266,993	\$341,825,022

Note: Columns may not add to totals due to rounding.

The State 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 Tax Obligations of the City as shown in the preceding table are \$23,720,915 (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 8.5x. The City can make no assurances that State-Shared Gross Receipts Tax Revenues in future years will maintain the Fiscal Year 2019 levels.

Current Ratings of State Gross Receipts Tax Bonds. The City’s outstanding state gross receipts tax bonds are currently rated “Aa2” by Moody’s, “AAA” by S&P, and “AA+” by Fitch.

2020 Debt Calculations for Tax-Supported Obligations

The following table summarizes (i) the total outstanding obligations of the City as of January 1, 2020 payable from General Fund tax revenues, (ii) the property tax debt of certain overlapping jurisdictions and (iii) the per capita debt resulting from such aggregate outstanding amounts as of such date.

**CITY OF ALBUQUERQUE
Debt Calculations for Tax-Supported Obligations
Outstanding as of January 1, 2020**

<u>GENERAL OBLIGATION DEBT</u> ⁽¹⁾	<u>Total Outstanding</u>	<u>Per Capita (Population of 560,218)</u>
Direct G.O. Debt	\$371,101,000	\$ 662
Overlapping Jurisdiction G.O. Debt	<u>771,576,920</u>	<u>1,377</u>
Total Direct and Overlapping G.O. Debt	<u>\$1,142,677,920</u>	<u>2,040</u>
SPECIAL TAX OBLIGATIONS		
State Gross Receipts/Lodgers’ Tax/Hospitality Fee/Stadium ⁽²⁾ Bonds	\$261,865,000	467
TOTAL OVERALL TAX-SUPPORTED OBLIGATIONS	<u>\$1,404,592,920</u>	<u>2,507</u>

(1) See table entitled “City of Albuquerque Direct and Overlapping General Obligation Debt as of January 1, 2020” under this caption.

(2) See table entitled “City of Albuquerque Outstanding State Gross Receipts Tax Obligations as of January 1, 2020” under this caption.

Enterprise Obligations

Airport Revenue Bonds

Outstanding Airport Revenue Bonds. The City presently has outstanding the following special limited obligations secured by net revenues of the Albuquerque International Sunport and Double Eagle II Airport. See “ENTERPRISE OPERATIONS - Albuquerque Airport.”

CITY OF ALBUQUERQUE Outstanding Airport Revenue Bonds as of January 1, 2020

Issue	Project Financed	Principal Amount of Original Issue	Outstanding Principal Amount	Reserve Fund Balances	Optional Redemption Provisions⁽¹⁾
Airport Refunding Revenue Bonds, Series 2008C ⁽²⁾	Refunding	\$21,290,000	\$480,000	FSA surety	7/1/18 @ 100% (Series C Bonds)
Airport Refunding Revenue Note, Series 2014A (AMT)	Refunding	16,795,000	<u>8,010,000</u>	N/A	4/1/21 @ 100%
Total Airport Revenue Bonds/Notes			<u>\$8,490,000</u>		

(1) These bonds are also subject to mandatory redemption at par on the dates and under certain circumstances relating to damage to or destruction of the Airport or condemnation of all or a part of the Airport as described in the bond documents relating to such bonds.

(2) Financial Security Assurance Inc. (now known as Assured Guaranty Municipal Corp.) has provided its bond insurance policy in connection with these bonds. See “Credit Enhancement” under this caption.

Combined Debt Service. The following schedule shows, for each fiscal year, the estimated total combined debt service payable for the outstanding Airport revenue bonds of the City as of January 1, 2020.

Total Combined Outstanding Debt Service of Airport Obligations⁽¹⁾

Fiscal Year	Series 2008C Bonds	Series 2014A Note	Total Senior Parity Obligations
2020	\$521,106	\$1,930,360	\$2,451,466
2021	490,500	1,846,680	2,337,180
2022	-	1,773,910	1,773,910
2023	-	1,706,855	1,706,855
2024	-	1,635,515	1,635,515
2025	-	1,560,020	1,560,020
Total	\$1,011,606	\$10,453,340	\$11,464,946

(1) Columns may not add to totals due to rounding.

In the ordinances pursuant to which the City’s Airport Obligations have been issued, the City has agreed to charge all users of the Airport reasonable rates sufficient to produce Net Revenues (as adjusted in accordance with the authorizing ordinances) annually to cover 120% of the debt service requirements on all outstanding Senior Parity Obligations (“Test No. 1”) and 110% of the debt service requirements on all Outstanding Airport Obligations (“Test No. 2”). The Revenues of the Airport for Fiscal Year 2019 were \$68,633,044. The maximum calendar year combined debt service requirements for all outstanding Senior Parity Obligations are \$2,419,260 (occurring in calendar year 2020). With respect to Test No. 1, the coverage ratio of the Net Revenues for the Airport for Fiscal Year 2019 (\$21,491,344) to such maximum estimated calendar year debt service requirements is 3.88x. The maximum calendar year combined debt service requirements for all Outstanding Airport Obligations is \$2,419,260 (occurring in calendar year 2020). With respect to Test No. 2, the coverage ratio of the Net Revenues of the Airport for Fiscal Year 2019, plus investment income from debt service funds (which is not included in Test No. 1) (\$21,741,878) to such maximum estimated calendar year debt service requirements is 3.93x.

Historical Debt Service Coverage. The following table sets forth historical debt service coverage for both Senior Parity Obligations and Subordinate Parity Obligations for the fiscal years shown.

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Airport Revenues ⁽¹⁾	\$56,693	\$57,027	\$54,494	\$59,252	\$57,811
Less:					
Operation and Maintenance Expenses	\$30,495	\$29,670	\$30,802	\$32,503	\$36,320
Net Airport Revenues	\$26,198	\$27,357	\$23,692	\$26,749	\$21,491
Coverage Test One					
Senior Lien Debt Service Requirements	\$13,085	\$11,747	\$11,555	\$8,101	\$8,108
Test One debt coverage ratio (1.2x)	2.00	2.33	2.05	3.30	2.65
Coverage Test Two					
Interest income from Debt Service Funds	\$95	\$154	\$188	\$233	\$250
Net Airport Revenues plus interest income	\$26,293	\$27,511	\$23,880	\$26,982	\$21,741
Total Debt Service Requirements	\$15,297	\$13,920	\$13,683	\$10,222	\$9,944
Test Two debt service coverage ratio (1.1x) ⁽²⁾	1.72	1.98	1.75	2.64	2.19

(1) Dollars in thousands.

(2) The numbers herein, calculated consistent with requirements under applicable debt instruments for the City's Airport Obligations, vary from the unaudited statistical information reported in tables appended to the City's Comprehensive Annual Financial Report ("CAFR") for prior fiscal years which was calculated pursuant to other accounting practices.

Source: City of Albuquerque.

Current Ratings of the Airport Revenue Bonds. Certain of the City's outstanding Airport obligations are credit enhanced. However, in certain circumstances the underlying ratings on the respective bonds are currently higher than the current ratings for the respective bond insurers and, therefore, the underlying ratings, and not the credit-enhanced ratings, should be considered the ratings on the Airport obligations. In those instances, the underlying ratings are applicable. See "Credit Enhancement" under this caption. The following underlying ratings have been assigned to the Senior Parity Obligations: "A1" by Moody's, "A+" by S&P and "A+" by Fitch.

Refuse Removal and Disposal System Revenues Bonds

Outstanding Refuse System Revenue Bonds. As of January 1, 2020, the City has no outstanding special limited obligations secured by net revenues of the City's refuse removal and disposal system.

Housing Obligations

Multifamily Revenue Bonds

On April 21, 2016, the City issued its Gross Receipts Tax Refunding Revenue Note (Beach, Bluewater and Manzano Vista Projects) Series 2016B (the “Series 2016B Note”) in the original principal amount of \$8,430,000. The Series 2016B Note consists of a single note maturing in 2030.

The Series 2016B Note is secured by a lien on, and payable from, State gross receipts tax revenues and the net revenues of the Beach Apartments Project, the Manzano Vista Apartments Project and the Bluewater Village Apartments Project and certain funds and accounts created under the ordinance authorizing issuance of the Series 2016B Note. See “OTHER PROJECTS OF THE CITY - Housing Projects.”

A Project Revenue Stabilization Fund was established which, as of February 20, 2020, had a balance of \$501,279.72. Also in connection with the refunding, a Repair and Replacement Fund was established for the benefit of the three projects which, as of February 20, 2020, had a balance of \$501,279.61.

Fire Protection Fund

In 2010, the City entered into a loan agreement (the “2010 Fire Protection Loan”) with the New Mexico Finance Authority (the “Finance Authority”) evidencing a special, limited obligation of the City in the original principal amount of \$1,441,625 for the purpose of designing, constructing, equipping and furnishing of Fire Station No. 7 within the City. In 2019, the City entered into another loan agreement (the “2019 Fire Protection Loan”) with the Finance Authority evidencing a special limited obligation of the City in the original principal amount of \$2,740,000 for the purpose of acquiring, renovating, equipping and furnishing a fleet maintenance facility. The loans are payable from fire protection fund revenues distributed to the City. Annual revenue from the fire protection fund is approximately \$1,600,000 and the combined annual debt service on the two loans is approximately \$277,909. Pursuant to an intercept agreement with the Finance Authority, funds are collected at the beginning of each fiscal year to facilitate the annual payment.

As of January 1, 2020, the two loans were outstanding in the aggregate amount of \$3,701,483. The 2019 Fire Protection Loan matures in 2031. The 2010 Fire Protection Loan matures in 2040.

Credit Enhancement

The following table sets forth certain information concerning the providers of credit enhancement (including municipal bond insurance and letters of credit) supporting outstanding obligations of the City. Certain City bonds with municipal bond insurance have underlying ratings which are higher than the ratings of the respective municipal bond insurer. In those instances, the underlying rating on the bonds is applicable rather than the credit-enhanced ratings. The City makes no representation as to the financial status of or otherwise about any of such credit providers; investors should contact the respective provider for any such information.

CITY OF ALBUQUERQUE Credit Enhancement Supporting Outstanding Obligations of the City

Name of Credit Provider	Outstanding Aggregate Principal Amount of Obligations Supported	Present Ratings of Credit Provider ⁽¹⁾	Credit Enhanced Obligations
Assured Guaranty Municipal Corp. (formerly Financial Security Assurance)	\$970,000	S & P: AA (stable) Moody's: A1 (stable)	Airport Refunding Revenue Bonds, Series 2008C ⁽²⁾

(1) To the City's knowledge as of March 1, 2019.

(2) Denotes bonds which have underlying ratings higher than the current ratings from both S&P and Moody's, for the respective municipal bond insurer.

ECONOMIC AND DEMOGRAPHIC INFORMATION

The statistics and other information set forth below have been obtained from the referenced sources. The City has assumed that the information obtained from sources other than the City is accurate without independently verifying it. Historical figures provided under this caption have not been adjusted to reflect economic trends such as inflation. The following information, to the extent obtained from sources other than the City, is not to be relied upon as a representation or guarantee of the City.

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.

Percent of Population By Age Group			
Age	City	State	United States
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

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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 is still about 2,000 jobs short of its pre-recession peak in Fiscal Year 2008. Albuquerque is expected to finally surpass the Fiscal Year 2008 pre-recession peak of 382,000 jobs in Fiscal Year 2020, at approximately 386,000 jobs.

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 2018.

MAJOR EMPLOYERS IN THE ALBUQUERQUE AREA⁽¹⁾
By Number of Employees – 2018

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 nonagricultural wage and salary employment for the Albuquerque MSA during the past ten years.

ESTIMATED NONAGRICULTURAL WAGE AND SALARY EMPLOYMENT FOR THE ALBUQUERQUE MSA
FISCAL YEARS 2010-2019
(Thousands)

	<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>ABO</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

Source: 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 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. In Fiscal Year 2019, Albuquerque was approximately 2,000 thousand jobs below its pre-recession high and is expected to exceed the pre-recession high in 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. Fiscal Year 2020 growth is expected to grow at 1.6%, appearing more diffused than in the past, with nearly every sector experiencing some gains.

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%. Continued modest growth is expected in both subsectors, assisted by activity at a new Netflix production hub as well as operations by other film production companies. The sector currently comprises 11.7% of total non-agricultural employment. Gross Receipts tax revenues for this sector has increased in every fiscal year since 2014 making it one of the largest contributors to the growth in gross receipts tax.

Lodging accounts 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 have 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. The sector now accounts 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 \$3.68 billion in 2019. Job expansion at Sandia National Laboratories is expected to keep growth in this sector robust. In May 2019, the Lab announced plans to hire an additional 1,900 employees, with 1,100 being new positions. 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 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 is expected to continue to see modest growth in the near term, with permit values well over Fiscal Year 2019 for the first 5 months of Fiscal Year 2020.

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).

FINANCIAL INFORMATION

General

The City is a home rule charter municipality. No tax imposed by the governing body of a charter municipality, unless authorized by general law, becomes effective until approved at an election of its voters. Taxes authorized by general law that may be imposed without an election include a property tax for general purposes (up to a maximum of 7.65 mills), which is set by the State Department of Finance and Administration, and certain local-option gross receipts taxes, except that an election to impose certain local-option gross receipts taxes must be called if required by statute or if the governing body provides in the ordinance that the tax shall not be effective until approved at an election or upon the filing of a petition meeting certain requirements requesting that an election be held. The City does not have the power to impose a tax on income.

The general policy of the City is to charge for services where those who benefit from the services are easily identified and charged according to their use and benefit. Thus, refuse, golf and airport services are intended to be self-supporting. Permits and inspection fees are established in relation to the cost of providing control and inspection and as permitted by law. Other fees, including admission fees to the zoo, fees charged participants in adult sports programs, rider charges for transit

services, charges for municipal parking facilities, and fees charged for filing of plats and subdivisions, help offset some of the costs of providing these services.

Budget Process – Operating Funds

The City operates on a Fiscal Year basis, from July 1 through June 30. Pursuant to the City Charter, the Mayor, in consultation with the Council, formulates the City's operating budget and submits it to the Council on or before April 1 of each year. Budget data is prepared on the modified accrual basis, consistent with the City's basis of accounting. Governmental funds, expendable trust funds, and agency funds use the modified accrual basis of accounting, while enterprise and nonexpendable trust funds are on an accrual basis. Transactions are recorded in individual funds and each is treated as a separate entity. The Council is required to hold at least three public hearings and must adopt an operating budget within 60 days after it is proposed by the Mayor or the Mayor's proposed budget is deemed adopted. The annual City operating budget determines departmental appropriations by program. Expenditures may not legally exceed appropriations. The financial officers and staff of each department are responsible for monitoring and controlling the expenditures of their departments to ensure that budgeted appropriations for their departments are not exceeded. The City's Office of Management and Budget monitors expenditures and revenues quarterly. Budget amendments during or after the end of the Fiscal Year require approval of the Mayor and the Council, except that the Mayor has authority to adjust program budgets up to 5% or \$100,000, whichever is less, provided that no such adjustment shall result in a change in the total expenditures authorized in the budget for City government as a whole.

Budget Process – Estimates, Forecasting and Revision of Revenue Projections

In May or June of each year the Council adopts a budget for the upcoming Fiscal Year (beginning July 1). The City prepares revenue forecasts for five-year periods (referred to as the "Five-Year Forecast") each December and updates the budget year forecast prior to introduction of the Mayor's proposed general fund budget. All revenue forecasts are prepared by the City Office of Management and Budget. These forecasts make certain adjustments to revenue forecasts in the current budget based on events occurring since the preparation of the budget and provide a starting point for preparation of the next year's budget. The Forecast Advisory Committee, comprised of economists and others from City government, the University of New Mexico, State government and the private sector, reviews forecasts and makes recommendations. After incorporating any recommendations of the Advisory Committee, the Five-Year Forecast is presented to the Council. In response to changing conditions and revenue forecasts, the City may amend the budget at any time during the year.

Budget Process - Capital Funds

The budget amounts of the capital project funds and certain special revenue funds are individual project budgets authorized by the Council for the entire length of the project which is not necessarily the same as the Fiscal Year of the City. Pursuant to City ordinance, the Mayor develops a capital implementation program ("CIP") which consists of a ten-year plan of capital expenditures, including a more detailed two-year CIP budget, and submits it to the Council by January 23 of each odd-numbered year. See "Capital Implementation Program" below. The Council is required to hold at least one public hearing and must approve the budget as proposed or amend it within 60 days after the submission date. The Mayor may change the amount designated for a specific capital project in a CIP

budget without Council approval, if the total change does not exceed 20% of the original amount designated for the project.

The General Fund

The General Fund is the City's primary operating fund and is used to account for the general operations of the City and for all financial resources, except those required to be accounted for in another fund. As a matter of fiscal prudence, the City has created by policy a one-twelfth General Fund operating reserve to protect the City from shortfalls in revenue and unanticipated fiscal emergencies. Set forth below are discussions of General Fund revenues in Fiscal Year 2019, the approved Fiscal Year 2020 budget and Five-Year-Forecast.

Fiscal Year 2019 Approved Budget, Revised Estimates and Actual (Revenues)

This section describes the Fiscal Year 2019 approved budget for revenues and the actual audited revenues.

The approved Fiscal Year 2019 budget for revenues was \$582.6 million, an increase of \$58.5 million or 11.2% above actual revenues for Fiscal Year 2018. The actual revenues for Fiscal Year 2019 were \$580.5 million, \$56.3 million above the Fiscal Year 2018 actual, mostly due to a shortfall in projected charges for services and franchise fees. Strengths in Fiscal Year 2019 were in property taxes and state-shared taxes. Actual recurring revenues were \$640 thousand below the original budget that included an additional \$4.5 million in non-recurring revenue.

Gross Receipts Taxes. Gross receipts tax revenues for the final approved Fiscal Year 2019 budget were expected to increase 14.5% over Fiscal Year 2018 actual revenue. The increase was based on expected economic growth and a new 3/8ths Hold Harmless tax, projected to generate an additional \$50 million for 11 months in Fiscal Year 2019. However, revenue was also tempered somewhat by a fourth year of reductions in the food and medical hold harmless distributions, estimated at \$1 million for Fiscal Year 2019. Fiscal Year 2019 actual recurring gross receipt taxes was 15.6% above the actual Fiscal Year 2018 level. It is estimated that \$3 million of this is one-time revenue; of this, \$1 million is associated with food hold harmless distributions and \$1.9 million is due to other miscellaneous revenues. Recurring growth in Fiscal Year 2019 was 0.1% below the original budget.

Property Tax Revenues. Fiscal Year 2019 revenues were expected to increase 1.9% over the Fiscal Year 2018 actual revenues due to an increase in the final assessed value of properties from the Bernalillo County Treasurer. Yield control was limited in Fiscal Year 2019 due to a higher level of inflation. Actual revenues were \$3.2 million above Fiscal Year 2018.

Franchise revenues in Fiscal Year 2019 were expected to decrease 4.0% over the Fiscal Year 2018 actual due to modest growth and a \$452 thousand one-time revenue increase in other telecommunications from the build out of a system to provide Albuquerque Public Schools with high speed internet access. However, actual revenues for the franchises were \$1.2 million below the budget, largely due to continued low fuel costs and a renegotiated coal contract. The Cable TV, telephone, telecommunications and water franchise revenues were all below estimates.

Licenses and Permits. Total licenses and permits were expected to grow 4.1% above Fiscal Year 2018 actual, continuing relatively strong growth. Actual licenses and permit revenues increased

3.7%, or 627.4 thousand above the final Fiscal Year 2019 budget, or 8% above Fiscal Year 2018 actual revenue.

Charges for Services. Charges for services were expected to increase 10.7% in Fiscal Year 2019 over Fiscal Year 2018 actual revenue. Fiscal Year 2019 actual revenue decreased \$7.3 million, or 12.9%, below the Fiscal Year 2019 estimate, largely due to some departmental revenue not meeting expectations, such as construction or exhibit delays at the Albuquerque BioPark.

Other Transfers. Transfers from other funds decreased by \$419 thousand from the Fiscal Year 2018 actual level despite including one-time transfers from the Lodgers' Tax Fund and Hospitality Fund of \$ \$609 thousand and \$335 thousand, respectively, for the National Senior Games held in Albuquerque in October 2019.

Fiscal Year 2020 Approved Budget (Revenues)

This section describes the projected Fiscal Year 2020 revenues for the budget that was approved in May of 2019. Fiscal Year 2020 revenues are estimated to be \$33.6 million or 5.8% above the Fiscal Year 2019 actual. Contributing to the large increase is \$5 million in Internet sales revenue the State of New Mexico began sharing with the City beginning in Fiscal Year 2020. This budget also includes \$1.3 million in one-time revenue due to the next increased reduction in the hold harmless distributions in Fiscal Year 2020. The gross receipts tax base is expected to increase 3.5%, limited by the reduction in the hold harmless distributions.

Gross Receipts Taxes. Gross receipt tax revenues in Fiscal Year 2020 were expected to increase by 5.1% net of reductions in hold harmless distributions. The 3/8th hold harmless tax increment, effective July 1, 2018, is estimated to add an additional \$57.9 million in Fiscal Year 2020. In Fiscal Year 2020, deductions for the Tax Increment Development Districts are expected to be largely postponed into the future, with the first reduction taking place in Fiscal Year 2021.

Property Tax Revenues. Fiscal Year 2020 property tax revenues are expected to increase 1.9% over the Fiscal Year 2019 actual revenues. Yield control is limited in Fiscal Year 2020 due to a higher level of inflation, which should also make yield control less of an issue going forward.

Licenses and Permits. Licenses and permits are expected to grow 9% above the Fiscal Year 2019 actual revenues, likely exceeding the modest growth in Fiscal Year 2019, due in part to improving commercial construction.

Charges for Services. The Fiscal Year 2020 approved budget increases charges for services \$13.2 million, or 26.9%, above actual revenues for Fiscal Year 2019. However, despite modest growth expected in Fiscal Year 2020, revenues may be revised downward somewhat due to some shortfalls in Fiscal Year 2019.

Other Transfers. Transfers for Fiscal Year 2020 include the reduction of one-time transfers from the Lodgers' Tax Fund and Hospitality Tax Fund totaling \$944 thousand for the National Senior Games held in Albuquerque in October 2019.

Fiscal Year 2020 Original Approved Budget (Expenditures)

The original approved General Fund expenditures budget for Fiscal Year 2020 is \$641.6 million which reflects a 8.2% increase over the revised Fiscal Year 2019 budget of \$593.2million. The increase is primarily due to a revenue recognition policy change. In compliance with GASB 33, beginning July 1, 2019, the City changed its revenue recognition policy and considers 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 days. This change aligns the City with the policy used by the majority of other governments within and outside of the State of New Mexico. Consequently, in fiscal year 2020 the City recognized 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 in neither Fiscal Year 2019 nor in Fiscal Year 2020, they will be shown as a restatement to fund balance in Fiscal Year 2020.

Audited actual Fiscal Year 2019 revenue decreased \$2.2 million, or 0.4% lower, than expected, much of which was reduced transfers for positions funded by the City's Capital Improvement Fund, charges for services and franchise revenue not meeting expectations. Additionally, there was a shortage of food hold harmless revenue at the end of Fiscal Year 2019 that was subsequently made up in the first part of Fiscal Year 2020.

Significant non-recurring appropriations of \$29.1 million include \$6 million for vehicle replacement, \$4.6 million for various special events administered by Cultural Services and social service contracts administered by Family and Community Services, \$2 million for pedestrian safety and street light enhancements administered by Municipal Development, \$1.7 million for the National Senior Games administered by Senior Affairs, and \$1.8 million for additional park security administered by Parks and Recreation.

Notable recurring cost increases for Fiscal Year 2020 include over \$6 million (Applicable General Fund and General Fund subsidized amount) for a minimum of a 2% compensation adjustment for all City employees, \$3.3 million in Albuquerque Police Department funding for new sworn officer positions, Crisis Outreach and Support Team specialists, crisis intervention training, police service aids, Real-Time Crime Center staffing, and a wage adjustment for prisoner transport officers. Funding of \$1.5 million is included in Albuquerque Fire Rescue for new positions, the Abatement and Dilapidated Abandoned Property Team programs, Office of Emergency Management grants, and fleet management division. Nearly \$1 million in new money is included in Family & Community Services, Cultural Services, Senior Affairs, and Parks & Recreation for One Albuquerque Youth connect programs aimed at keeping school-aged kids occupied in sports, activities, and clubs during non-school hours.

The Fiscal Year 2020 budget includes various CIP-coming-on-line funding including Palo Duro Fitness and Aerobics rooms, North Domingo Baca gym, information systems, and the Penguin exhibit at the BioPark.

AGGREGATE COMPARISON OF GENERAL FUND RECURRING/NON-RECURRING
in (\$000's)

(\$000's)	Original Budget FY/19	Estimated Actual FY/19	Change Original FY/19 & Est. FY/19	% Change Est. FY/19 to Original FY/19	Approved Budget FY/20	% Change Original FY/19 & Appvd. FY/20	% Change Est. FY/19 & Appvd. FY/20
Revenue:							
Recurring	\$578,132	\$582,513	\$4,381	0.76%	\$612,709	5.98%	5.18%
Non-recurring	<u>4,466</u>	<u>3,859</u>	<u>(607)</u>	<u>(13.59)</u>	<u>1,332</u>	<u>(70.17)</u>	<u>(65.48)</u>
TOTAL	\$582,598	\$586,372	\$3,774	0.65%	\$614,041	5.40%	4.72%
Appropriations:							
Recurring	\$567,498	\$573,641	\$6,143	1.08%	\$612,486	7.93%	6.77%
Non-recurring	<u>9,221</u>	<u>20,212</u>	<u>10,991</u>	<u>119.20</u>	<u>29,070</u>	<u>215.26</u>	<u>43.83</u>
TOTAL	\$576,719	\$593,853	\$17,134	2.97%	\$641,556	11.24%	8.03%
Less: recurring held in reserve					(217)		
Recurring Balance					\$6		

Five-Year Forecast Fiscal Year 2020

The Five-Year Forecast was submitted to City Council in February 2020. It provides a re-estimate of Fiscal Year 2020 data, including updates based on the most recent information available. Revenues for Fiscal Year 2020 are estimated at \$627.1 million or \$13 million above the Fiscal Year 2020 approved budget. In Fiscal Year 2020 base growth is expected to increase 3.5% net of fluctuations in food and medical hold harmless revenue and other items. The increased revenues result largely from a slight adjustment of \$1.5 million in expected Internet sales revenue from the State, a \$6.8 million one-time distribution of food hold harmless payments, and an accounting change requiring the City to recognize \$5.4 million in GRT revenues and expenses for Taxation and Revenue Department administrative fees. Expected revenue from the 3/8ths tax was reduced downward slightly based on Fiscal Year 2019 actual revenues.

In the first six months of Fiscal Year 2020 gross receipts tax receipts, as measured by the 1% distribution, were 8.4% above the same period in Fiscal Year 2019. The monthly year-over-year growth has varied between a 22% decrease and a 3.4% increase. The significant increase is in part due to a one-time \$6.8 million lump sum distribution of food hold harmless payments resulting from amended tax returns spanning several years, although base growth has been at or above the projected 3.5% growth rate. Construction GRT and building permit growth have also exceeded expectations for the first six months of the fiscal year.

The revised expenses for Fiscal Year 2019 are \$579.9 million or \$13.2 million below the approved budget. Encumbrances of \$4.9 million for Fiscal Year 2019 include \$1.3 million to Parks & Recreation for vehicle purchases and operational obligations, \$1.6 million to the Albuquerque Police Department for operational obligations, and approximately \$400 thousand to Family & Community Services for substance use treatment and mobile crisis team activities.

City's February 2018 Budget Deficit Report

In December 2017, Mayor Tim Keller created an initiative that directed members of his administration to work with financial experts in the City to address the structural deficit projected in the Five-Year Forecast and various other anticipated financial issues. An initial report on the results of the initiative was released in February 2018 (the "February 2018 Budget Deficit Report"). In particular, the 2018 Budget Deficit Report identified (1) a \$25 million structural deficit over the five-year period resulting from slow economic growth, loss of hold-harmless tax revenues and the trend toward on-line purchasing; (2) a \$15 million increase in recurring costs attributable to costs of medical insurance, water costs, additional contributions to risk management fund and compliance with a settlement agreement; (3) an \$88 million increase over the five-year period in additional costs which would be necessary if the City adds 100 new police officers per year; (4) a \$21 million increase in one-time and short-term costs to address the equipment and technological needs of the City's first responders; and (5) a \$5.2 million recurring increase in costs if the City decides to improve public safety through advances in technology and initiatives that address the systemic pressures on first responders.

On March 5, 2018, the City Council approved an ordinance imposing a 0.375% gross receipts tax increase and directed that at least 60% of the proceeds of such increase be used for public safety purposes during Fiscal Years 2019 and 2020. The increase became effective July 1, 2018. The starting base for Fiscal Year 2020 is now higher, with the economy showing strength and Gross Receipts Tax distributions in the first two quarters of Fiscal Year 2020 continuing to improve. The Gross Receipts Tax base is forecasted to increase 3.5% in Fiscal Year 2020, not including the new 0.375% tax and other changes. The new 3/8th hold harmless tax increase added \$50 million in additional revenue in Fiscal Year 2019 for 11 months of receipts and is projected to contribute \$56.4 million in Fiscal Year 2020, slightly below the \$57.9 million projected in the final approved Fiscal Year 2020 budget.

General Fund Balances

The following table shows actual revenues, expenditures and fund balances for the General Fund in Fiscal Years 2015-2019 and the approved budget for Fiscal Year 2020.

	Actual 2015	Actual 2016	Actual 2017	Actual 2018	Actual 2019	Approved Budget 2020
REVENUES						
Taxes:						
Property Tax	\$79,233	\$81,246	\$81,798	\$83,268	\$86,508	\$87,895
Gross Receipts Tax	125,628	127,451	128,664	134,477	185,312	199,666
Other Taxes	19,397	17,541	19,857	18,429	18,503	18,876
Water Authority PILOT/ Franchise	7,065	7,338	7,576	7,983	7,766	8,303
Payment in lieu of taxes	1,847	1,885	1,973	1,905	59	2,212
Total Taxes	233,170	235,461	239,868	246,062	298,148	316,952
Licenses & Permits	11,307	11,899	13,049	11,544	12,468	13,593
Intergovernmental Revenue:						
State and Federal Grants	--	--	--	--	--	--
State-Shared Revenue:						
Gross Receipts Tax	190,912	192,660	195,792	203,772	203,810	208,875
Other State-Shared	4,062	4,461	4,620	4,471	6,090	4,560
County	264	278	267	282	670	670
Total Intergovernmental Revenue	195,238	197,399	200,679	208,525	210,570	214,105
Charges for Services	45,848	47,348	49,969	50,906	49,090	62,314
Miscellaneous	1,648	3,991	3,926	3,438	5,030	4,728
Other Transfers	2,624	3,790	3,689	3,678	5,150	2,349
TOTAL REVENUES	489,835	499,888	511,180	524,153	580,457	614,041
Beginning Fund Balance	63,444	63,309	59,953	57,171	54,637	80,843
TOTAL RESOURCES	553,279	563,197	571,133	581,324	635,094	694,884
EXPENDITURES						
General government	66,072	69,495	67,051	59,963	65,124	79,192
Public safety	229,495	232,902	243,384	251,072	275,006	299,245
Cultural and recreation	70,082	72,350	73,991	76,858	79,307	78,725
Municipal Development (Public Works and Streets)	29,477	28,919	30,020	37,536	39,775	45,786
Health	16,340	17,732	17,487	16,761	18,523	15,955
Human services	31,397	32,438	34,383	37,304	38,728	58,544
Other transfers out	47,108	49,408	47,646	47,192	63,468	64,109
TOTAL EXPENDITURES	489,971	503,244	513,962	526,686	579,931	641,556
ENDING FUND BALANCE	63,308	59,953	57,171	54,637	55,163	53,328
TOTAL ADJUSTMENTS	(3,470)	(4,142)	(1,827)	(2,446)	(5,558)	845
Reserves	42,842	43,881	45,303	44,654	48,436	53,680
AVAILABLE FUND BALANCE	16,996	11,930	10,041	7,537	1,169	494
Ending fund balance as percent of total expenditure	12.9%	11.9%	11.1%	10.4%	9.5%	8.3%
Recurring revenues	484,920	496,160	506,601	528,119	577,492	612,709
Recurring expenditures	465,657	486,388	495,222	511,467	559,718	612,486

Sources: City of Albuquerque Comprehensive Annual Financial Reports; City of Albuquerque, Department of Finance and Administrative Services.

Revenues

Intergovernmental Revenues

The principal source of intergovernmental revenues to the City's General Fund is the distribution made by the State to the City from the State Gross Receipts Tax. The State Gross Receipts Tax distribution to a municipality equals 1.225% of the gross receipts collected in that municipality, including a hold-harmless distribution from the State to the City related to deductions for certain medical and food purchases. In addition to the 1.225% gross receipts tax distribution, intergovernmental revenues include distributions of gasoline tax revenues, motor vehicle fees, and a municipal share of the State compensating tax.

Municipally Determined Revenues

The City's primary revenue sources, other than intergovernmental revenues, include, in order of magnitude, the municipal (local option) gross receipts tax, the real property tax and charges for services.

Local Option Gross Receipts Taxes. The City has authority under the Municipal Local Option Gross Receipts Taxes Act (Sections 7-19D-1, et seq. NMSA 1978, as amended) to impose up to 2.50% municipal gross receipts tax on the gross receipts of any person engaging in business in the City. The municipal gross receipts tax imposed by the City on January 1, 2020 is 1.5625%.

Real Property Tax. The City is authorized to impose a maximum levy of 7.650 mills for City operations. In Fiscal Year 2020, 6.313 mills were imposed on residential property and 6.544 mills were imposed on commercial property. These revenues are subject to yield control. See "Property Taxes" below.

Charges for Services. Many services provided by the City's General Fund agencies are provided to the public or other governmental entities on a fee basis. Services for which fees are charged include engineering services, patching and paving, filings of plats and subdivisions, photocopying, sales of maps and publications, bio-park, museums, swimming pools, meals and other activities at senior centers, animal control and zoo admissions. The City also has a cost allocation plan which is used as a basis for assessing indirect overhead charges on non-General Fund agencies and on capital expenditures.

Property Taxes

Generally

The State Constitution limits the rate of real property taxes which all taxing jurisdictions can levy for operations to a maximum of 20 mills (\$20.00 per \$1,000 of assessed valuation). Beginning in Fiscal Year 1987, the maximum levy for City operations (the "operational levy") has been 7.650 mills. The operational levy is subject to yield control. The yield control provisions of Section 7-37-7.1 NMSA 1978, as amended, require that the Local Government Division of the New Mexico Department of Finance and Administration annually adjust operational mill levies subject to yield control after the reassessment of property to prevent

revenues on locally assessed residential and non-residential properties from increasing by more than the sum of 5% for inflation plus the growth in the tax base due to new value. In cases in which a rate is set for a governmental unit that is imposing a newly authorized rate pursuant to Section 7-37-7 NMSA 1978, the rate must be at a level that will produce in the first year of imposition revenues no greater than that which would have been produced if the valuation of property subject to the imposition had been the valuation in the Tax Year in which the increased rate was authorized by the taxing district. **The yield control provisions do not apply to the property tax levy imposed to pay debt service on outstanding general obligation debt.**

A 1998 amendment to the State Constitution allows the State Legislature to enact legislation providing for the assessment of residential properties at levels different than the current estimated market value of a home on the basis of age of the owner, income, or home ownership. Section 7-36-21.2 NMSA 1978, as amended, limits increases in the value of residential property for taxation purposes beginning with the Tax Year 2001 (“Statutory Valuation Cap”). The section provides that, with respect to properties within a county assessing properties in the aggregate at or greater than 85% of their market value, a property’s new valuation shall not exceed 103% of the previous year’s valuation or 106.1% of the valuation two years prior to the Tax Year in which the property is being valued. This does not apply to residential properties in their first year of valuation, physical improvements made to the property or instances where the owner or the zoning of the property has changed in the year prior to the Tax Year for which the value of the property is being determined. The constitutionality of the Statutory Valuation Cap has been challenged in a number of venues. On March 28, 2012, the New Mexico Court of Appeals upheld the Statutory Valuation Cap and its application under Section 7-36-21.2 NMSA 1978. The New Mexico Supreme Court affirmed this decision on June 30, 2014. To the extent that judicial or legislative action is taken or a further constitutional amendment is passed amending the valuation provisions, it could have a material impact on the valuation of residential property.

Rates

The total rates for City property taxes in effect for Tax Year 2019 (Fiscal Year 2020) are 11.289 mills for residential and 11.520 mills for commercial property.

Purpose of Property Tax	Total Taxing Authority	Levy Imposed	Unused Authority
Operations:			
Residential	7.650 mills	6.313 mills	1.106 mills
Commercial		6.544 mills	1.106 mills
Debt Service: ⁽¹⁾			
Residential	12.000 mills ⁽²⁾	4.976 mills	7.024 mills
Commercial		4.976 mills	7.024 mills

(1) Debt service levy is a function of assessed value and bonds outstanding authorized in City general elections every two years.
(2) The City is authorized to contract debt, after an election, and is required to levy a tax, not exceeding 12 mills on the dollar, for payment of the debt from such election. The 12 mill limitation is applicable at the time of bond issuance and prohibits issuance of a general obligation bond if the anticipated mill levy necessary to satisfy debt service is greater than 12 mills. An existing general obligation can require imposition of the mill levy in excess of 12 mills if so required to meet debt service obligations.

Source: City of Albuquerque, Office of City Treasurer.

State law mandated a statewide reassessment of properties in 1986 (Fiscal Year 1987), when 1980 market values became the basis for determining assessed valuation. Subsequent statewide reassessments were conducted in 1990 and odd numbered years thereafter each of which brought valuations in line with the market value of two years prior to such reassessment. It is anticipated that the State, through County Assessor offices, will continue the policy of biennial reassessments to maintain valuation at current and correct value, as required by statute.

Limits Regarding General Obligation Indebtedness

The State Constitution is limited to 4% of the assessed value of taxable property within the City (excepting the construction or purchase of a water or sewer system with general obligation indebtedness, which has no limit). Schools are limited to 6% of the assessed valuation and counties are limited to 4% of the assessed valuation.

**CITY OF ALBUQUERQUE
Summary of Outstanding Obligations
as of January 1, 2020**

	<u>CURRENTLY OUTSTANDING</u>
GENERAL OBLIGATION BONDS:	
General Purpose G.O. Bonds (Subject to 4% debt limitation)	\$329,143,000
Storm Sewer G.O. Bonds (Secured by Ad Valorem taxes)	<u>41,958,000</u>
TOTAL GENERAL OBLIGATION BONDS	<u>\$371,101,000</u>
REVENUE BONDS:	
State Shared GRT/Lodgers/Hospitality/Stadium	261,865,000
Airport Revenue	8,490,000
Fire Protection Fund	<u>3,701,483</u>
TOTAL REVENUE BONDS	<u>\$274,056,483</u>
TOTAL G.O. AND REVENUE BONDS	<u>\$645,157,483</u>

Tax Administration

The County is charged with the responsibility of administering the assessment and collection of property taxes for the City. The State assesses corporate property such as utilities, pipelines and railroads which cross county lines. Assessments are made as of January 1 of each year, with one-half of the taxes on that assessment due the following November 10 and one-half due April 10 of the next calendar year. The taxes due November 10 become delinquent December 11, while the April 10 payment becomes delinquent May 11. Properties on which taxes are delinquent are transferred to the State, which conducts a tax sale if taxes remain unpaid. The proceeds of the tax sale are remitted to the political subdivisions at the rates of the then current tax levy.

CITY OF ALBUQUERQUE
Net Taxable Property Values

Tax Year⁽¹⁾	Real Property	Corporate Property	Personal Property	Net Taxable Valuation	Percent (%) Growth Per Year
2009	\$11,535,490,917	\$325,907,636	\$437,678,107	\$12,299,076,660	6.20%
2010	11,125,742,821	383,474,990	411,248,499	11,920,466,310	(3.08)
2011	11,170,440,616	391,592,916	389,396,311	11,951,429,843	0.26
2012	11,091,666,660	398,029,323	386,693,492	11,876,389,475	(0.63)
2013	11,221,053,442	364,457,735	381,535,217	11,967,046,394	0.76
2014	11,449,353,201	384,857,648	394,383,841	12,228,594,690	2.19
2015	11,639,318,991	367,466,788	407,355,017	12,414,140,796	1.52
2016	12,016,112,244	369,769,055	423,958,000	12,809,839,299	3.19
2017	12,424,132,418	379,318,637	447,691,027	13,251,142,082	3.45
2018	12,855,742,608	352,538,269	457,742,580	13,666,023,452	3.13
2019	13,268,145,598	390,526,394	462,522,600	14,121,194,592	3.33

(1) County Tax Year begins November 1 and ends October 31. Figures are as of October in each year.

Source: Bernalillo County Treasurer's Office.

Principal Ad Valorem Taxpayers for Tax Year 2018 (Fiscal Year 2019)⁽¹⁾

Name of Taxpayer	Taxable Value⁽²⁾ 2018 Assessed	Percentage of Total City Assessed Valuation
Public Service Co. of New Mexico	\$179,787,484	1.32%
Gas Company of New Mexico	44,725,955	0.33
Comcast	35,469,693	0.26
Qwest Communications	26,508,315	0.19
Verizon	23,427,525	0.17
Southwest Airlines	18,130,563	0.13
AT&T	16,011,560	0.12
BN&SF	15,262,868	0.11
GCC Rio Grande	11,294,776	0.08
T-Mobile	<u>8,649,983</u>	<u>0.06</u>
Top Ten Centrally and Locally Assessed Values	<u>\$379,268,722</u>	<u>2.77%</u>

(1) Major taxpayers are those taxpayers that have a tax bill on a single piece of property of at least \$50,000. In figuring the total tax bills for these taxpayers, only their properties with tax bills of \$50,000 or more are included except Public Service Company, which has multiple tax bills. The list is compiled once a year, usually in November, and does not reflect final net taxable values. As a result of methodology, year-to-year comparisons may not be meaningful.

(2) The aggregate net taxable value of the top 10 taxpayers for Tax Year 2019 represents only 2.77% of the total net taxable value of the City for 2019. See the following table entitled "City of Albuquerque History of Property (Ad Valorem) Tax Levy and Collection."

Source: Bernalillo County Treasurer's Office.

CITY OF ALBUQUERQUE
History of Property (Ad Valorem) Tax Levy and Collection

Fiscal Year	Total Current Tax Levy⁽¹⁾	Current Tax Collections	Percent of Levy Collected	Delinquent Tax Collections	Total Tax Collections	Total Collections as Percent of Current Levy	City Debt Service Collections	Percent of Total City Levy
2010	\$137,620,118	\$128,323,241	93.24%	\$4,025,478	\$132,348,719	96.17%	\$59,720,924 ⁽²⁾	43.4%
2011	136,017,057	128,514,760	94.48	4,454,464	132,969,224	97.76	58,388,075	43.6
2012	137,680,758	130,707,502	94.94	4,732,716	135,440,218	98.37	58,638,356	42.6
2013	136,815,825	132,352,911	96.74	4,535,781	136,888,692	100.05	59,168,200	43.2
2014	137,860,639	133,570,662	96.89	4,407,888	137,978,550	100.09	59,696,156	43.3
2015	140,181,218	135,987,851	97.01	4,014,171	140,002,022	99.87	59,021,550	42.1
2016	142,214,748	138,314,977	97.26	5,303,082	143,618,059	100.99	62,371,854	43.9
2017	145,255,034	141,457,590	97.39	4,182,399	145,639,989	100.27	63,842,388	44.0
2018	149,392,706	145,301,500	97.26	3,720,566	149,022,066	99.75	65,151,152	43.6
2019	154,399,401	150,748,290	97.64	3,998,294	154,746,584	100.22	62,238,528	44.2

(1) Includes both operating and debt service levies. Reported each January by the County Treasurer based on tax bills, including those under protest.

(2) Decline in debt service collections due to shift in mill levy designation from debt service to operations.

Source: Bernalillo County Treasurer's Office.

CITY OF ALBUQUERQUE
Property Tax Rates
Weighted Average Residential and Non-Residential
Per \$1,000 Assessed Valuation
All Overlapping Governmental

Fiscal Year	Total Tax Levy	City	Bernalillo County	State of New Mexico	Abq. Public Schools	Central NM Community College	Flood Control Authority	UNM Hospital	Conservancy District
2010	46.958	11.410	8.500	1.530	10.656	3.271	0.931	6.400	4.260
2011	47.285	11.410	8.825	1.530	10.656	3.273	0.931	6.400	4.260
2012	42.831	11.520	8.907	1.362	10.645	3.322	0.934	6.400	4.368
2013	43.089	11.520	9.082	1.360	10.652	3.402	0.935	6.400	4.313
2014	44.232	11.520	9.511	1.360	10.653	3.435	0.935	6.400	4.325
2015	44.185	11.483	9.461	1.360	10.729	3.423	0.932	6.357	4.536
2016	44.357	11.482	9.626	1.360	10.724	3.425	0.929	6.351	4.750
2017	44.378	11.366	9.480	1.360	10.687	3.832	0.924	6.249	4.980
2018	44.357	11.291	9.383	1.360	10.667	3.841	0.921	6.400	4.980
2019	44.383	11.298	9.376	1.360	10.676	3.847	0.919	6.400	0.507

Source: Bernalillo County Treasurer's Office.

Gross Receipts Taxes

State Gross Receipts Taxes

Imposition of Tax. The Gross Receipts and Compensating Tax Act (Sections 7-9-1 through 7-9-91 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 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 in the City effective on July 1, 2018 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

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.

Effective July 1, 2019, remote (Internet) sellers with total taxable gross receipts of at least \$100,000 from sales, leases, and license 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.

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 five Fiscal Years 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⁾	89,871,267

(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 seven months of receipts accrued through January 2020.

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

Certain of the revenues received from this tax are pledged to the payment of gross receipts tax bonds of the City. Some of those bonds are also secured by other revenues of the City, such as lodgers’ taxes. See “FINANCIAL INFORMATION – Lodgers’ Tax and Hospitality Fee.”

Municipal and Other Gross Receipts Taxes

Imposition of Tax. In addition to receiving a distribution from the State, the Municipal Local Option Gross Receipts Taxes Act (Sections 7-19D-1 through 7-19D-18 NMSA 1978, as amended) authorizes the City under State law to impose up to 2.50% municipal gross receipts tax in increments of one-eighth of one percent on the gross receipts of any person engaging in business in the City. The City currently imposes 1.5625% municipal gross receipts tax.

On December 18, 2006, the City Council formed five tax increment development districts (the “Districts”) for the Mesa del Sol project in southeast Albuquerque. Pursuant to the City Council’s action, 67% of certain gross receipts tax generated within the Districts will be available for payment of bonds, the proceeds of which will be used for construction of public infrastructure within the Districts by the developer of the project. The remaining 33% of applicable gross receipts tax revenues generated within the Districts but not dedicated to Mesa del Sol will flow to the City. It is anticipated that these tax increment revenues that the City has dedicated to the Districts will be pledged to future issuance of the Districts’ tax increment revenue bonds. The State began collecting tax revenues for the Districts in January 2008. On October 27, 2009, District No. 1 issued its Taxable Short-Term Revenue Bond, Series 2009A which was retired on October 28, 2009. On December 9, 2011, District No. 1 issued its Taxable Short-Term Revenue Bond, Series 2011 which was retired on December 12, 2011. On December 4, 2012, District No. 1 issued its Taxable Short-Term Revenue Bond, Series 2012

which was retired on December 5, 2012. On December 19, 2013, District No. 1 issued its Taxable Short-Term Revenue Bond, Series 2013 which was retired on December 20, 2013. On December 16, 2014, District No. 1 issued its Taxable Short-Term Tax Bond, Series 2014 which was retired on December 17, 2014. The Districts' obligations are not the obligations of the City.

On October 6, 2008, the City formed tax increment development districts for Winrock Town Center. The Winrock Town Center Tax Increment Development District 1 ("Winrock District 1") and the Winrock Town Center Tax Increment Development District 2 (collectively, the "Winrock Districts") continue in existence. The City dedicated 70% of certain local option gross receipts tax increments and 75% of property tax increment generated within the Winrock Districts. On July 8, 2015, Winrock District 1 issued its Senior Lien Gross Receipts Tax Increment Bonds, Series 2015 in the aggregate principal amount of \$43,325,000. The tax increment revenues that the City dedicated to the Winrock Districts are pledged to such tax increment revenue bonds that are financing public infrastructure improvements that will ultimately be dedicated to the City.

Historical Revenues. The revenues received by the City as a result of its imposition of municipal gross receipts tax and municipal infrastructure gross receipts tax for the past five fiscal years are as follows:

CITY OF ALBUQUERQUE
Historical Municipally Imposed Gross Receipts Tax Revenues

Fiscal Year	Revenues
2015	\$163,868,507
2016	164,817,850
2017	185,489,248
2018	190,741,142
2019	242,654,254

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

Taxing Authority and Payments

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

Fiscal Year 2018 Gross Receipts Tax Rate
(as of January 1, 2020)

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

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, 2019)**

Type of Tax & Purpose	Total Taxing Authority	Percentage Imposed	Unused Authority
Municipal GRT	2.50000%	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.

Historical Taxable Gross Receipts

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

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

<u>Category⁽²⁾</u>	<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>	Share of	
											<u>2010</u>	<u>2019</u>
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		
	\$24,72											
Total Gross Receipts	8	\$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.

Gasoline Tax

Generally

The rate of State tax on gasoline is \$0.17 per gallon. The gasoline tax is imposed on registered distributors of gasoline in the State at the time the gasoline is received by a registered distributor. Gasoline is generally deemed to be “received” when delivered to a registered distributor for resale to a wholesaler or retailer in the State. The registered distributor is responsible for filing gasoline tax returns with, and paying the gasoline tax due to, the Department on or before the twenty-fifth day of the month following the month in which the gasoline is received in the State. Distributors are required to include the gasoline tax in the resale price of gasoline sold to a purchaser. Delinquent taxpayers may be required to file a surety bond in favor of the State to ensure prompt filing of reports and the payment of all taxes levied by the Gasoline Tax Act. “Registered tribal distributors” are permitted to deduct the tax from gasoline sold at the wholesale level. Each registered tribe is limited to total annual sales of 30 million gallons.

The amount of the distribution of gasoline tax receipts from the State (“State Shared Gasoline Tax Receipts”) is 10.38%. See the table entitled “Historical State Gasoline Tax Receipts” under this caption.

Distribution of the Gasoline Tax

Net receipts are the amount paid to the Department in any month less any refunds. Ninety percent (90%) of the amount distributed by the Department is paid to treasurers of municipalities in the proportion that the taxable motor fuel sales in each of the municipalities bears to the aggregate taxable motor fuel sales in all municipalities in the State. The remaining 10% is distributed by the Department to counties in the State.

Historical Receipts

The following table sets forth the historical distributions of State Gasoline Tax Receipts for Fiscal Years 2009-2018.

CITY OF ALBUQUERQUE Historical State Gasoline Tax Receipts

Fiscal Year	State Gasoline Tax Receipts
2010	\$4,973,555
2011	4,765,348
2012	4,287,335
2013	4,835,671
2014	4,446,255
2015	4,605,282
2016	4,835,201
2017	4,402,551
2018	4,810,917
2019	4,682,075

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

Lodgers' Tax and Hospitality Fee

Lodgers' Tax

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 (but not including state gross receipts tax or local gross receipts tax).

Lodgers' tax revenues are pledged to the payment of the City's gross receipts/lodgers' tax bonds in an amount equal to fifty percent (50%) of the revenues produced by the City's imposition of the lodgers' tax, less certain administrative costs. 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.

Hospitality Fee

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 Hospitality Fee obligations.

Historical Lodgers’ Tax Revenues and Hospitality Fee Revenues

The gross taxable rent, lodgers’ tax revenues and hospitality fee revenues collected by the City for the last five fiscal years are as follows:

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

Fiscal Year	Gross Taxable Rent⁽¹⁾	Lodgers’ Tax Revenues	Hospitality Fee Revenues
2015	\$228,461,360	\$11,423,068	\$2,275,003
2016	237,347,900	11,867,395	2,373,479
2017	244,545,088	12,227,254	2,445,451
2018	234,514,040	12,177,552	2,435,509
2019 ⁽²⁾	289,103,660	14,455,183	2,891,031

- (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.

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 2016-2020. While the numbers of future delegates and room nights are estimates based on historical convention history and therefore may be variable within a particular booking, cancellation of such confirmed future bookings is unlikely.

**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	35,565,008	67,592	65,272
2021	20,245,137	32,772	36,253

(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.

Sources: Visit Albuquerque.

Employee Contracts

There were 6,217 full-time employment positions budgeted by the City for Fiscal Year 2020. Approximately 74.4% of City employees are affected by union contracts. There are eight bargaining units within the City. The City’s union contracts are as follows: Albuquerque Officers’ Association (A.F.S.C.M.E. Local 1888, AFL-CIO); Clerical and Technical Employees (A.F.S.C.M.E. Local 2962, AFL-CIO); Transit Union (A.F.S.C.M.E. Local 624 AFL-CIO); Blue Collar Workers (A.F.S.C.M.E. Local 624, AFL-CIO); Albuquerque Area Firefighters Union; Albuquerque Police Officers’ Association; Prisoner Transport Officers; and Management Union (A.F.S.C.M.E. Local 3022, AFL-CIO). All collective bargaining agreements are current at this time.

Retirement Plan

The City participates in a pension plan organized on a statewide basis and operated by the State of New Mexico. The Public Employees’ Retirement Association of New Mexico (“PERA”), established by Section 10-11-1 et seq. NMSA 1978, as amended, requires contributions to its plan (the “Plan”), computed as a percentage of salary, from both employee and employer for all eligible employees. The vast majority of State and municipal employees in New Mexico participate in the Plan. The Plan provides for retirement benefits, disability benefits, survivor benefits and cost-of-living adjustments to plan members and beneficiaries. As required by State law, eligible employees are required to contribute between 7.00% and 18.15% of their gross salary, depending on the specific plan type, and the City is required to contribute between 7.65% and 21.90% of eligible employees’ gross covered salary, depending on 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, which equal the legally required contributions for each year. 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. On June 25, 2012, the Governmental Accounting Standards Board approved Statement No. 68 which requires governments providing defined benefit pensions to recognize their long-term obligation for pension benefits as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. Statement No. 68 requires cost-sharing employers, such as the City, to record a liability and expense equal to their proportionate share of the collective net pension liability and expense for the cost-sharing plan. Statement No. 68 is effective for fiscal years beginning after June 15, 2014. As of June 30, 2019, the City reported a net pension liability of \$681,086,868 for its proportionate share of the net pension liability.

PERA issues a publicly available financial report that includes financial statements and additional information. A copy of this report can be obtained from PERA at www.nmpera.org.

Actuarial information is shown below:

**State of New Mexico Public Employees Retirement Fund
Summary Information as of June 30, 2019 (in thousands)**

Membership ⁽¹⁾	108,233
Actuarial Information	
Accrued Liability ⁽²⁾	\$22,162,998
Actuarial Value of Assets	\$15,500,331
Unfunded Actuarial Accrued Liability	\$6,662,668

(1) Includes both state and municipal divisions.

(2) Includes accrued liability of both the retired and active members.

Source: Public Employees Retirement Association.

Employer rates are established pursuant to Section 10-11-1 through 10-11-142 NMSA 1978. The funded ratio (ratio of the actuarial value of assets to accrued actuarial liability) was 69.90% as of June 30, 2019.

Executive Order 2019-05, issued in February of 2019, created the PERA Solvency Task Force tasked to prepare and make recommendations to the Office of the Governor to increase the solvency and preserve the defined benefit system offered by PERA. The recommendations were presented during the 2020 Legislative Session and resulted in the Legislature’s passage of Senate Bill 72 which, among other things, incrementally increases both City and City employee contribution rates beginning July 1, 2022. The legislation also increases the current 2.0% cost-of-living adjustment to 2.5% for retirees over the age of 75, disability retirees and retirees with pensions less than \$25,000 after 25 years of service. Cost-of-living adjustments for all other retirees will eventually be based on the fund’s investment performance and funding status and will range from 05% to 5.0%.

Other Post-Employment Benefits

In addition to pension benefits under a defined benefit contributory retirement plan through the PERA, the City provides certain health care and life insurance benefits for retired employees. Life insurance benefits are paid through premiums to an insurance company under an indemnity plan and historically the claims paid in any one year have not exceeded the premiums. In fiscal year 2018, the City implemented GASB Statement No. 75 which requires governments to recognize their proportionate share of long term liabilities related to Other Post-Employment Benefits. As of June 30, 2019, the City reported a total OPEB Liability of \$58,650,553, Net Fiduciary Position of \$23,252,628 and a net OPEB Liability of \$36,484,498 related to the OPEB Life Insurance Trust. 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%.

The State of New Mexico Retiree Health Care Act (the "Health Care Act") provides comprehensive core group health insurance for persons who have retired from certain public services in New Mexico. The purpose of the Health Care Act is to provide eligible retirees, their spouses, dependents, and surviving spouses and dependents with health insurance consisting of a plan, or optional plans, of benefits that can be purchased by funds deposited by the employer into the Retiree Health Care Fund (the "RHCF") and by co-payments or out-of-pocket payments of eligible retirees. Each participating retiree pays a monthly premium for the medical plus basic life plan. Each participating employer makes contributions to the Fund in the amount of 2.5% of each participating employee's annual salary. Each participating employee contributes to the Fund an employee contribution equal to 1.25% of the employee's annual salary. The City's contributions to the RHCA for the years ended June 30, 2019, 2018 and 2017 were \$5,884,575, \$5,856,915 and \$5,743,608, respectively, which equal the required contributions for each year. In fiscal year 2018, the City implemented GASB Statement No. 75 which requires governments to recognize their proportionate share of the long term liabilities related to Other Post-Employment Benefits. 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. 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%. The Plan Fiduciary Net Position as a percentage of the Total OPEB Liability for RHCA is 13.14%.

Capital Implementation Program

General

The City finances a substantial portion of its traditional municipal capital improvements with general obligation bonds. Historically, the City issues general obligation bonds annually to finance capital improvements. However, certain improvements are financed with revenue bonds. The City's Capital Implementation Program consists of a ten-year program, with a general obligation bond election held every odd-numbered year to approve the two-year capital budget portion of the program.

Impact Fees

The City's impact fee ordinance was adopted by the Council on November 19, 2012 and implemented on December 8, 2012. Two lawsuits challenging the impact fee ordinance were filed in Bernalillo County District Court by developers in January 2013. The lawsuits alleged that impact fee credits held by the developers under the City's previous impact fee ordinance were unlawfully devalued by the ordinance adopted on November 19, 2012. One lawsuit was resolved by the parties and the remaining lawsuit is pending in the Court of Appeals. It is premature to speculate how the lawsuit might affect the City's impact fee ordinance or the collection of impact fees.

An impact fee is a one-time charge imposed on new development to help fund the costs of capital improvements that are necessitated by and attributable to new development. Impact fees may not be charged retroactively and may not be used for maintenance or repair. The cost calculation formulas recognize that new development in areas where major infrastructure already exists will have lower costs.

The seven types of new infrastructure that the City impact fees support are: (i) road, (ii) drainage, (iii) fire, (iv) police, (v) park, (vi) open space, and (vii) trail. Service areas have been identified for each type of infrastructure.

The program supplements the existing Capital Implementation Program. The funds from the impact fees are used to develop infrastructure on a pay-as-you go basis and will not affect the City's current general obligation bond program or the City's bonding capacity.

Total Impact Fees

Fiscal Year	Total Collected
2015 ⁽¹⁾	\$1,556,858
2016	2,067,078
2017	3,021,358
2018	3,370,293
2019	3,619,541

(1) In November 2012 City Council passed a new impact fee ordinance. These impact fees were phased in by calendar year: 20% in 2013, 40% in 2014, 60% in 2015, 80% in 2016 and 100% January 2017.

Source: City of Albuquerque, Planning Department.

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, and has deployed an active information security team tasked with active monitoring, incident response, risk mitigation, and user education. These staff members regularly participate in training and conferences to maintain currency in the field. The City has established a security risk register to assist in high level decision-making regarding risk avoidance and mitigation, and is in the process of refining a comprehensive City information and cyber security plan and accompanying policies, along with an Executive-Level Information and Cyber Security Governance Committee. The City deploys state-of-the-art, artificial intelligence-driven threat protection, and industry standard firewall protection. The City communicates regularly with MS-ISAC (Multi-State Information Sharing Analysis Center), vendor partners, and local governmental agencies to protect its information systems. All City staff undertake cybersecurity training annually.

Financial Statements

See Appendix A, Audited Financial Statements for Fiscal Year 2018.

ENTERPRISE OPERATIONS

Albuquerque Airport

Definitions

The following definitions are applicable to the discussion of the City's Airport System.

"ABQ Airport" is defined as the Albuquerque International Sunport, which is located five miles southeast of downtown Albuquerque and is adjacent to Kirtland Air Force Base, an active United States Air Force ("USAF") installation.

"Airport" is defined as any or all of the City's existing and future Airport Facilities, and any interest of the City therein, including, without limitation, the Airport System, all land, buildings, structures, roadways and facilities thereof or related thereto of whatsoever character and wheresoever situated, within or without the boundaries of the City, and all enlargements, additions, substitutions, improvements, extensions and equipment appertaining thereto, including, but not limited to, any parking facility for automobiles and other motor vehicles located at any Airport Facility and any industrial or commercial property located on land constituting a part of the Airport property; but excluding any special facility or related revenues until there has been defeasance of all special facilities obligations payable from such special facility or the lessees or operators thereof.

"Airport Facilities" is defined as the property comprising the Airport, including, without limitation, runways, terminals and other aircraft parking facilities, taxiways, aprons, approach and clear zones, safety areas, infield areas, landing and navigational aids, terminal and other buildings and any other facilities and land areas used in connection with the use and operation of any such facility.

"Airport Obligations" is defined as all bonds, notes or other instruments which evidence a borrowing payable from and secured by net revenues of the Airport, now outstanding or

hereafter issued or incurred, including Airport bonds designated as Senior Parity Obligations and Subordinate Parity Obligations.

“Airport System” is defined as ABQ Airport and Double Eagle II Airport.

“Double Eagle II Airport” is defined as the general aviation reliever airport owned and operated by the City.

General

ABQ Airport is the principal air carrier airport serving the Albuquerque Metropolitan Area and the State, and provides the only major air carrier service to the State. ABQ Airport is owned by the City and operated by the City’s Aviation Department.

ABQ Airport is classified as a “medium hub” airport by the FAA. In Fiscal Year 2019, origination and destination passengers comprised an estimated 96.6% of passengers enplaned at ABQ Airport. In addition to ABQ Airport, the City also owns and operates Double Eagle II Airport. ABQ Airport has two principal runways for air carrier use and a 574,452 square foot main terminal complex (the “Terminal Building”) with 22 major national airline gates and one commuter airline gate. The Terminal Complex area includes a two-level terminal loop roadway system, a 3,390 space automobile parking structure, a 450 space Premium Economy Lot, and a 356 space Basic Economy Lot.

The Terminal Building was built in 1965 and was expanded in 1987 to add a new concourse, security office, passenger screening area, baggage claim area, and additional restrooms. The City has continued work on the Terminal Improvement Project which was designed to rehabilitate and modernize the pre-security portion of the terminal building with an anticipated completion in calendar year 2020. (See following section “Airport System Capital Program.”)

Deed and Agreements with the United States Air Force

Runways, taxiways, land and facilities at ABQ Airport (the “Airfield”) were deeded to the City by the United States Air Force (“USAF”) in 1962. The deed contains a reversion clause, which becomes effective if the City does not continue to use the Airfield as an airport. Further, the U.S. Government has a right of re-entry if the City does not comply with the covenants and restrictions in the deed. In 1962, the City entered into a 73 year lease (until 2035) with the USAF, wherein the USAF pays the City \$50,000 to \$105,000 per year for use of the airfield. In 1999, the City entered into a 25 year lease with the USAF to pay the Air Force \$34,164 per year until 2024 for use of property needed for a runway extension. The Aviation Department and the USAF have reached a mutual agreement to modify these leases as follows:

a. 1962 Lease: For the five-year period of January 1, 2018 to December 31, 2022, the USAF will increase its payment to the City from \$50,000 to \$105,000 per year, and the lease will terminate in 2022. The parties will negotiate a modern lease going forward.

b. 1999 Lease: The USAF agrees to waive the City's remaining payment obligations to the USAF through 2024 (\$219,194), and enter into a joint use agreement without charge to the City thereafter.

Airport Service Area

The ABQ Airport Service Area includes the Albuquerque MSA (Bernalillo, Sandoval, Valencia and Torrance Counties) and the Santa Fe MSA (Santa Fe and Los Alamos Counties). The ABQ Airport also serves a secondary area consisting of the remainder of the State. The ABQ Airport is the only medium hub airport in the State with scheduled mainline airline service.

Airlines Serving Albuquerque

ABQ Airport is currently served by six mainline airlines (the "Signatory Airlines") as well as three non-signatory airlines, and regional and commuter airlines. The Signatory Airlines are as follows:

American Airlines	Alaska Airlines
Southwest Airlines	United Airlines
Delta Air Lines	
JetBlue	

Each of the Signatory Airlines listed above have entered into a five-year Scheduled Airline Operating Agreement and Terminal Building Lease with the City with an effective term of July 1, 2016 through June 30, 2021 (the "Airline Agreements"). Collectively, the Signatory Airlines lease approximately 79.4% of the available exclusive and preferential use space in the Terminal Building. Frontier, Allegiant and Volaris Airlines have entered into a month-to-month Non-Signatory Airline Operating Agreement and Terminal Building Lease. Volaris began a twice weekly non-stop flight to Guadalajara, Mexico in November 2018 which ended June 2019.

In addition to these mainline airlines and their affiliate regional carriers, the ABQ Airport has two commuter airline serving New Mexico. Boutique Air provides non-stop service to Carlsbad, New Mexico. Advanced Air provides non-stop service to Silver City, New Mexico.

Two cargo airlines, Fed Ex and UPS (the "Cargo Airlines"), provide air cargo service at ABQ Airport. The Cargo Airline entered into a five-year Amended and Restated Scheduled Cargo Airline Operating Agreement and Cargo Building Lease with the City effective July 1, 2016 through June 30th 2021 (the "Cargo Airline Agreements") and both operate as Signatory Cargo Airlines.

Historical Aircraft Operations and Enplaned Passengers

During Fiscal Year 2019, there were 147,877 aircraft operations (landings and takeoffs) at the ABQ Airport, an increase of 2.4% from 144,440 in Fiscal Year 2018. Ending Fiscal Year 2019, 2,712,216 passengers enplaned at ABQ Airport, an increase of 3.0% from 2,632,544 in Fiscal Year 2018. The increase in enplaned passengers is reflective of an improving economy and additional service offerings at the ABQ Airport. The following table presents the number of

enplaned passengers for major national, affiliate regional and commuter airlines at the ABQ Airport from Fiscal Year 2010 through Fiscal Year 2019.

**Historical Airline Traffic Activity
ABQ Airport**

Enplaned Passengers

Fiscal Year	Number	Percent Increase (Decrease)
2010	2,933,346	(2.7)%
2011	2,889,262	(1.5)
2012	2,835,744	(1.9)
2013	2,601,588	(8.3)
2014	2,492,480	(4.2)
2015	2,383,062	(4.4)
2016	2,391,648	0.4
2017	2,421,456	1.2
2018	2,632,544	8.7
2019	2,712,216	3.0

Source: City of Albuquerque, Department of Aviation.

The total number of enplaned passengers at ABQ Airport decreased at an average annual rate of 0.8% per year between Fiscal Years 2010 and 2019, and Airport management forecasts an increase of 0.6% from Fiscal Year 2019 to Fiscal Year 2020.

Enplaned passenger growth has resumed, beginning in Fiscal Year 2016 with enplanements 0.4% higher than Fiscal Year 2015. A decrease in Southwest enplanements was offset by increases on all other airlines, combined. Passenger numbers on Alaska Airlines alone increased over 110% from Fiscal Year 2017 to Fiscal Year 2018 with the addition of new routes from ABQ Airport. The number of enplaned passengers at ABQ Airport increased 8.7% and 3.0% in Fiscal Years 2018 and 2019, respectively. This increase is due to scheduled seat capacity increases indicating a shift by airlines toward the use of larger aircrafts.

The Airport's finances remain solid and are supported by a healthy balance sheet with a declining debt burden coupled with a strong liquidity position. These positive results are reflective of management's continuing efforts to contain costs and maximize non-airline revenue.

Airline Market Shares of Enplaned Passengers

During Fiscal Years 2015 through 2019, Southwest Airlines and American Airlines held the greatest percentage of market share. In Fiscal Year 2019, Southwest's market share in Albuquerque was 48.5% and American's was 20.3%. Combined, the two airlines accounted for 68.8% of enplanements at the ABQ Airport during Fiscal Year 2019.

The following table presents the market shares of enplaned passengers by airline for Fiscal Years 2015 through 2019:

Historical Airline Market Shares of Enplaned Passengers

Operating Airline	<u>FY 2015</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>
Southwest Airlines	56.7%	54.4%	53.2%	49.6%	48.5%
American Airlines ⁽¹⁾					
American	14.0%	17.3%	18.4%	19.2%	19.8%
US Airways	5.4	1.5	0.0	0.0	0.0
Envoy Air (formerly American Eagle)	1.3	1.3	1.4	0.7	0.5
Subtotal	20.7%	20.0%	19.8%	19.9%	20.3%
United Airlines					
United	0.3%	5.8%	5.6%	5.7%	6.2%
SkyWest	2.8	2.5	3.2	3.8	3.7
Shuttle America	1.6	0.6	0.6	0.0	0.0
ExpressJet	2.2	0.3	0.6	0.2	0.4
Republic	1.5	0.4	0.2	1.1	1.0
GoJet	0.6	1.0	0.8	0.6	0.5
Subtotal	9.0%	10.7%	11.0%	11.4%	11.8%
Delta Air Lines					
Delta	7.8%	8.8%	8.2%	9.1%	9.8%
SkyWest	2.6	1.9	2.0	0.6	0.4
Subtotal	10.4%	10.6%	10.1%	9.7%	10.2%
Frontier Airlines					
Frontier ⁽²⁾	0.0%	0.0%	0.0%	1.7%	1.4%
Subtotal	0.0%	0.0%	0.0%	1.7%	1.4%
JetBlue Airways	1.6%	1.7%	1.7	1.5%	1.5%
Alaska	1.4%	2.1%	2.4	4.6%	4.8%
Allegiant ⁽²⁾	0.0%	0.1%	1.5	1.2%	1.0%
All Other	0.2%	0.3%	0.3	0.4%	0.5%
TOTAL	100.0%	100.0%	100.0%	100.0%	100.0%

(1) American and US Airways merged in December 2013 and will operate under American's name.

(2) Non-signatory airlines.

Source: City of Albuquerque Aviation Department.

Airport Administration

Ms. Nyika Allen, CM, is the Director of the Aviation Department. Ms. Allen is the first millennial to lead a City department, and is the first woman to serve as Director of the Department of Aviation. Immediately prior to assuming her position with the Aviation Department, Ms. Allen served as President and Chief Executive Officer of the New Mexico Technology Council. Ms. Allen holds a BBA in International Management from the Anderson School of Management at the University of New Mexico and the UNM Honors Program and Ms. Allen holds a Certified Member (CM) accreditation from the American Association of Airport Executives.

Mr. Richard McCurley, IAP, CM, is the Deputy Director of Aviation – Landside. Mr. McCurley joined the Albuquerque International Sunport team in January, 2020. Prior to joining the City’s Aviation Department, Mr. McCurley was the Chief of Staff for the Rhode Island State Airport System with the Rhode Island Airport Corporation from October 2018 through September 2019. Prior to Rhode Island, Mr. McCurley was the Interim General Manager at William P. Hobby Airport in Houston, Texas with a 29 year career with the Houston Airport System from August 1989 through September, 2018. Mr. McCurley holds a B.S. in Accounting from the University of Houston – Clear Lake. He is accredited as an International Airport Professional (IAP) from Airports Council International and hold a Certified Member (CM) accreditation from the American Association of Airport Executives.

Mr. Steven Petty, A.A.E., is the Deputy Director of Aviation – Airside. Mr. Petty joined the Albuquerque International Sunport team in January 2020. Prior to joining the City’s Aviation Department, Mr. Petty was the Vice President – Operations and Public Safety with the Louisville Airport Authority from April 2018 through September 2018. Mr. Petty also served as Deputy Director/COO for the Louisville Airport Authority from January 2012 until April 2018. Prior to that position, Mr. Petty served as the Director of Public Safety with the Louisville Airport Authority from October 2004 until January 2012. Prior to the Louisville Airport Authority, Mr. Petty served as an ARFF Battalion Chief with the Cincinnati/N. Kentucky International Airport from December 1983 through September 2004. Mr. Petty holds a BLA in Business Administration from Xavier University. He is an Accredited Airport Executive (A.A.E.) with the American Association of Airport Executives.

Ms. Jane Lucero, AICP, A.A.E., is the Associate Director of Operations and Planning. Ms. Lucero has served in this role since July 2018. Prior to joining the City’s Aviation Department, Ms. Lucero served as Acting Director and Airport Development Administrator for the New Mexico Department of Transportation Aviation Division from August 2007 until July 2018 where she worked with all airports in New Mexico on capital improvement projects from inception to completion. Ms. Lucero holds a BSET from New Mexico State University and a MCRP from the University of New Mexico. She is a Certified Planner (AICP) through the American Planning Association and is an Accredited Executive (A.A.E.) with the American Association of Airport Executives.

Mr. Joshua Castellano-Gonzalez, CM, CGFM, is the Fiscal Manager of Aviation. Mr. Castellano-Gonzalez is bringing over fifteen years of experience in government finance to the Department of Aviation. Prior to his work in Aviation, Mr. Castellano-Gonzalez served as lead

Budget Analyst for the Public Safety Division at Bernalillo County. Mr. Castellano-Gonzalez has his BBA in Business Management from New Mexico Highlands University. He is also a Certified Government Financial Manager (CGFM) and is a Certified Member (C.M.) with the American Association of Airport Executives.

Airport Financial Information; Airport Fund

General. The Airport Fund is an enterprise fund of the City and is self-sustaining. This proprietary type fund provides services which are intended to be financed primarily through user charges or activities where periodic determination of net income is appropriate.

Historical Financial Results. The following tables compare historical financial results of the Airport System.

**Historical Airport Revenues
(Fiscal Year 2015-2019)
(\$000s)**

	<u>2015</u>		<u>2016</u>		<u>2017</u>		<u>2018</u>		<u>2019</u>	
		<u>%</u>		<u>%</u>		<u>%</u>		<u>%</u>		<u>%</u>
Airline Revenue	\$19,655	29.9	\$20,730	31.3	\$18,067	28.3	\$20,634	29.6	\$18,847	27.5
Non-Airline Revenue Terminal										
Bldg.	14,670	22.3	15,108	22.9	15,493	24.3	16,560	23.8	18,091	26.4
PFCs	8,905	13.5	8,939	13.5	9,058	14.2	10,171	14.6	10,468	15.2
CFCs	5,584	8.5	4,053	6.1	4,024	6.3	4,222	6.1	4,324	6.3
Passenger Parking Area	7,547	11.5	7,826	11.8	7,956	12.5	8,474	12.2	8,976	13.1
Miscellaneous	9,415	14.3	9,492	14.4	9,170	14.4	9,565	13.7	7,927	11.5
TOTAL	<u>\$65,776</u>	100.0	<u>\$66,148</u>	100.0	<u>\$63,768</u>	100.0	<u>\$69,626</u>	100.0	<u>\$68,633</u>	100.0

Source: City of Albuquerque.

Airline Revenues. Airline revenues include revenues from the Signatory Airlines, Affiliate Airlines, Commuter Airlines, Air Cargo Airlines and Non-Signatory Airlines. Components of airline revenues include Terminal Building space rentals, loading bridge fees, baggage claim device charges, landing fees, cargo building rentals, and cargo apron rentals. See “Agreements with the Airlines” under this caption.

Amounts to be paid by the Signatory/Affiliate Airlines pursuant to the Airline Agreements constitute a major source of revenues to the Airport. As a whole, the Signatory Airlines represented approximately 97.1% of commercial enplaned passengers at ABQ Airport in Fiscal Year 2019. Airline revenues constituted 27.5% of Gross Airport Revenues in Fiscal Year 2019.

Passenger Facility Charges. The City has had five applications to collect Passenger Facility Charges (“PFC”). In March 1996, the FAA approved the City’s application to collect a

total of \$49,638,000 over a period of approximately six years by imposing a \$3.00 PFC on each enplaning revenue passenger at ABQ Airport. The closeout amendment for this application increased the collection authority by \$135,870. This FAA approval closed in May 2003. In February 2002, the FAA approved the City's second PFC application which allowed the City to impose a \$3.00 PFC at ABQ Airport for a total collection amount of \$44,483,079. The closeout amendment for this application amended the total collections to \$41,844,636 to reflect actual collections and uses of PFC revenues. This FAA approval closed in May 2009. In June 2006, the FAA approved a third PFC application ("PFC #3") in the amount of \$66,066,726. In October 2009, the FAA approved Amendment One to increase PFC #3 to \$68,885,899. In May 2011, the FAA approved Amendment Two to increase PFC #3 to \$78,203,803. Effective July 2011, the FAA approved an increase to the PFC #3 charge from \$3.00 to \$4.50. The airport has begun the process to amend PFC#3 to actual expenses; PFC#4 was approved for \$14,163,797 by FAA to impose and use September 2016. The expiration date for PFC#4 was extended to July, 2018; PFC#5 was approved for \$14,813,147 by FAA to impose and use March 2018.

PFC revenues are available to pay Airport Obligations issued to finance eligible projects, such as runway and terminal building improvements, and have been and will be used to reimburse the City for investments made by the City in eligible projects. PFC revenues are included by the City as part of Gross Airport Revenues to the extent available to pay Airport Obligations, as directed by a designated officer of the City.

The following table sets forth the annual collections of PFCs from Fiscal Year 2012 through Fiscal Year 2019.

PFC Revenues (\$000s)

Fiscal Year	PFCs Collected⁽¹⁾
2012	\$10,741
2013	9,932
2014	9,227
2015	8,905
2016	8,939
2017	9,058
2018	10,171
2019	10,468

(1) PFCs received by the City net of collection and handling fees retained by airlines. The airlines are permitted to retain a portion of each PFC collected (currently \$0.11 of each PFC collected) as compensation for collecting and handling PFCs.

Non-Airline Revenues. Non-airline revenues include the rental car privilege fees; leased building rental fees; land rental fees and operating fees; non-airline terminal building space rentals; terminal building food and beverage concessions; terminal building retail concessions; terminal building advertising program; and other miscellaneous agreements. The largest component of non-airline revenues in Fiscal Year 2019 was the rental car privilege fees.

Rental Car Facility Revenues. The City currently operates under a five year agreement with eight rental car companies; all parties have agreed to exercise the option to extend for an additional five years (expiration July 1, 2021). The agreement with the eight rental car companies is for the use and lease of counter space at the customer service building as well as

1,390 parking spaces in the ready/return parking area. Pursuant to these agreements, the City receives: (a) privilege fees in the amount of 10% of gross revenues against a minimum annual guarantee, (b) a monthly fee for use of ready/return parking spaces and (c) monthly fees for exclusive use and common use space in the customer service building. Under the agreements, the on-airport rental car companies are required to collect a Customer Facility Charge (“CFC”) per rental car contract day to be used for the operation of the rental car shuttle bus system and to pay debt allocated to the Rental Car Facility and associated roadways. CFC revenues and all rentals, fees and charges imposed by the City and collected from the rental car companies accounted for approximately 23.6% of Gross Airport Revenues in Fiscal Year 2019. (See “Customer Facility Charge” below). In addition, the City has 20-year leases with the on-airport rental car companies for use and lease of the service center facilities and vehicle storage areas which expires in 2021.

Customer Facility Charges. The Rental Car Facility is located on approximately 76 acres on the west side of ABQ Airport. The City currently has agreements with eight rental car companies operating from the Rental Car Facility (“On-Airport Rental Car Companies”). All rental car companies serving ABQ Airport are required to transport their customers between the Terminal Building and the Rental Car Facility on a common rental car shuttle bus system. There are 1,390 ready/return spaces at the Rental Car Facility.

CFCs are calculated to recover: (i) the costs of providing, operating and maintaining the common rental car shuttle bus system, which transports rental car customers to and from the Terminal Building and Rental Car Facility; (ii) certain debt service requirements on Airport Obligations issued to finance the Rental Car Facility and related improvements; and (iii) other allocable costs associated with common areas at the customer service building and access roadways. In 2017, the City Council granted CFC eligibility to include capital improvements to the Facility.

The City may recalculate the fee at least annually based on these costs and the projected number of rental car transaction days. The CFC is currently \$2.25 per contract day and is expected to be the same in the next preceding fiscal year.

In the event that the projected CFC revenues in any year are less than the costs described above, the On-Airport Rental Car Companies are required to pay the City additional rent equal to the shortfall in CFC revenues. Excess revenues from the CFC in any year may be used to pre-pay debt service requirements or Airport Obligations issued to finance the Rental Car Facility, to pay any allowable Airport cost, or to reduce the CFC rate for the following year.

Terminal Building Concession Revenues. Non-airline Terminal Building food and beverage concession revenues are generated under agreements with Fresquez Concessions, Inc. and Black Mesa Coffee Company (purchased by Fresquez in 2017) to provide food and beverage services within the Terminal Building (the “Food and Beverage Concession Agreements”). In addition there are three retail concession operators (the “Retail Concession Agreements”), including Avila Retail Development & Management (purchased by Stellar Partners Inc. in July 2018) El Mercado del Sol, Inc. and Hudson-Garza Albuquerque JV. These three retail concession operators offer a variety of retail merchandise including newspapers, magazines, books, Native American art and jewelry, southwest apparel and New Mexico souvenirs. Under

the initial terms of the agreements, each operator was required to pay the City the greater of (a) a percentage of gross revenues or (b) a minimum monthly guarantee (“MMG”) amount. The MMG amount was to be adjusted each year to a sum of money representing one-twelfth (1/12) of 85% of each company’s prior year’s percentage of gross revenues paid to the City, but in no event would the MMG for any month be less than the initial MMG. The Airport concessionaires requested a rent accommodation due to passenger enplanement reductions. During 2014 City Council approved a temporary suspension of the MMG until passenger enplanements reach 2,850,000 annually.

Parking Area Revenues. The public parking facilities include a two-level terminal loop roadway system, a 3,390 space, 4-level parking garage, a 450 space uncovered surface parking lot, called the Premium Economy Lot, and a 356 space covered surface parking lot, called the Basic Economy Lot. Other parking facilities at ABQ Airport include three employee lots, which together provide approximately 600 spaces.

Public parking rates are free for the first 9 minutes and \$2.00 for 10 minutes to the first half hour. The maximum rates are as follows: 4-level parking garage is \$12.00 per day, the Premium Economy Lot is \$9.00 per day, and the Basic Economy Lot is \$7.00 per day. The public parking facilities generated revenues totaling \$9,063,476 (\$8,975,637 in public parking revenues plus \$87,839 in employee parking revenues) in Fiscal Year 2019. The City also receives revenues from commercial vehicle lane fees and taxicab permits, which together totaled \$842,150 in Fiscal Year 2019.

Revenues from Other Areas. Revenues from other areas at ABQ Airport principally include land and building rentals. Included are other governmental agency facilities, aircraft hangers, manufacturing and production facilities and various other property leases. Major sources of leased site rental revenues include the Sheraton Albuquerque Airport Hotel, general aviation fixed base operators and air cargo building rentals. The Sheraton pays a percentage of gross revenues for food, alcoholic beverages, room rentals and other miscellaneous categories against a minimum monthly guarantee.

Double Eagle II Airport Revenues. The City has two agreements with a fixed base operator to provide services to the general aviation community at Double Eagle II Airport. The City also maintains various land and building leases, including a lease for a 15,000 square foot hangar facility, a 10,000 square foot hangar facility, and a 41,585 square foot office building, all of which are owned by the City. In February 2012, the City leased the office building to a charter school known as Southwest Aeronautics, Mathematics, and Science Academy Charter School (the “SAMS Academy”). The SAMS Academy provides an educational opportunity in a state-of-the-art facility with an emphasis on an aeronautics and aviation curriculum designed to produce pilots, aircraft mechanics, and future engineers and mathematicians. The SAMS Academy lease is for a 15-year term (5-year lease with two renewal 5-year options). The lease has the potential of generating approximately \$4,500,000 during the 15 year term. Beginning April 2014, SAMS began leasing 185,111 square feet of land for a sports complex which generates approximately \$37,000 in revenue for the airport annually.

Federal Grants. The City receives annual federal grant monies from the FAA through the Airport Improvement Program (“AIP”). These funds are not included in the calculation of Gross

Airport Revenues. AIP grants received by the City are either entitlement (determined by formula) or discretionary (determined by FAA prioritization of projects across the nation as a whole). Between Fiscal Year 2012 and Fiscal Year 2019, the City received a total of \$38.86 million in AIP grants through entitlement/discretionary funds. Albuquerque Sunport and Double Eagle II received funds for projects related to the rehabilitation and construction of aprons, taxiways and runways.

There can be no assurance as to the amount of such funding the Airport will receive in future years. The City's financial plan for funding its Capital Program assumes that the City will receive AIP grants to fund the eligible portions of certain projects. In the event that AIP grants are not available, the City would either elect to delay, cancel, or fund the projects with airport funds and/or other sources.

Airline Agreements

Signatory Passenger Airline Agreements. The existing five-year Scheduled Airline Operating Agreement and Terminal Building Leases ("Signatory Passenger Airline Agreement") has a five year term expiring on June 30, 2021.

Signatory Passenger Airlines and Signatory Cargo Airlines pay the City landing fees per 1,000-pound unit of maximum certified gross landing weight for the use of ABQ Airport. The landing fee rate is calculated according to a cost center residual methodology, whereby the City recovers 100% of the costs allocable to the Airfield.

Under the Signatory Passenger Airline Agreement, Terminal Building rental rates are calculated according to a commercial compensatory method based on rentable space. An annual Terminal Building concession revenue credit is distributed to the airlines, based on a defined methodology in the Signatory Passenger Airline Agreement. Ticket counter, airline operations, and certain other space is leased on a per square foot basis. Holdrooms are leased on a per holdroom basis. The baggage claim area and the passenger circulation area are used jointly, the cost of which is fully recovered from the airlines. Loading bridge charges are calculated to recover all associated costs from the airlines.

Each Signatory Passenger Airline has priority in using gates assigned to it on a preferential use basis to accommodate its scheduled flights. However, the City may assign a preferential gate for use by others in periods when not in use by the renting Signatory Airline. The City has the right, but not the obligation, to reassign a Signatory Passenger Airline's preferentially assigned gate to another Signatory Passenger Airline, if the renting Signatory Passenger Airline's average scheduled gate utilization falls below four flights per gate per day, and the City determines that there is a reasonable need for the preferential use of such gate by another Signatory Passenger Airline.

Signatory Cargo Airline Agreements. The existing five-year Scheduled Cargo Airline Operating Agreement and Cargo Building Leases (the "Cargo Airline Agreement") has a five year term expiring on June 30, 2021. Under the Cargo Airline Agreement, rates and charges are established for the Cargo Building and the Cargo Apron. A rate per square foot is established each year by the City to lease space in the Cargo Building. That rental rate is subject to

adjustment each year. The rates and charges for the Cargo Apron is established according to a commercial compensatory methodology, whereby a rate per square foot of rentable space is established each year by the City; cargo airlines pay the rate per square foot for their leased Cargo Apron space.

Affiliate Airline Operating Agreements. Affiliate Airlines are passenger airlines operating as regional affiliates of Signatory Passenger Airlines. Service provided by these airlines is marketed and sold by Signatory Passenger Airlines under capacity purchase agreements and not by the Affiliate Airline. Therefore, the City has no direct agreement with Affiliate Airlines.

Under the terms of the Signatory Passenger Airline Agreement, Affiliate Airlines pay the same landing fee rate as the Signatory Passenger Airlines and participate in the year-end recalculation of airline rates and charges. Rents and fees for the use of the Terminal Building, where applicable, are paid by the Signatory Passenger Airline on behalf of the Affiliate Airline.

Commuter Airline Agreements. The City maintains Commuter Airline Lease and Operating Agreements with airlines providing commuter service throughout New Mexico and Alamosa, Colorado. The Commuter Airline Lease and Operating Agreements are on a month-to-month basis. Under the terms of the Commuter Airline Lease and Operating Agreements, commuter airlines pay the same landing fee rate as the Signatory Passenger Airlines, but do not participate in the year-end recalculation of airline rates and charges. The agreements also allow the commuter airlines to pay fixed rates to rent space in the Terminal Building.

Non-Signatory Airline Agreements. The City maintains Non-Signatory Airline Operating Agreements and Terminal Building Leases (the “Non-Signatory Airline Agreement”) with certain airlines providing service at ABQ Airport on both a scheduled and non-scheduled basis. The Non-Signatory Airline Agreements allow airlines to occupy space in the Terminal Building or air cargo facilities on a month-to-month basis. Additionally, the Non-Signatory Airline Agreements specify the fees to be paid for the use of Airport facilities, generally higher than the applicable Signatory Passenger Airline rate. Non-Signatory Airlines do not participate in the year-end recalculation of airline rates and charges.

Air Service Incentive Programs. The City instituted an Airline Competition Incentive Program (the “ACIP”) and Airline Cooperative Marketing Program (the “ACMP”) in April 2013 to encourage new air service by incumbent and new-entrant airlines. The ACIP provides for credits of 100% of allocable landing fees and 75% of allocable terminal rentals and use fees for qualifying service to airports not served nonstop from ABQ Airport. The ACMP provides for subsidies for qualifying marketing activities related to ACIP-eligible service. ACIP and ACMP credits and subsidies are in effect for a maximum of two years for each qualifying service. The programs expire in June 2021. In April 2015 JetBlue Airways completed its two years of qualifying service and currently is operating as a signatory airline. In September 2016 Alaska Airlines completed its two years of qualifying service and currently is operating as a signatory airline. In May 2018 Allegiant Airlines completed its two years of qualifying service and currently is operating as a non-signatory airline. Frontier Airlines began service in October 2017, and will be in the incentive program for two years. In September 2017 and November 2017 Alaska Airlines began operations to two new destinations and will be in the program for

two years. Volaris Airlines began service in November 2018 but ended service July 2019 therefore not completing the two-year program.

Airport System Capital Program

The City maintains a rolling five-year Capital Improvement Program (CIP). The current CIP extends to Fiscal Year 2023 and anticipates \$185.3 million in capital improvements. This CIP program has been pre-approved by the Signatory Airlines as part of the new Airline Agreement(s) with a five-year term expiring June 30, 2021. Capital improvements other than those identified in the pre-approved capital plan exceeding certain cost thresholds and not subject to other limitations are subject to the capital project review and approval provisions of the Airline Agreements.

Of the \$185.3 million CIP, \$174.5 million would improve ABQ Airport and \$10.8 million would be allocated to the Double Eagle II Airport. The funding plan for the CIP is a mixture of grants, “pay-as-you-go” PFC’s, CFC’s and Airport equity. The City plans to issue no new debt to fund projects.

At the ABQ Sunport, the large completed projects were: Completion of the Temporary Federal Inspection Station, Master Plan Update, Aviation Center of Excellence improvements, Vale Remote Ground Power and the Runway 8-26 Rehabilitation Construction project. Other large projects include the construction phases for rehabilitation/reconstruction/construction of Taxiways E and F6, continued improvements to the Terminal Building, purchase of new snow removal equipment and upgrading the Access Control System.

At the Double Eagle II Airport, projects include the approval phase of the master plan update, Taxiway A1-B1 relocation construction and upgrading the tower communication radios and equipment.

OTHER PROJECTS OF THE CITY

Public Improvement Districts

The Public Improvement District Act was enacted by the State Legislature in 2001 and codified in Sections 5-11-1 through 5-11-27 NMSA 1978, as amended and supplemented (the “PID Act”). The PID Act provides procedures for local governments to create public improvement districts (“PIDs”) through a petition and hearing process, followed by approval through an election of property owners and qualified resident electors. PIDs are authorized to finance various infrastructure and improvements, including water and sewer systems, streets and trails, parks, electrical, gas and telecommunications systems, public buildings, libraries and cultural facilities, school facilities, equipment and related costs of operation and administration.

The PID Act provides for financing based on levying property taxes on land within a PID, imposing special levies based on benefit to property, front footage, acreage, cost of improvements (or other factors apart from assessed valuation), and by providing for use charges for improvements or revenue-producing projects or facilities. PID taxes, levies and charges may be pledged to pay debt service on bonds issued by a PID. Under the Act, PID bonds are not obligations of the State of New Mexico or the local government jurisdiction in which the PID is

located, but are obligations solely of the PID issuing the bonds. The Council adopted the Albuquerque Public Improvement District Policy Ordinance (the “PID Policy Ordinance”) in February 2003, which enacts policies and procedures for processing and approving applications for approval of PIDs within the City’s boundaries.

The Council has approved nine public improvement districts within the City; Ventana West Public Improvement District, Montecito Estates Public Improvement District, Saltillo Public Improvement District, The Trails Public Improvement District, The Boulders Public Improvement District, Volterra Public Improvement District, Mesa del Sol Public Improvement Districts, Lower Petroglyphs Public Improvement District and Juan Tabo Hills Estates Public Improvement District. Many of the public improvement districts have issued special levy revenue bonds to finance construction of certain public infrastructure.

Housing Projects

Beach Apartments Project

The Beach Apartments Project was acquired by the City from the Resolution Trust Corporation (“RTC”) in July 1991 with proceeds of its \$1,265,000 Multifamily Mortgage Revenue Bonds (Beach Apartments Project), Series 1991. The complex was conveyed subject to a land use restriction agreement between the City and RTC which stipulates that not less than 35% of the units in the property be made available to households with incomes less than 65% of the area median income, adjusted for family size. The Beach Apartments Project consists of 74 units located in six two and three-story buildings, and the apartment building complex includes a swimming pool and on-site security personnel. The table below shows the number and types of units of the Beach Apartments.

NUMBER AND TYPES OF UNITS

<u>Number of Units</u>	<u>Types of Units</u>
13	Studio
8	One Bedroom
49	Two Bedroom
4	Three Bedroom

Annual occupancy rates for the Beach Apartments Project have ranged between 93% and 100% from Fiscal Year 2010 through Fiscal Year 2019. For Fiscal Year 2019, the Beach Apartments Project generated total revenues of \$576,389 and incurred \$475,068 in operating and other expenses, resulting in net income of \$101,322 for that period.

Manzano Vista Apartments Project

The Manzano Vista Apartments Project, purchased by the City in January 1994 with proceeds of its \$3,030,000 Multifamily Mortgage Revenue Bonds (Manzano Vista, formerly Dorado Village Apartments, Project), Series 1994, consists of 178 units. The complex was purchased at foreclosure auction and was conveyed by foreclosure deed subject to a use agreement between the City and the U.S. Department of Housing and Urban Development (“HUD”). The use agreement has expired. Although Manzano Vista has no deed restrictions, the City provides 25% of the units in this complex as affordable housing. The table below shows the number and types of units of the Manzano Vista Apartments.

NUMBER AND TYPES OF UNITS

<u>Number of Units</u>	<u>Types of Units</u>
24	One Bedroom
104	Two Bedroom
50	Three Bedroom

Annual occupancy rates for the Manzano Vista Apartments Project have ranged between 93.4% and 95% from Fiscal Year 2010 through Fiscal Year 2019. For Fiscal Year 2019, the Manzano Vista Apartments Project generated total revenues of \$1,488,371 and incurred \$1,279,248 in operating and other expenses, resulting in a net income of \$209,123 for that period.

Bluewater Village Apartments Project

The Bluewater Village Apartments Project is a 200-unit multi-family building and was acquired by the City with proceeds of its \$11,245,000 Affordable Housing Project/Gross Receipts Tax Subordinate Lien Revenue Bonds, Series 1996. The Bluewater Village Apartments are operated as a mixed-income community, i.e., a portion of the units will be occupied by low and moderate-income families. The table below shows the number and types of units.

NUMBER AND TYPES OF UNITS

<u>Number of Units</u>	<u>Types of Units</u>
50	One Bedroom
80	Two Bedroom
60	Three Bedroom
10	Four Bedroom

Annual occupancy rates for the Bluewater Village Apartments Project have ranged between 92% and 98% from Fiscal Year 2010 through Fiscal Year 2019. For Fiscal Year 2019, the Bluewater Village Apartments Project generated total revenues of \$1,921,253 and incurred \$1,569,356 in operating and other expenses, resulting in net income of \$351,898 for that period.

INVESTMENT PROGRAM, POLICIES AND PROCEDURES

The City holds significant cash balances, arising from capital project borrowings and operational revenues, and awaiting expenditure for purposed needs. It is imperative that the City forecast its daily, weekly, monthly, and annual net cash flow needs to ensure adequate liquidity is available. Aligning with the liquidity necessity is the requirement to protect these financial assets from material loss by minimizing total investment risk by managing the components of market risk, interest rate risk, credit risk, liquidity risk, and other risks. Finally, once sufficient liquidity is ensured and risk minimized, the City seeks to maximize total return on invested assets, subject to risk tolerance constraints. This mandate of optimizing safety, liquidity, and return helps to ensure the citizens of the City that the investment program is protecting and enhancing the public's resources.

Governance

The City's Investment Oversight Committee (the "IOC") is responsible for formulating and implementing the investment policy. The IOC is provided with this authority by the Chief Administrative Officer via Chapter 4, Article 1.9 of the Fiscal Agent Ordinance, which states that the IOC is responsible for:

- a. Establishing, maintaining and amending general policy and procedures for investing city monies;
- b. Establishing collateral requirements for city deposits;
- c. Establishing specific parameters and/or limitations on particular types of investments; and
- d. Ensuring proper internal controls are established and maintained to prohibit unauthorized investment activities.

Portfolio Structure

Although the City accounts for its financial assets in various governmental Funds and general ledger accounts, and investment income and market value changes are apportioned accordingly, the assets are managed as two sub-portfolios:

1. the Liquidity Component; and
2. the Core Investment Component.

The primary purpose of the Liquidity Component is to provide daily liquidity to the City while controlling the risk factors described above. The return objective for this portfolio, measured in yield terms, is secondary. However, by deploying cash forecasting models the City strives to minimize the Liquidity Component level so that more cash may be deployed as earning assets in the Core Investment Component.

The purpose of the Core Investment Component is to convert excess cash, over and above the required Liquidity Component level, to earning assets. Performance is measured on a total return basis, benchmarked to the most appropriate market basket, with comparisons scaled to the level of risk assumed to achieve the reported return. As this portfolio consists of operating reserves and bond proceeds awaiting eventual expenditure, a longer term focus is appropriate. However, principal preservation remains a primary objective, as the Core Investment Component's funds may be utilized to meet debt service, capital project, and operational requirements. As such, strict duration management is in order to manage acceptable principal value change.

Permissible Investments

The City's authorized asset classes and investment types are prescribed by New Mexico State Statute, NMSA Chapter 6, Articles 10-10, 10-16, and 10-17, and affirmed in the City of Albuquerque Code of Ordinances, Chapter 4, Article 1-10.

Portfolio Management Approach

The standard of prudence to be used by the City for managing its cash assets is the Uniform Prudent Investor Act (UPIA). This standard raises the level of care to which the City is to be held accountable, from that of "a businessman of ordinary prudence" (Prudent Man standard) to that of the UPIA, an expert standard incorporated into New Mexico statute in 2005. A major difference between the two standards is that, under the Prudent Man standard, each investment is analyzed separately. Conversely, the UPIA recognizes Modern Portfolio Theory and analyzes investments as components of a diversified portfolio. Asset classes and investment types such as corporate fixed income mutual funds, considered too risky for municipal portfolios on a standalone basis, are considered for use under the UPIA because of their risk-adjusted return enhancement capabilities in a portfolio context.

In alignment with the UPIA, the City has adopted a Strategic Asset Allocation (SAA) approach to the construction and management of its Core Investment Component portfolio. As opposed to the traditional yield or absolute total return approaches to public funds investment management, the City's strategy recognizes the inherent risk of various investments and adjusts for it. Further, the City's approach factors in how the returns of various asset classes vary relative to one another (correlate) through various periods. The overall goal of the approach, using a time-tested quantitative methodology known as Mean-Variance Optimization (MVO), is to manage the Core portfolio with the goal of providing the City the highest return for the level of risk exposure assumed.

Reporting

The Investment Officer is required to provide a comprehensive investment report to the IOC at least quarterly.

Investment Procedures

The City Treasurer is responsible for establishing and maintaining an internal control structure designed to ensure that the financial assets of the City are protected from loss, theft or

misuse. Further, detailed guidelines are required to carry out the City's investment program. Specifics for the internal controls and procedures are documented in an investment procedures manual utilized by the Investment Officer.

The manual addresses the following points:

- Control of collusion;
- Separation of transaction authority from accounting and recordkeeping;
- Custodial safekeeping;
- Broker/dealer listing approval, transactional processing compliance;
- Asset allocation compliance procedures;
- IOC reporting details;
- Avoidance of physical delivery securities;
- Clear delegation of authority to subordinate staff members;
- Written confirmation of transactions for investments and wire transfers;
- Dual authorizations of wire transfers;
- Staff training; and
- Review, maintenance and monitoring of security procedures both manual and automated.

FORWARD-LOOKING STATEMENTS

This Annual Information Statement contains statements relating to future results that are “forward-looking statements” as defined in the Private Securities Litigation Reform Act of 1995. When used in this Annual Information Statement, the words “estimate,” “forecast,” “intend,” “expect,” “project,” “budget,” “plan” and similar expressions identify forward-looking statements.

THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVES KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. THE CITY DOES NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THOSE FORWARD-LOOKING STATEMENTS IF OR WHEN ITS EXPECTATIONS,

OR EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED OCCUR.

LEGAL MATTERS

Litigation

General

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; or (ii) 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.

APD Settlement Agreement with Department of Justice

In response to the Department of Justice's (the "DOJ") 2014 finding of excessive use of force by the Albuquerque Police Department ("APD"), the City of Albuquerque has entered into a settlement agreement with the DOJ that enumerates specific agreed upon deliverables. The City has been making steady progress towards implementation and full implementation of the settlement agreement is expected to occur in approximately three years from 2020. The cost of both compliance and monitoring together are expected to be less than \$4.5 million per year.

New Mexico Tort Claims Act Limitations

The New Mexico Tort Claims Act limits liability to (i) \$200,000 for damage to or destruction of real 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, ROA 1994) 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; workers compensation losses; errors and omissions of City workers and officials; and natural disasters. The City Council enabled the Risk Management Division and uses the

Risk Management Fund to account for and 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 through 2019, approximately \$11.0 million was collected under the plan. The budget for Fiscal year 2020 provided approximately \$5.7 million toward the recovery. 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.P to the Audited Financial Statements for Fiscal Year 2019, attached hereto as Appendix A.

APPENDIX A

Independent Auditors' Report, Management's Discussion and Analysis, Audited Basic Financial Statement, and Notes to Financial Statements

As of and for the Fiscal Year ended June 30, 2019

The City of Albuquerque, New Mexico, Comprehensive Annual Financial Report for Fiscal Year Ended June 30, 2019, which includes the above listed items, is hereby incorporated by reference into this Annual Information Statement and was posted on the MSRB Electronic Municipal Market Access website (EMMA) January 16, 2020.

APPENDIX B

CUSIP Numbers for Outstanding City Bonds

BOND ISSUE NAME	D/S MONTH & YEAR	CUSIP	PRINCIPAL
Airport Refunding Revenue Bonds 2008C	July 2020	013538KA0	\$480,000
General Obligation General Purpose 2011A	July 2020	0135182B0	\$10,700,000
General Obligation General Purpose 2011A	July 2021	0135182C8	10,700,000
General Obligation General Purpose 2011A	July 2022	0135182D6	10,700,000
General Obligation General Purpose 2011A	July 2023	0135182E4	10,700,000
General Obligation General Purpose 2012A	July 2020	0135182N4	\$5,700,000
General Obligation General Purpose 2012A	July 2021	0135182P9	5,700,000
General Obligation General Purpose 2012A	July 2022	0135182Q7	5,700,000
General Obligation General Purpose 2012A	July 2023	0135182R5	5,700,000
General Obligation General Purpose 2012A	July 2024	0135182S3	3,445,000
General Obligation General Purpose 2013A	July 2020	0135183B9	\$6,040,000
General Obligation General Purpose 2013A	July 2021	0135183C7	6,040,000
General Obligation General Purpose 2013A	July 2022	0135183D5	6,040,000
General Obligation General Purpose 2013A	July 2023	0135183E3	6,050,000
General Obligation General Purpose 2013A	July 2024	0135183F0	6,050,000
General Obligation General Purpose 2013A	July 2025	0135183G8	6,050,000
General Obligation General Purpose 2013A	July 2026	0135183H6	1,075,000
General Obligation General Purpose 2014A	July 2020	0135183Q6	\$4,805,000
General Obligation General Purpose 2014A	July 2021	0135183R4	4,800,000
General Obligation General Purpose 2014A	July 2022	0135183S2	4,800,000
General Obligation General Purpose 2014A	July 2023	0135183T0	4,800,000
General Obligation General Purpose 2014A	July 2024	0135183U7	4,800,000
General Obligation General Purpose 2014A	July 2025	0135183V5	4,800,000
General Obligation General Purpose 2014A	July 2026	0135183W3	4,230,000
General Obligation General Purpose 2015A	July 2020	0135184D4	\$3,285,000
General Obligation General Purpose 2015A	July 2021	0135184E2	3,285,000
General Obligation General Purpose 2015A	July 2022	0135184F9	3,285,000
General Obligation General Purpose 2015A	July 2023	0135184G7	3,285,000
General Obligation General Purpose 2015A	July 2024	0135184H5	3,285,000
General Obligation General Purpose 2015A	July 2025	0135184J1	3,285,000
General Obligation General Purpose 2015A	July 2026	0135184K8	3,285,000
General Obligation General Purpose 2015A	July 2027	0135184L6	1,840,000
General Obligation General Purpose 2016A	July 2020	0135184S1	\$6,000,000
General Obligation General Purpose 2016A	July 2021	0135184T9	6,000,000
General Obligation General Purpose 2016A	July 2022	0135184U6	6,000,000
General Obligation General Purpose 2016A	July 2023	0135184V4	6,000,000
General Obligation General Purpose 2016A	July 2024	0135184W2	6,000,000

BOND ISSUE NAME	D/S MONTH & YEAR	CUSIP	PRINCIPAL
General Obligation General Purpose 2016A	July 2025	0135184X0	6,000,000
General Obligation General Purpose 2016A	July 2026	0135184Y8	6,000,000
General Obligation General Purpose 2016A	July 2027	0135184Z5	6,000,000
General Obligation General Purpose 2016A	July 2028	0135185A9	5,500,000
General Obligation General Purpose 2017A	July 2020	0135185F8	\$1,760,000
General Obligation General Purpose 2017A	July 2021	0135185G6	1,760,000
General Obligation General Purpose 2017A	July 2022	0135185H4	1,760,000
General Obligation General Purpose 2017A	July 2023	0135185J0	1,760,000
General Obligation General Purpose 2017A	July 2024	0135185K7	1,760,000
General Obligation General Purpose 2017A	July 2025	0135185L5	1,760,000
General Obligation General Purpose 2017A	July 2026	0135185M3	1,760,000
General Obligation General Purpose 2017A	July 2027	0135185N1	1,760,000
General Obligation General Purpose 2017A	July 2028	0135185P6	1,760,000
General Obligation General Purpose 2017A	July 2029	0135185Q4	1,760,000
General Obligation General Purpose 2017A	July 2030	0135185R2	1,730,000
General Obligation General Purpose 2018A	July 2020	0135185T8	\$6,480,000
General Obligation General Purpose 2018A	July 2021	0135185U5	6,480,000
General Obligation General Purpose 2018A	July 2022	0135185V3	6,480,000
General Obligation General Purpose 2018A	July 2023	0135185W1	6,480,000
General Obligation General Purpose 2018A	July 2024	0135185X9	6,480,000
General Obligation General Purpose 2018A	July 2025	0135185Y7	6,480,000
General Obligation General Purpose 2018A	July 2026	0135185Z4	6,480,000
General Obligation General Purpose 2018A	July 2027	0135186A8	6,480,000
General Obligation General Purpose 2018A	July 2028	0135186B6	6,480,000
General Obligation General Purpose 2018A	July 2029	0135186C4	6,475,000
General Obligation General Purpose 2018A	July 2030	0135186D2	6,475,000
General Obligation General Purpose 2018A	July 2031	0135186E0	6,475,000
General Obligation General Purpose 2019A	July 2020	0135186F7	\$2,050,000
General Obligation General Purpose 2019A	July 2021	0135186G5	2,050,000
General Obligation General Purpose 2019A	July 2022	0135186H3	2,050,000
General Obligation General Purpose 2019A	July 2023	0135186J9	2,050,000
General Obligation General Purpose 2019A	July 2024	0135186K6	2,050,000
General Obligation General Purpose 2019A	July 2025	0135186L4	2,050,000
General Obligation General Purpose 2019A	July 2026	0135186M2	2,008,000
General Obligation StormSewer 2012B	July 2024	0135182T1	\$2,255,000
General Obligation StormSewer 2012B	July 2025	0135182U8	5,780,000
General Obligation StormSewer 2013B	July 2026	0135183J2	\$4,980,000
General Obligation StormSewer 2014B	July 2026	0135183X1	\$575,000
General Obligation StormSewer 2014B	July 2027	0135183Y9	4,800,000
General Obligation StormSewer 2015B	July 2027	0135184M4	\$1,441,000
General Obligation StormSewer 2015B	July 2028	0135184N2	3,285,000

BOND ISSUE NAME	D/S MONTH & YEAR	CUSIP	PRINCIPAL
General Obligation StormSewer 2016B	July 2028	0135185B7	\$500,000
General Obligation StormSewer 2016B	July 2029	0135185C5	6,000,000
General Obligation StormSewer 2019B	July 2026	0135186N0	\$42,000
General Obligation Storm Sewer 2019B	July 2027	0135186P5	2,050,000
General Obligation Storm Sewer 2019B	July 2028	0135186Q3	2,050,000
General Obligation Storm Sewer 2019B	July 2029	0135186R1	2,050,000
General Obligation Storm Sewer 2019B	July 2030	0135186S9	2,050,000
General Obligation Storm Sewer 2019B	July 2031	0135186T7	2,050,000
General Obligation Storm Sewer 2019B	July 2032	0135186U4	2,050,000
Gross Receipts TaxSeries 2013	July 2020	01354PEC4	\$1,560,000
Gross Receipts TaxSeries 2013	July 2021	01354PED2	1,620,000
Gross Receipts TaxSeries 2013	July 2022	01354PEE0	1,685,000
Gross Receipts TaxSeries 2013	July 2023	01354PEF7	1,760,000
Gross Receipts TaxSeries 2013	July 2024	01354PEG5	1,835,000
Gross Receipts TaxSeries 2013	July 2025	01354PEH3	1,930,000
Gross Receipts TaxSeries 2013	July 2026	01354PEJ9	2,025,000
Gross Receipts TaxSeries 2013	July 2027	01354PEK6	2,125,000
Gross Receipts TaxSeries 2013	July 2028	01354PEL4	2,235,000
Gross Receipts TaxSeries 2013	July 2031	01354PEM2	2,000,000
Gross Receipts TaxSeries 2013	July 2031	01354PER1	5,310,000
Gross Receipts TaxSeries 2013	July 2033	01354PEN0	5,355,000
Gross Receipts TaxSeries 2013	July 2035	01354PEP5	4,540,000
Gross Receipts Tax/Lodger Refunding 2004B	July 2020	01354MDR9	\$425,000
Gross Receipts Tax/Lodger Refunding 2004B	July 2021	01354MDR9	450,000
Gross Receipts Tax/Lodger Refunding 2004B	July 2022	01354MDR9	465,000
Gross Receipts Tax/Lodger Refunding 2004B	July 2023	01354MDR9	545,000
Gross Receipts Tax/Lodger Refunding 2004B	July 2024	01354MDR9	530,000
Gross Receipts Tax/Lodger Refunding 2004B	July 2025	01354MDS7	630,000
Gross Receipts Tax/Lodger Refunding 2004B	July 2026	01354MDS7	2,905,000
Gross Receipts Tax/Lodger Refunding 2004B	July 2027	01354MDS7	3,155,000
Gross Receipts Tax/Lodger Refunding 2004B	July 2028	01354MDS7	3,415,000
Gross Receipts Tax/Lodger Refunding 2004B	July 2029	01354MDS7	3,695,000
Gross Receipts Tax/Lodger Refunding 2004B	July 2030	01354MDS7	1,685,000
Gross Receipts Tax/Lodger Refunding 2004B	July 2034	01354MDS7	2,435,000
Gross Receipts Tax/Lodger Refunding 2004B	July 2036	01354MDS7	4,855,000
Gross Receipts/Lodgers Refunding 2014A	July 2020	01354MFB2	\$225,000
Gross Receipts/Lodgers Refunding 2014A	July 2021	01354MFC0	230,000
Gross Receipts/Lodgers Refunding 2014A	July 2022	01354MFD8	235,000
Gross Receipts/Lodgers Refunding 2014A	July 2023	01354MFE6	245,000
Gross Receipts/Lodgers Refunding 2014A	July 2024	01354MFF3	255,000
Gross Receipts/Lodgers Refunding 2014A	July 2025	01354MFG1	265,000
Gross Receipts/Lodgers Refunding 2014A	July 2026	01354MFH9	275,000
Gross Receipts/Lodgers Refunding 2014A	July 2027	01354MFJ5	285,000

BOND ISSUE NAME	D/S MONTH & YEAR	CUSIP	PRINCIPAL
Gross Receipts/Lodgers Refunding 2014A	July 2028	01354MFK2	290,000
Gross Receipts/Lodgers Refunding 2014A	July 2029	01354MFL0	300,000
Gross Receipts/Lodgers Refunding 2014A	July 2030	01354MFM8	2,610,000
Gross Receipts/Lodgers Refunding 2014A	July 2031	01354MFN6	1,000,000
Gross Receipts/Lodgers Refunding 2014A	July 2031	01354MFS5	3,570,000
Gross Receipts/Lodgers Refunding 2014A	July 2032	01354MFP1	4,840,000
Gross Receipts/Lodgers Refunding 2014A	July 2033	01354MFQ9	5,105,000
Gross Receipts/Lodgers Refunding 2014A	July 2037	01354MFR7	16,285,000
Gross Receipts Tax Series 2015A	July 2020	01354PEW0	\$1,470,000
Gross Receipts Tax Series 2015A	July 2021	01354PEX8	1,525,000
Gross Receipts Tax Series 2015A	July 2022	01354PEY6	90,000
Gross Receipts Tax Series 2015A	July 2023	01354PEZ3	95,000
Gross Receipts Tax Series 2015A	July 2024	01354PFA7	1,510,000
Gross Receipts Tax Series 2015A	July 2025	01354PFB5	1,585,000
Gross Receipts Tax Series 2015A	July 2026	01354PFC3	1,665,000
Gross Receipts Tax Series 2015A	July 2027	01354PFD1	1,750,000
Gross Receipts Tax Series 2015A	July 2028	01354PFE9	1,835,000
Gross Receipts Tax Series 2015A	July 2029	01354PFF6	1,890,000
Gross Receipts Tax Series 2015A	July 2030	01354PFG4	1,985,000
Gross Receipts Tax Series 2015A	July 2031	01354PFH2	2,065,000
Gross Receipts Tax Series 2015A	July 2032	01354PFJ8	2,150,000
Gross Receipts Tax Series 2015A	July 2033	01354PFK5	2,235,000
Gross Receipts Tax Series 2015A	July 2034	01354PFL3	2,345,000
Gross Receipts Tax Series 2015A	July 2035	01354PFM1	2,465,000
Gross Receipts Tax Series 2015A	July 2037	01354PFN9	5,250,000
Gross Receipts Tax Series 2015A	July 2038	01354PFP4	2,825,000
Gross Receipts Tax Series 2015B (Taxable)	July 2020	01354PFU3	\$1,275,000
Gross Receipts Tax Series 2015B (Taxable)	July 2021	01354PFV1	1,305,000
Gross Receipts Tax Series 2015B (Taxable)	July 2022	01354PFW9	1,335,000
Gross Receipts Tax Series 2015B (Taxable)	July 2023	01354PFX7	1,375,000
Gross Receipts Tax/Lodgers' Tax Improvement Revenue Taxable 2016	July 2020	01354MFX4	\$445,000
Gross Receipts Tax/Lodgers' Tax Improvement Revenue Taxable 2016	July 2021	01354MFY2	585,000
Gross Receipts Tax/Lodgers' Tax Improvement Revenue Taxable 2016	July 2022	01354MFZ9	725,000
Gross Receipts Tax/Lodgers' Tax Improvement Revenue Taxable 2016	July 2023	01354MGA3	2,090,000
Gross Receipts Tax/Lodgers' Tax Improvement Revenue Taxable 2016	July 2024	01354MGB1	850,000
Gross Receipts Tax/Lodgers' Tax Improvement Revenue Taxable 2016	July 2025	01354MGC9	925,000
Gross Receipts Tax/Lodgers' Tax Improvement Revenue Taxable 2016	July 2026	01354MGD7	805,000
Gross Receipts Tax/Lodgers' Tax Improvement Revenue Taxable 2016	July 2027	01354MGE5	885,000
Gross Receipts Tax/Lodgers' Tax Improvement Revenue Taxable 2016	July 2028	01354MGF2	975,000

BOND ISSUE NAME	D/S MONTH & YEAR	CUSIP	PRINCIPAL
Revenue Taxable 2016 Gross Receipts Tax/Lodgers' TaxImprovement Revenue Taxable 2016	July 2029	01354MGG0	1,060,000
Gross Receipts Tax/Lodgers' TaxImprovement Revenue Taxable 2016	July 2030	01354MGH8	1,160,000
Gross Receipts Tax/Lodgers' TaxImprovement Revenue Taxable 2016	July 2031	01354MGJ4	1,255,000
Gross Receipts Tax/Lodgers' TaxImprovement Revenue Taxable 2016	July 2032	01354MGK1	1,365,000
Gross Receipts Tax/Lodgers' TaxImprovement Revenue Taxable 2016	July 2033	01354MGL9	1,480,000
Gross Receipts Tax/Lodgers' TaxImprovement Revenue Taxable 2016	July 2034	01354MGM7	1,605,000
Gross Receipts Tax/Lodgers' TaxImprovement Revenue Taxable 2016	July 2035	01354MGN5	1,740,000
Gross Receipts Tax/Lodgers' TaxImprovement Revenue Taxable 2016	July 2038	01354MGP0	5,100,000
Gross Receipts Tax Improvement Revenue 2016C	July 2020	01354PGB4	\$780,000
Gross Receipts Tax Improvement Revenue 2016C	July 2021	01354PGC2	805,000
Gross Receipts Tax Improvement Revenue 2016C	July 2022	01354PGD0	830,000
Gross Receipts Tax Improvement Revenue 2016C	July 2023	01354PGE8	860,000
Gross Receipts Tax Improvement Revenue 2016C	July 2024	01354PGF5	895,000
Gross Receipts Tax Improvement Revenue 2016C	July 2025	01354PGG3	940,000
Gross Receipts Tax Improvement Revenue 2016C	July 2026	01354PGH1	990,000
Gross Receipts Tax Improvement Revenue 2016C	July 2027	01354PGJ7	1,040,000
Gross Receipts Tax Improvement Revenue 2016C	July 2028	01354PGK4	1,080,000
Gross Receipts Tax Improvement Revenue 2016C	July 2029	01354PGL2	1,120,000
Gross Receipts Tax Improvement Revenue 2016C	July 2030	01354PGM0	1,165,000
Gross Receipts Tax Improvement Revenue 2016C	July 2031	01354PGN8	1,215,000
Gross Receipts Tax Improvement Revenue 2016C	July 2032	01354PGP3	1,265,000
Gross Receipts Tax Improvement Revenue 2016C	July 2033	01354PGQ1	1,315,000
Gross Receipts Tax Improvement Revenue 2016C	July 2034	01354PGR9	1,365,000
Gross Receipts Tax/Lodgers TaxRefunding and Improvement Revenue 2019A	July 2020	01354MGQ8	\$1,280,000
Gross Receipts Tax/Lodgers TaxRefunding and Improvement Revenue 2019A	July 2021	01354MGR6	1,375,000
Gross Receipts Tax/Lodgers TaxRefunding and Improvement Revenue 2019A	July 2022	01354MGS4	1,395,000
Gross Receipts Tax/Lodgers TaxRefunding and Improvement Revenue 2019A	July 2023	01354MGT2	190,000
Gross Receipts Tax/Lodgers TaxRefunding and Improvement Revenue 2019A	July 2024	01354MGU9	1,685,000
Gross Receipts Tax/Lodgers TaxRefunding and Improvement Revenue 2019A	July 2025	01354MGV7	1,855,000
Gross Receipts Tax/Lodgers TaxRefunding and Improvement Revenue 2019A	July 2026	01354MGW5	140,000
Gross Receipts Tax/Lodgers TaxRefunding and Improvement Revenue 2019A	July 2027	01354MGX3	290,000
Gross Receipts Tax/Lodgers TaxRefunding and Improvement Revenue 2019A	July 2028	01354MGY1	465,000

BOND ISSUE NAME	D/S MONTH & YEAR	CUSIP	PRINCIPAL
Gross Receipts Tax/Lodgers Tax Refunding and Improvement Revenue 2019A	July 2029	01354MGZ8	645,000
Gross Receipts Tax/Lodgers Tax Refunding and Improvement Revenue 2019A	July 2030	01354MHA2	845,000
Gross Receipts Tax/Lodgers Tax Refunding and Improvement Revenue 2019A	July 2031	01354MHB0	1,055,000
Gross Receipts Tax/Lodgers Tax Refunding and Improvement Revenue 2019A	July 2032	01354MHC8	1,280,000
Gross Receipts Tax/Lodgers Tax Refunding and Improvement Revenue 2019A	July 2033	01354MHD6	1,520,000
Gross Receipts Tax/Lodgers Tax Refunding and Improvement Revenue 2019A	July 2034	01354MHE4	1,785,000
Gross Receipts Tax/Lodgers Tax Refunding and Improvement Revenue 2019A	July 2035	01354MHF1	2,070,000
Gross Receipts Tax/Lodgers Tax Refunding and Improvement Revenue 2019A	July 2036	01354MHG9	2,490,000
Gross Receipts Tax/Lodgers Tax Refunding and Improvement Revenue 2019A	July 2037	01354MHH7	2,825,000
Gross Receipts Tax/Lodgers Tax Refunding and Improvement Revenue 2019A	July 2038	01354MHJ3	10,640,000
Gross Receipts Tax Refunding Revenue 2019B	July 2020	01354PGS7	\$4,055,000
Gross Receipts Tax Refunding Revenue 2019B	July 2021	01354PGT5	3,965,000
Gross Receipts Tax Refunding Revenue 2019B	July 2022	01354PGU2	725,000