

CITY OF ALBUQUERQUE

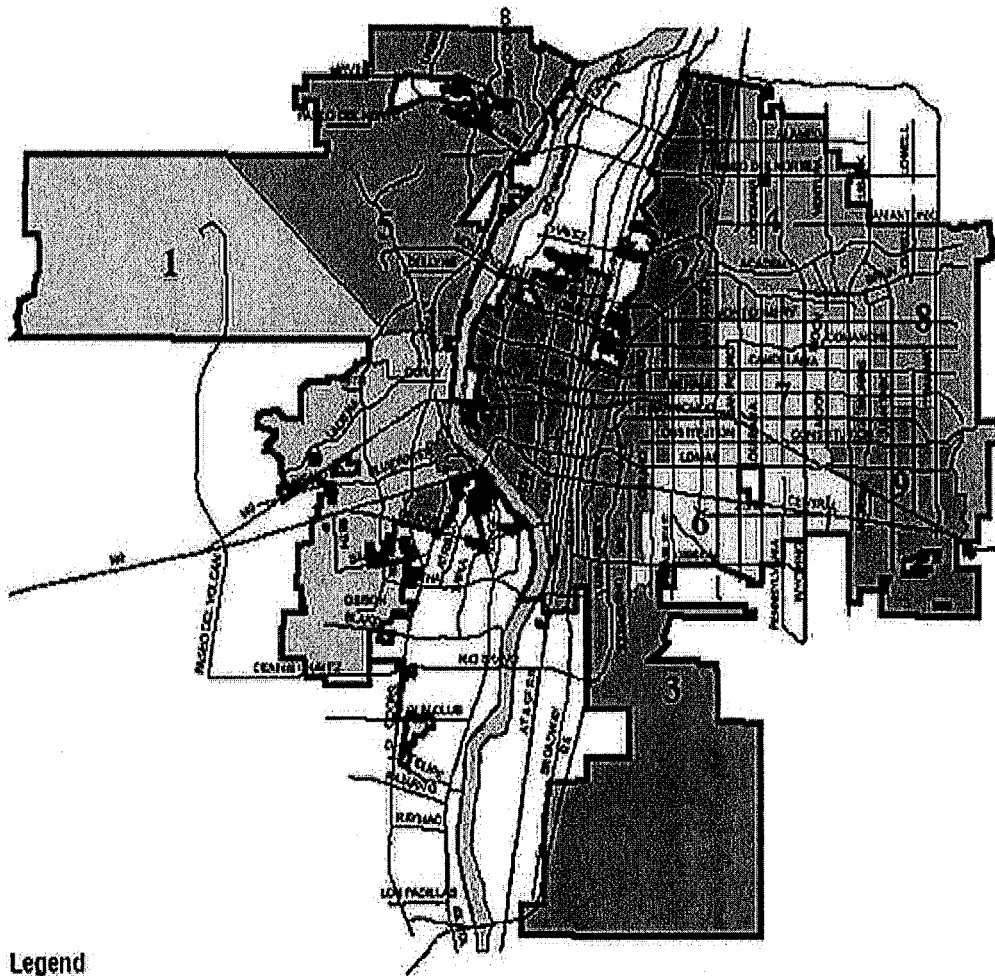


ANNUAL INFORMATION STATEMENT












DATED JANUARY 26, 2012

**IN CONNECTION WITH BONDS AND
OTHER OBLIGATIONS**

Albuquerque City Council Districts and Albuquerque Municipal Limit



Legend

-  Rio Grande
-  Albuquerque Municipal Limit
- Albuquerque City Council District**
-  1. Ken Sanchez
-  2. Debbie O'Malley
-  3. Isaac Beaton
-  4. Brad Winter
-  5. Don Lewis
-  6. Rey Gardner
-  7. Michael Cook
-  8. Tredy James
-  9. Don Harris

0 0.5 1 2 3 Miles

Data provided by
City of Albuquerque AGIS and
Bernalillo County Public Works.



CITY OF ALBUQUERQUE

MAYOR

Richard J. Berry

CITY COUNCIL

Ken Sanchez	District 1
M. Debbie O'Malley (Vice President)	District 2
Isaac Benton	District 3
Brad Winter	District 4
Dan Lewis	District 5
Rey Garduño	District 6
Michael D. Cook	District 7
Trudy Jones (President)	District 8
Don Harris	District 9

ADMINISTRATION

Robert J. Perry, Chief Administrative Officer
John Soladay, Chief Operations Officer
Amy Bailey, City Clerk

DEPARTMENT OF FINANCE AND ADMINISTRATIVE SERVICES

Lou D. Hoffman, CCM, P.E., Director
Cilia E. Agliandolo, CTP, Treasurer
Susan Biernacki, Esq., Asst. City Attorney/Asst. City Treasurer
Pamela Berry, CMA, Accounting Officer

OFFICE OF MANAGEMENT AND BUDGET

Gerald E. Romero, Budget Officer
Jacques Blair, PhD., City Economist

LEGAL DEPARTMENT

David Tourek, Esq., City Attorney

BOND COUNSEL

Brownstein Hyatt Farber Schreck, LLP, Albuquerque, New Mexico

DISCLOSURE COUNSEL

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

FINANCIAL ADVISOR

RBC Capital Markets, LLC, Albuquerque, New Mexico

SPECIAL TAX COUNSEL

Kutak Rock LLP, Denver, Colorado

TABLE OF CONTENTS

PAGE

INTRODUCTION	1
CONTINUING DISCLOSURE UNDERTAKINGS	1
FISCAL YEAR 2011 FINANCIAL INFORMATION NOT AVAILABLE.....	2
OUTSTANDING CITY OBLIGATIONS.....	3
Summary of Outstanding Obligations	3
Ratings of City Obligations	3
Tax-Supported Obligations	3
Enterprise Obligations	14
Housing Obligations.....	20
Transit-Related Obligations	21
Credit Enhancement	22
ECONOMIC AND DEMOGRAPHIC INFORMATION	24
The City and Metropolitan Area.....	24
Population	24
Age Distribution	25
Employment	25
Major Industries	28
Income.....	34
FINANCIAL INFORMATION.....	34
General	34
THE GENERAL FUND	36
The General Fund.....	38
Revenues.....	40
Property Taxes.....	41
Gross Receipts Taxes	47
Gasoline Tax	53
Lodgers' Tax and Hospitality Fee.....	54
Employee Contracts	56
Retirement Plan	56
Capital Implementation Program	57
Financial Statements	58
ENTERPRISE OPERATIONS.....	58
Albuquerque Airport	58
Airline Agreements	67
Customer Facility Charges	68
Joint Water and Sewer System.....	69
Refuse Removal and Disposal System.....	70
OTHER PROJECTS OF THE CITY	79
Public Improvement Districts.....	79
Housing Projects	80
INVESTMENT POLICIES AND PROCEDURES.....	81
FORWARD-LOOKING STATEMENTS	82
LITIGATION	83
APPROVAL OF ANNUAL STATEMENT.....	84
APPENDIX A – INDEPENDENT AUDITOR’S REPORT, MANAGERMENTS’ DISCUSSION & ANALYSIS, AUDITED BASIC FINANCIAL STATEMENT, & NOTES TO FINANCIAL STATEMENTS	A-1
APPENDIX B – CUSIP NUMBERS FOR OUTSTANDING CITY BONDS	B-1

INTRODUCTION

This “Annual Information Statement Dated January 26, 2012 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 is intended for use by existing holders of the City’s obligations and by investors in such obligations in the secondary market. 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.”

City Council (the “Council”) actions taken after January 1, 2012, including information relating to bonds, notes or other obligations of the City issued or incurred after that date, are not included in the Annual Statement. Other information contained in the Annual Statement is current as of January 1, 2012, unless specifically stated otherwise in the Annual Statement. 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 Aglialoro, 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. A copy of the Annual Statement will be posted to the City’s web site as soon as the audited financial information for Fiscal Year 2011 is available.

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) Airport Refunding Revenue Bonds, Series 1997;
- (2) Refuse Removal and Disposal System Revenue Bonds, Series 1998;
- (3) Refuse Removal and Disposal System Revenue Bonds, Series 2001B;
- (4) General Obligation General Purpose Bonds, Series 2003B;
- (5) General Obligation Storm Sewer Bonds, Series 2003C;
- (6) Airport Refunding and Improvement Revenue Bonds, Series 2004A and Taxable Series 2004B;
- (7) Gross Receipts/Lodgers' Tax Refunding Revenue Bonds, Series 2004A and Taxable Series 2004B;
- (8) General Obligation General Purpose Bonds, Series 2005A;
- (9) General Obligation Storm Sewer Bonds, Series 2005B;
- (10) General Obligation General Purpose Bonds, Series 2007B;
- (11) General Obligation Storm Sewer Bonds, Series 2007C;
- (12) Airport Refunding Revenue Bonds, Series 2008;
- (13) Airport Refunding Revenue Bonds, Series 2008B-C;
- (14) Gross Receipts Tax Refunding Revenue Bonds, Taxable Series 2008A;
- (15) General Obligation General Purpose Bonds, Series 2008A;
- (16) General Obligation Storm Sewer Bonds, Series 2008B;
- (17) Subordinate Lien Airport Refunding Revenue Bonds, Series 2008E;
- (18) Gross Receipts Tax Refunding Revenue Bonds (Beach, Bluewater and Manzano Vista Projects), Series 2008B;
- (19) General Obligation General Purpose Bonds, Series 2009A;
- (20) Gross Receipts Tax/Lodgers' Tax Refunding Revenue Bonds, Series 2009A;
- (21) Gross Receipts Tax Refunding Revenue Bonds, Series 2009B; and
- (22) General Obligation General Purpose Bonds, Series 2011A.

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. In recent years, the City's year end audits have not been completed in time for the City to make filings within the time required by certain of its Disclosure Undertakings. Other than the delay in filing its audited financial statements, the City has been in compliance with the requirements of its Disclosure Undertakings.

FISCAL YEAR 2011 AUDITED INFORMATION NOT AVAILABLE

The City's audited financial statements for Fiscal Year 2011 are not complete. As soon as the audit is complete and approved by the New Mexico State Auditor, the City will attach audited financial information to this Annual Statement and file its audited financial statement for Fiscal Year 2011 with the Municipal Securities Rulemaking Board.

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, 2011 (“CAFR”), a portion of which will be attached hereto as Appendix A upon its completion. Other information relating to the City’s outstanding obligations, including information about debt service coverage ratios, can be obtained from the CAFR. The 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, letters of credit and other credit enhancement provided by various entities as described in “Credit Enhancement” under this caption. 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. The City presently has outstanding general purpose general obligation bonds in an outstanding aggregate principal amount of \$245,180,000, and storm sewer general obligation bonds in an outstanding aggregate principal amount of \$30,095,000.

In a regular municipal election held October 4, 2011, the issuance of \$150,907,000 general purpose general obligation bonds and \$13,080,000 storm sewer general obligation bonds was approved. It is expected that the City will issue general purpose general obligation bonds in the aggregate principal amount of \$70,765,000 and storm sewer general obligation bonds in the aggregate principal amount of \$8,100,000 in April 2012.

CITY OF ALBUQUERQUE
Outstanding General Obligation Bonds
As of January 1, 2012

Issue	Principal Amount Of Original Issue	Currently Outstanding
<u>General Purpose G.O. Bonds:</u>		
July 2003	\$81,805,000	\$5,230,000
June 2005	90,595,000	22,480,000
September 2007	43,045,000	21,645,000
June 2008	39,000,000	24,675,000
June 2009	54,970,000	42,750,000
February 2011	<u>135,000,000</u>	<u>128,400,000</u>
Total	<u>\$444,415,000</u>	<u>\$245,180,000</u>
<u>Water, Sewer and Storm Sewer G.O. Bonds:</u>		
July 2003	\$9,440,000	\$9,440,000
June 2005	11,575,000	11,575,000
September 2007	5,080,000	5,080,000
June 2008	<u>4,000,000</u>	<u>4,000,000</u>
Total	<u>\$30,095,000</u>	<u>\$30,095,000</u>
<u>Total General Obligation Bonds</u>	<u>\$474,510,000</u>	<u>\$275,275,000</u>

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 \$11,951,429,843, as shown below, and the City’s outstanding general purpose general obligation debt of \$245,180,000, the City has the capacity to issue \$216,238,679 aggregate principal amount of general purpose general obligation bonds in the future.

CITY OF ALBUQUERQUE
Test for Maximum General Purpose G.O. Bonds

4% of Assessed Value of \$11,951,429,843:	\$478,057,194
Outstanding (General Purpose subject to 4% limitation):	\$245,180,000
Available for Future Issues:	\$232,877,194

CITY OF ALBUQUERQUE
Assessed Valuation
(County Tax Year⁽¹⁾ 2011)

Market Value of Property Assessed ⁽²⁾	\$43,657,006,899
(1/3 Market Value)	13,769,149,801
Less Exemptions	(2,209,312,874)
Plus Centrally Assessed (Corporate)	<u>391,592,916</u>
Certified Net Tax Base ⁽³⁾	<u>\$11,951,429,843</u>

- (1) The County Tax Year (“Tax Year”) begins November 1 and ends October 31.
- (2) Reflects market values submitted to the State by the County Assessor prior to properties assessed late. Value shown was used to assess property taxes for the tax year. Current values could vary from value shown. A method of increasing assessed valuation for residential property upon change of ownership was declared unconstitutional under the New Mexico Constitution in an August, 2009 Second Judicial District Court decision. See “FINANCIAL INFORMATION – Property Taxes” herein. The effect of the Court decision on recent or future increases in residential property values is uncertain and the City makes no predictions in that regard.
- (3) This Certified Net Tax Base is based on information received from the County Assessor’s Office.

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, 2012

Gross G.O. Bonded Debt	\$275,275,000 ⁽¹⁾
Less G.O. Sinking Fund Balance	0
Net G.O. Bonded Debt	<u>\$275,275,000</u>

	G.O. Debt	Tax Year 2011 Assessed Valuation	% Applicable to City	Net Overlapping
City of Albuquerque	\$275,275,000	\$11,951,429,843	100.00%	\$275,275,000
Albuquerque Public Schools	545,980,000	14,703,596,631	83.53%	456,057,094
Albuquerque Metropolitan Arroyo Flood Control Authority ⁽²⁾	37,375,000	13,399,911,689	86.35%	32,273,313
Central New Mexico Community College	33,575,000	16,446,237,946	83.37%	28,444,740
Bernalillo County	99,330,000	14,452,760,775	82.87%	82,314,771
State of New Mexico	355,500,000	52,846,098,496	23.64%	<u>84,040,200</u>
Total Direct and Overlapping G.O. Debt				<u>\$958,405,118</u>
RATIOS				
Direct and Overlapping G.O. Debt as Percent of Taxable Assessed Valuation				8.02%
Direct and Overlapping G.O. Debt as Percent of Actual Market Valuation				2.20%
Assessed Valuation Per Capita (2010 Estimated Population 545,852) ⁽³⁾				\$ 21,895.00
Direct and Overlapping G.O. Debt Per Capita				\$ 1,755.80

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

(2) Statutory maximum of general obligation debt of \$80,000,000.

(3) United States Census Bureau.

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

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
2002	466,455	\$7,423,666	\$117,440	\$18,230	\$99,210	1.34%	\$212.69
2003	475,511	7,623,843	160,055	45,493	114,562	1.50%	240.92
2004	486,319	7,887,551	126,810	46,158	80,652	1.02%	165.84
2005	497,543	8,285,493	239,205	19,487	219,718	2.65%	441.61
2006	508,486	9,307,581	276,205	81,723	194,482	2.09%	523.57
2007	517,162	9,858,169	235,765	75,713	160,052	1.62%	440.14
2008	523,240	10,949,766	292,620	87,565	205,055	1.87%	391.89
2009	529,219	11,581,011	297,968	69,834	228,134	1.97%	510.88
2010	545,852	11,951,430	323,805	73,851	249,954	2.09%	345.89

(1) United States Census Bureau.

(2) Assessment made by County Assessor. The taxable ratio 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, 2012

Fiscal Year	Principal	Interest	Total Debt Service
2012	\$45,615,000	\$10,007,138	\$56,622,138
2013	45,615,000	9,280,913	54,895,913
2014	38,285,000	7,315,988	45,600,988
2015	26,930,000	5,787,725	32,717,725
2016	26,930,000	4,742,050	31,672,050
2017	21,610,000	3,705,575	25,315,575
2018	16,790,000	2,851,725	19,641,725
2019	10,700,000	2,180,125	12,880,125
2020	10,700,000	1,752,125	12,452,125
2021	10,700,000	1,324,125	12,024,125
2022	10,700,000	896,125	11,596,125
2023	10,700,000	468,125	11,168,125
TOTAL	\$275,275,000	\$51,311,738	\$326,586,738

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)
2002	\$49,810,000	\$8,215,773	\$58,025,773	\$321,419,453	18.1%
2003	33,245,000	7,596,953	40,841,953	326,383,639	12.5%
2004	52,220,000	9,366,770	61,586,770	349,401,983	17.6%
2005	87,355,917	7,747,457	95,103,374	393,168,745	24.2%
2006	76,440,000	10,562,178	87,002,178	445,130,907	19.5%
2007	71,270,000	8,869,510	80,139,510	475,697,255	16.8%
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%

(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 "Aa1 (negative outlook)" by Moody's Investors Service, Inc. ("Moody's"), "AAA" by Standard & Poor's Ratings Service ("S&P") and "AA+" by Fitch, Inc. ("Fitch"). The City's General Obligation Bonds, Series 2003B have municipal bond insurance. However, the underlying ratings on these bonds are 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 bonds. See "Credit Enhancement" under this caption.

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, 2012

Issue	Principal Amt. of Original Issue	Outstanding Principal Amount
Gross Receipts Tax Refunding Revenue Bonds, Series 2008A	\$16,655,000	\$8,890,000
Gross Receipts Tax Refunding Revenue Bonds (Beach, Bluewater and Manzano Vista Projects), Series 2008B ⁽¹⁾	11,275,000	10,450,000
Gross Receipts Tax Refunding Revenue Bonds, Series 2009B	28,305,000	27,425,000
Gross Receipts Tax/Stadium Revenues Refunding Revenue Bonds, Taxable Series 2011B ⁽²⁾	11,650,000	<u>11,650,000</u>
Total		<u>\$58,415,000</u>

(1) These Bonds are also payable from the net revenues of certain City housing projects.

(2) These Bonds are also payable from 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.

Outstanding State Gross Receipts/Lodgers' Tax Bonds. The City has outstanding the following series of special limited obligations secured by a pledge of both state gross receipts tax revenues distributed to the City by the State as described in "FINANCIAL INFORMATION - Gross Receipts Taxes - State Gross Receipts Taxes" and 50% of the revenues received by the City from the 5% lodgers' tax levied, as described in "FINANCIAL INFORMATION - Lodgers' Tax and Hospitality Fee."

CITY OF ALBUQUERQUE
Outstanding State Gross Receipts/Lodgers' Tax/Hospitality Fee Bonds
As of January 1, 2012

Issue	Principal Amt. Of Original Issue	Outstanding Principal Amt.
Tax-Exempt Gross Receipts Tax/Lodgers' Tax Refunding Revenue Bonds, Series 2004A	\$31,965,000	\$31,965,000
Taxable Gross Receipts Tax/Lodgers' Tax Refunding Revenue Bonds, Series 2004B	28,915,000	27,555,000
Gross Receipts/Lodgers' Tax Refunding Revenue Bonds, Series 2009A	10,535,000	10,535,000
Gross Receipts Tax/Lodgers' Tax/Hospitality Fee Improvement And Refunding Revenue Bonds, Series 2011A	22,660,000	<u>22,660,000</u>
Total Outstanding State Gross Receipts/Lodgers' Tax Obligations		<u>\$92,715,000</u>

(1) These bonds were issued as capital appreciation bonds. Principal maturity values shown.

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. The pledge securing the Tax Obligations is made as to state gross receipts tax revenues the City receives from the 1.225% distribution from the State. See "FINANCIAL INFORMATION - Gross Receipts Taxes - State Gross Receipts Taxes."

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

Calendar Year	Series 2004A	Series 2004B	Series 2008A	Series 2008B	Series 2009A	Series 2009B	Series 2011A	Series 2011B	Combined Debt Service Requirements
2012	\$ 1,575,641	\$ 1,740,079	\$3,259,490	\$ 877,588	\$ 479,919	\$ 1,797,550	\$ 2,498,344	\$ 1,024,165	\$13,252,776
2013	1,575,641	1,714,796	3,260,868	878,788	559,919	1,793,600	2,443,413	1,024,998	13,252,023
2014	1,575,641	1,729,779	3,259,940	879,388	621,719	2,164,600	2,367,413	1,021,998	13,620,478
2015	1,575,641	1,728,264	-	880,638	682,369	4,268,650	2,307,213	1,023,798	12,466,573
2016	1,575,641	1,795,059	-	880,888	745,019	4,303,900	2,177,813	1,021,923	12,500,243
2017	1,575,641	1,802,541	-	880,138	806,019	4,309,900	2,110,813	1,024,673	12,509,725
2018	1,575,641	1,803,676	-	878,388	873,269	4,302,650	2,043,813	1,020,148	12,497,585
2019	1,575,641	1,818,733	-	880,638	1,485,669	4,362,400	1,410,313	1,023,398	12,556,792
2020	1,575,641	1,816,904	-	881,638	1,562,169	4,375,400	1,338,813	1,025,148	12,575,713
2021	1,575,641	1,818,996	-	881,388	1,642,169	4,313,400	1,258,188	1,022,248	12,512,030
2022	1,575,641	1,809,741	-	879,888	1,725,169	874,650	1,199,388	1,026,848	9,091,325
2023	1,575,641	1,864,678	-	877,138	453,706	-	1,996,388	1,023,448	7,790,999
2024	1,575,641	1,820,302	-	877,413	1,936,806	-	1,196,838	1,022,766	8,429,766
2025	1,575,641	1,891,735	-	880,388	1,954,150	-	1,196,388	1,019,516	8,517,818
2026	1,575,641	4,131,833	-	876,525	-	-	1,198,731	1,023,610	8,806,340
2027	1,575,641	4,220,896	-	881,088	-	-	1,198,631	-	7,876,256
2028	1,575,641	4,306,109	-	877,656	-	-	1,196,000	-	7,955,406
2029	1,575,641	4,396,918	-	877,344	-	-	-	-	6,849,903
2030	3,875,641	2,182,215	-	879,881	-	-	-	-	6,937,737
2031	5,747,541	403,866	-	-	-	-	-	-	6,151,407
2032	5,841,381	403,866	-	-	-	-	-	-	6,245,247
2033	5,937,631	403,866	-	-	-	-	-	-	6,341,497
2034	3,592,631	2,838,866	-	-	-	-	-	-	6,431,497
2035	6,257,631	268,967	-	-	-	-	-	-	6,526,598
2036	1,502,381	5,123,967	-	-	-	-	-	-	6,626,348
2037	6,690,881	-	-	-	-	-	-	-	6,690,881
Total	\$67,807,256	\$53,836,652	\$9,780,298	\$16,706,801	\$15,528,071	\$36,866,700	\$29,138,500	\$15,348,685	\$245,012,963

The State gross receipts tax revenues of the City attributable to the 1.225% levy for Fiscal Year 2011 were \$171,037,029 (unaudited). The maximum calendar year combined debt service requirements for the outstanding State Gross Receipts Tax Obligations of the City as shown in the preceding table are \$13,620,472 (occurring in calendar year 2014). The coverage ratio of the Fiscal Year 2011 State Gross Receipts Tax Revenues to such maximum calendar year combined debt service requirements is 12.56x.

Current Ratings of State Gross Receipts Tax Bonds. The City’s outstanding state gross receipts tax bonds are currently rated “Aa3” by Moody’s, “AAA” by S&P, and “AA” by Fitch.

2011 Debt Calculations for Tax-Supported Obligations

The following table summarizes (i) the total outstanding obligations of the City as of January 1, 2012 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, 2012**

GENERAL OBLIGATION DEBT⁽²⁾	Total Outstanding	Per Capita (Population of 545,852⁽¹⁾)
Net Direct G.O. Debt	\$275,275,000	\$504.30
Overlapping Jurisdiction G.O. Debt	<u>958,405,118</u>	<u>1,755.80</u>
Total Direct and Overlapping G.O. Debt	<u>\$1,233,680,118</u>	<u>\$2,260.10</u>
SPECIAL TAX OBLIGATIONS		
State Gross Receipts Tax Bonds ⁽³⁾	\$58,415,000	\$107.02
State Gross Receipts/Lodgers’ Tax/Hospitality Fee Bonds ⁽⁴⁾	<u>92,715,000</u>	<u>169.85</u>
Direct Special Tax Obligations	<u>\$151,130,000</u>	<u>\$276.87</u>
TOTAL OVERALL TAX-SUPPORTED OBLIGATIONS	<u>\$1,384,810,118</u>	<u>\$2,536.97</u>

(1) United States Census Bureau.

(2) See table entitled “City of Albuquerque Direct and Overlapping General Obligation Debt as of January 1, 2012” under this caption.

(3) See table entitled “City of Albuquerque Outstanding State Gross Receipts Tax Obligations as of January 1, 2012” under this caption.

(4) See table entitled “City of Albuquerque Outstanding State Gross Receipts/Lodgers’ Tax/Hospitality Fee Bonds as of January 1, 2012” 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 Airport and Double Eagle II Airport. See “ENTERPRISE OPERATIONS - Albuquerque Airport.”

CITY OF ALBUQUERQUE
Outstanding Airport Revenue Bonds as of January 1, 2012

Issue	Project Financed	Principal Amount of Original Issue	Outstanding Principal Amount	Reserve Fund Balances	Optional Redemption Provisions ⁽¹⁾
Airport Refunding Revenue Bonds, Series 1997 ⁽²⁾	Refunding	\$33,310,000	\$1,935,000	Ambac surety	7/1/09 and thereafter @100%
Subordinate Lien Taxable Airport Refunding Revenue Bonds, Series 2004A ⁽³⁾⁽⁴⁾	Refunding	20,610,000	12,540,000	MBIA surety	7/1/13 @100%
Senior Lien Airport Improvement Revenue Bonds, Series 2004B ⁽⁴⁾	Fuel Facility, Terminal and Improvement	30,000,000	21,650,000	MBIA surety	7/1/13 @100%
Airport Refunding Revenue Bonds, Series 2008A ⁽⁵⁾	Refunding	13,640,000	12,650,000	FSA surety	N/A
Airport Refunding Revenue Bonds, Series 2008B-C ⁽⁵⁾	Refunding	21,290,000	13,140,000	FSA surety	7/1/19 @ 100%
Subordinate Lien Airport Refunding Revenue Bonds, Series 2008E ⁽³⁾	Refunding	26,680,000	18,725,000	\$3,454,000	N/A
Airport Refunding Revenue Bonds, Series 2009A	Refunding	26,080,000	22,170,000	N/A	7/1/20 @100%
Airport Refunding Revenue Bonds Series 2011A (AMT)	Refunding	15,375,000	15,375,000	N/A	N/A
Total Airport Revenue Bonds			<u>\$118,185,000</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) Ambac Assurance Corporation has provided its bond insurance policy in connection with these bonds. See "Credit Enhancement" under this caption.
- (3) These bonds are payable from net revenues of the Airport on a subordinate lien basis to the other outstanding Airport revenue bonds, which are sometimes referred to herein as "Senior Parity Obligations." See also "Credit Enhancement" under this caption for a description of certain credit enhancement relating to the Series 2004A Bonds.
- (4) National Public Finance Guaranty Co. (formerly MBIA Insurance Corporation) has provided its bond insurance policy in connection with these bonds. See "Credit Enhancement" under this caption.
- (5) Financial Security Assurance Inc. 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 calendar year, the estimated total combined debt service payable for the outstanding Airport revenue bonds of the City.

Total Combined Outstanding Debt Service of Airport Obligations

Calendar Year	Series 1997 Bonds	Series 2004B Bonds	Series 2008A Bonds	Series 2008 B&C Bonds	Series 2009A Bonds	Series 2011A Bonds	Total Senior Parity Obligations	Series 2004A Bonds	Series 2008E Bonds	Total Subordinate Obligations	Total Combined Requirements
2012	\$2,065,613	\$2,665,088	\$949,950	\$3,619,617	\$3,250,525	\$3,411,037	\$15,961,828	\$2,208,474	\$6,767,275	\$8,975,749	\$24,937,577
2013	-	2,576,588	2,407,700	3,423,952	3,256,125	3,408,800	15,073,164	2,206,891	6,906,100	9,112,991	24,186,155
2014	-	2,493,338	2,414,000	3,614,926	3,254,325	3,408,800	15,185,389	2,214,338	6,788,540	9,002,878	24,188,267
2015	-	2,410,088	2,429,500	1,736,420	3,255,275	3,412,000	13,243,283	2,211,970	-	2,211,970	15,455,253
2016	-	2,326,838	2,429,500	493,213	3,253,825	3,400,800	11,904,175	2,173,466	-	2,173,466	14,077,641
2017	-	2,260,238	2,414,500	482,213	3,249,975	-	8,406,925	2,170,667	-	2,170,667	10,577,592
2018	-	2,193,638	2,415,000	556,013	3,254,975	-	8,419,625	1,881,469	-	1,881,469	10,301,094
2019	-	2,110,388	-	531,213	3,255,175	-	5,896,775	-	-	-	5,896,775
2020	-	2,027,138	-	501,000	-	-	2,528,138	-	-	-	2,528,138
2021	-	1,956,375	-	-	-	-	1,956,375	-	-	-	1,956,375
2022	-	1,885,613	-	-	-	-	1,885,613	-	-	-	1,885,613
2023	-	1,814,850	-	-	-	-	1,814,850	-	-	-	1,814,850
2024	-	1,739,925	-	-	-	-	1,739,925	-	-	-	1,739,925
Total	\$2,065,613	\$28,460,100	\$15,460,150	\$14,958,565	\$26,030,200	\$17,041,437	\$104,016,065	\$15,067,275	\$20,461,915	\$35,529,190	\$139,545,255

Note: 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 pay 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 Net Revenues of the Airport for Fiscal Year 2011 were \$36,200,000 (unaudited). The maximum calendar year combined debt service requirements for all outstanding Senior Parity Obligations are \$15,961,828 (occurring in calendar year 2012). With respect to Test No. 1, the coverage ratio of the Net Revenues for the Airport for Fiscal Year 2011 (\$36,200,000) to such maximum estimated calendar year debt service requirements is 2.27x. The maximum calendar year combined debt service requirements for all Outstanding Airport Obligations are estimated to be \$24,937,577 (occurring in calendar year 2012). With respect to Test No. 2, the coverage ratio of the net revenues of the Airport for Fiscal Year 2011, plus investment income from debt service funds (which is not included in Test No. 1) (\$36,400,000 (unaudited)) to such maximum estimated calendar year debt service requirements is 1.46x.

Historical Debt Service Coverage. The following table sets forth historical debt service coverage for both Senior Lien Obligations and Subordinate Lien Obligations.

	2007	2008	2009	2010	2011
Airport Revenues ⁽¹⁾	\$67,969	\$74,339	\$66,023	\$71,215	\$69,800
Less: Operation and Maintenance Expenses	27,618	29,931	30,166	29,541	29,800
Net Airport Revenues	\$40,352	\$44,408	\$35,856	\$39,303	\$36,200
Coverage Test One					
Senior Lien Debt Service Requirements	\$14,585	\$14,757	\$17,816	\$16,666	\$16,178
Test One debt coverage ratio (1.2x)	2.77	3.01	2.01	2.36	2.24
Coverage Test Two					
Interest income from Debt Service Funds	\$825	\$736	\$593	\$221	\$200
Net Airport Revenues plus interest income	\$41,177	\$45,144	\$36,449	\$39,523	\$36,400
Total Debt Service Requirements	\$25,257	\$25,875	\$26,856	\$26,647	\$26,267
Test Two debt service coverage ratio (1.1x) ⁽²⁾	1.63	1.74	1.36	1.48	1.39

⁽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. Potential investors are advised to refer to the coverage calculations herein, not those appended to the CAFR, in making investment decisions.

Source: City of Albuquerque

Current Ratings of the Airport Revenue Bonds. The majority 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. The following underlying ratings have been assigned to the Subordinate Parity Obligations: “A2” by Moody’s, “A” by S&P and “A” by Fitch. Moody’s issued a report on January 20, 2012 downgrading the Airports Senior Parity Obligations and Subordinate Parity Obligations. The City filed a Material Events Notice on January 23, 2012.

Joint Water and Sewer System Obligations

The joint water and sewer system was owned by the City and operated by its Public Works Department until December 17, 2003 (the “Water/Sewer System”), and revenue bond debt issued by the City relating to the Water/Sewer System continues to be outstanding. In 2003, the New Mexico Legislature created the Albuquerque Bernalillo County Water Utility Authority (the “Authority”) pursuant to Section 72-1-10 NMSA 1978, as amended, and provided that all functions, appropriations, money, records, equipment and other real and personal property pertaining to the Water/Sewer System would be transferred to the Authority. The legislation also provides that the debts of the City payable from net revenues of the Water/Sewer System shall be debts of the Authority and that the Authority shall not impair the rights of holders of outstanding debts of the Water/Sewer System. The City has transferred functions, appropriations, money, records, equipment and other real and personal property pertaining to the Water/Sewer System to the Authority and the policy-making functions of the Water/Sewer System have been transferred to the Authority. The Authority and the City entered into a Memorandum of Understanding dated July 1, 2007, under which the City provides certain administrative support to the Authority.

Information relating to outstanding Water/Sewer System obligations may be found in the Annual Information Statement of the Authority dated January 26, 2012 on file with the Municipal Securities Rulemaking Board.

Refuse Removal and Disposal System Revenue Bonds

Outstanding Refuse System Revenue Bonds. The City presently has outstanding the following special limited obligations secured by net revenues of the City’s refuse removal and disposal system. See “ENTERPRISE OPERATIONS - Refuse Removal and Disposal System.”

CITY OF ALBUQUERQUE
Outstanding Refuse Removal and Disposal Revenue Bonds
As of January 1, 2012

Issue	Project Financed	Principal Amt. Of Original Issue	Outstanding Principal Amt.	Reserve Fund Balances	Optional Redemption Provisions ⁽¹⁾
Refuse Removal and Disposal Revenue Bonds, Series 1998 ⁽²⁾	System Improvements	\$10,170,000	\$1,770,000	Ambac surety	Callable at any time at par
Refuse Removal and Disposal Revenue Bonds, Series 2001B ⁽³⁾	System Improvements and Refunding	14,205,000	2,780,000	FSA surety	Not callable
NMFA – Refuse Removal and Disposal Loan (2004)	System Improvements	5,800,000	1,900,903	N/A	Callable on any interest payment date
NMFA – Refuse Removal and Disposal Loan (2008)	System Improvements	2,600,000	<u>1,562,655</u>	N/A	Callable on any date after March 14, 2009
Total Refuse System Revenue Bonds			<u>\$8,013,558</u>		

- (1) Certain of these bonds are also subject to mandatory sinking fund redemption at par on the dates and otherwise as described in the bond documents relating to such bonds.
- (2) Ambac Assurance Corporation has provided its municipal bond insurance in connection with these bonds. See “Credit Enhancement” under this caption.
- (3) Financial Security Assurance Inc. has provided its municipal bond insurance in connection with these bonds. See “Credit Enhancement” under this caption.

Combined Debt Service and Coverage Ratio. The following schedule shows, for each calendar year, the total combined debt service requirements payable for the City’s outstanding refuse and disposal system revenue bonds through their respective final maturity dates.

CITY OF ALBUQUERQUE
Total Combined Debt Service
Outstanding Refuse and Disposal System Revenue Bonds
As of January 1, 2012

Calendar Year	Series 1998 Bonds	Series 2001B Bonds	NMFA Loan (2004)	NMFA Loan (2008)	Combined Debt Service Requirements
2012	\$946,863	<u>\$2,925,950</u>	\$677,883	\$426,819	\$4,977,515
2013	<u>946,856</u>	--	677,932	426,851	2,051,639
2014	--	--	<u>677,986</u>	426,886	1,104,872
2015	--	--	--	<u>426,923</u>	<u>426,923</u>
Total	<u>\$1,893,719</u>	<u>\$2,925,950</u>	<u>\$2,033,801</u>	<u>\$1,707,479</u>	<u>\$8,560,949</u>

In the ordinances pursuant to which the City’s refuse and disposal system obligations have been issued, the City has agreed to charge users of the system such reasonable rates as are sufficient to produce net revenues annually to pay 150% of the annual debt service requirements on all outstanding refuse and disposal system obligations. The unaudited net revenues of the City’s solid waste and refuse disposal system for Fiscal Year 2011 were \$17,501,000. See “ENTERPRISE OPERATIONS - Refuse Removal and Disposal System.” The maximum calendar year combined debt service requirements for the outstanding refuse and disposal system revenue bonds of the City (as shown above) are \$4,977,515 (occurring in calendar year 2012). The coverage ratio of the 2011 refuse and disposal system net revenues (\$17,501,000) to such maximum calendar year combined debt service requirements (\$4,977,515) is 3.52x.

Current Ratings of the Refuse System Revenue Bonds. A portion of the City’s outstanding refuse and disposal system revenue bonds are credit enhanced. However, in certain circumstances the underlying ratings on the respective bonds are currently higher than the ratings on the bond insurer. In those instances, the underlying ratings are applicable. See “Credit Enhancement” under this caption. The City’s outstanding refuse and disposal system revenue bonds have underlying ratings of “A1” by Moody’s, “AA-” by S&P, and “AA” by Fitch.

Housing Obligations

Collateralized Mortgage Obligations

1988 CMO Bonds. On December 28, 1988, the City issued its Municipal Refunding Collateralized Mortgage Obligations, Series 1988A (the “1988 CMO Bonds”) in the aggregate

principal amount of \$43,650,000. The 1988 CMO Bonds were outstanding as of January 1, 2012 in the aggregate principal amount of \$3,889,200.24. The only 1988 CMO Bonds currently outstanding are the Class A-4 Bonds which are zero coupon or capital appreciation bonds. Interest on the 1988 CMO Bonds is subject to federal income taxation.

The 1988 CMO Bonds were issued to provide funds for the purpose of refunding and defeasing the City's Residential Mortgage Revenue Refunding Bonds, Series 1980. The 1988 CMO Bonds are secured by (i) mortgage loans (the "Mortgage Loans") with liens on one-to-four family residences (including condominiums) in the City, originally owned by persons of low and moderate income, and (ii) moneys and securities held under the indenture relating to those Bonds. The Mortgage Loans currently are being serviced for the City by mortgage servicing institutions pursuant to certain agreements (collectively, each an "Agreement" and, together, the "Agreements"). Each Mortgage Loan bears interest at a rate of not less than 8.25% per annum, with an initial term of not less than 25 years. Certain scheduled payments on the 1988 CMO Bonds are unconditionally and irrevocably guaranteed pursuant to a bond insurance policy from Financial Guaranty Insurance Corporation.

The bond insurance policy, the Mortgage Loans, the Agreements, and certain payments received by the Trustee, together with amounts available in the reserve account, and certain other amounts held under the 1988 Indenture, constitute the security for the 1988 CMO Bonds.

Multifamily Revenue Bonds

On December 16, 2008, the City issued its Gross Receipts Tax Revenue Refunding Bonds (Beach, Bluewater and Manzano Vista Projects) Series 2008B (the "Series 2008B Bonds") in the original principal amount of \$11,275,000 for the purpose of refunding the City's Affordable Housing Projects Refunding Revenue Bonds, Series 2000.

The Series 2008B Bonds are 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 2008B Bonds. See "OTHER PROJECTS OF THE CITY - Housing Projects."

A Project Revenue Stabilization Fund was established which, as of January 1, 2012, had a balance of \$500,584.94. Also in connection with the refunding, a Repair and Replacement Fund was established for the benefit of the three projects which, as of January 1, 2012, had a balance of \$456,404.34.

Transit-Related Obligations

On July 25, 2006, the City entered into a Lease-Purchase Agreement with BOSC, Inc. for the purchase of buses for the City's Transit Department. The City pledged grant revenues it is scheduled to receive from the United States Federal Transit Authority ("FTA") pursuant to 49 U.S.C. Section 5307 and FTA Regulations for repayment of the Lease-Purchase Agreement. The City has not pledged any ad valorem or gross receipts tax revenues toward repayment of the Lease-Purchase Agreement.

The following schedule shows, for each calendar year, the total debt service requirements payable for the City's outstanding Transit Department Lease-Purchase Agreement through the anticipated final maturity date.

CITY OF ALBUQUERQUE
Debt Service Schedule
Outstanding Transit Department Lease-Purchase Agreement
As of January 1, 2012

Date	Principal	Interest	Total
7/1/2012	\$1,116,201	\$198,884	\$1,315,085
1/1/2013	1,139,920	174,165	1,315,085
7/1/2013	1,164,143	150,941	1,315,084
1/1/2014	1,188,881	126,203	1,315,084
7/1/2014	1,214,415	100,940	1,315,085
1/1/2015	1,239,946	75,139	1,315,085
7/1/2015	1,266,294	48,790	1,315,084
1/1/2016	1,029,716	21,881	1,051,597

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
Ambac Assurance Corporation	\$21,610,000	S&P: rating withdrawn Moody's: rating withdrawn	<ul style="list-style-type: none"> · Airport Refunding Revenue Bonds, Series 1997⁽²⁾ · Refuse Removal and Disposal Revenue Bonds, Series 1998⁽²⁾
Financial Guaranty Insurance Corporation	\$14,440,000	S & P: rating withdrawn Moody's: rating withdrawn	<ul style="list-style-type: none"> · Municipal Refunding Collateralized Mortgage Obligations, Series 1988⁽²⁾
Assured Guaranty Municipal Corp. (formerly Financial Security Assurance)	\$97,990,000	S & P: AA- Moody's: Aa3	<ul style="list-style-type: none"> · Refuse Removal and Disposal Refunding Revenue Bonds, Series 2001B · Tax-Exempt Gross Receipts Tax/Lodgers' Tax Refunding Revenue Bonds, Series 2004A · Taxable Gross Receipts Tax/Lodgers' Tax Refunding Revenue Bonds, Series 2004B · Airport Refunding Revenue Bonds, Series 2008A · Airport Refunding Revenue Bonds, Series 2008B-C
National Public Finance Guaranty Co. (formerly MBIA Insurance Corporation)	\$51,100,000	S & P: BBB Moody's: Baa2	<ul style="list-style-type: none"> · General Obligation Bonds, Series 2003B⁽²⁾ · Subordinate Lien Taxable Airport Refunding Revenue Bonds, Series 2004A⁽²⁾ · Senior Lien Airport Improvement Revenue Bonds, Series 2004B⁽²⁾

(1) To the City's knowledge as of January 1, 2012.

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

ECONOMIC AND DEMOGRAPHIC INFORMATION

The statistics 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	
	Square Miles
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
June 30, 2000	181.70
June 30, 2010	188.80

Source: City of Albuquerque Planning Department

Population

The Albuquerque Metropolitan Statistical Area ("MSA") was re-defined on January 1, 1994 to include Bernalillo, Sandoval and Valencia Counties. The Census added Torrance County to the estimate of 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
2006 ⁽³⁾	508,486	618,048	815,979	1,937,916
2007 ⁽³⁾	517,162	627,785	833,044	1,964,402
2008 ⁽³⁾	523,240	635,139	845,913	1,984,356
2009 ⁽³⁾	529,219	642,527	857,903	2,009,671
2010 ⁽⁴⁾	545,852	662,544	887,077	2,059,179

- (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) 2005 through 2009 data: 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 200 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.

Age Distribution

The following table sets forth a comparative age distribution profile for the City, the State and the United States.

2011 Population by Age Group

Age	City	State	U.S.
0-17	24.9%	25.6%	24.3%
18-24	9.2%	9.7%	9.7%
25-44	28.0%	26.0%	26.6%
45-54	13.8%	13.5%	14.3%
55 and Older	24.1%	25.2%	25.1%

Source: The Nielsen Company, August 2011.

Employment

General

Employment in the Albuquerque area in the period from Fiscal Year 2002 to Fiscal Year 2011 grew at an average of 0.3% a year. This growth is limited due to declines in

employment in Fiscal Years 2009, 2010, and 2011. The economy posted strong growth in Fiscal Years 2006 and 2007 but growth slowed to 0.4% in Fiscal Year 2008 and declined by 2.2% in Fiscal Year 2009 and 3.4% in Fiscal Year 2010. In Fiscal Year 2011 employment declined again, but at a slower 0.9%. Health services and government were the only sectors to have an increase in the number of jobs in the period Fiscal Year 2009 to 2011. According to the United States Department of Labor, the unemployment rate in Albuquerque as of November 2011 was a seasonally adjusted at 6.9%.

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. More detailed information on non-agricultural employment can be found in the table entitled "Estimated Non-Agricultural Wage and Salary Employment for the Albuquerque MSA Fiscal Years 2002-2011" under the heading "Major Industries" under this caption.

**Non-Agricultural Employment
(000s)**

Fiscal Year	ALBUQUERQUE MSA		NEW MEXICO		UNITED STATES	
	Employment	% Chg.	Employment	% Chg.	Employment	% Chg.
2002	361.15	(0.2)%	760.74	1.0%	130,876	(1.0)%
2003	362.42	0.4%	770.63	1.3%	130,116	(0.6)%
2004	363.15	0.2%	774.04	0.4%	130,474	0.3%
2005	368.50	1.5%	787.48	1.7%	132,470	1.5%
2006	385.20	4.5%	821.34	4.3%	135,010	1.9%
2007	394.37	2.4%	838.46	2.1%	136,968	1.4%
2008	396.02	0.4%	847.41	1.1%	137,722	0.6%
2009	387.13	(2.2)%	831.79	(1.8)%	133,881	(2.8)%
2010	373.97	(3.4)%	805.07	(3.2)%	129,666	(3.1)%
2011	370.67	(0.9)%	806.33	0.2%	130,394	0.6%

Sources: Albuquerque MSA and New Mexico data based on figures from the New Mexico Department of Work Force Solutions; U.S. data from the U.S. Department of Labor.

Civilian Employment/Unemployment Rates

ALBUQUERQUE MSA				UNEMPLOYMENT RATES		
Fiscal Year	Civilian Labor Force	Number Employed	Number Unemployed	Albuquerque MSA	New Mexico	United States
2002	375,608	357,701	17,908	4.77%	5.22%	5.22%
2003	379,090	358,994	20,097	5.30%	5.75%	5.75%
2004	383,162	362,141	21,021	5.49%	5.95%	5.95%
2005	389,253	369,093	20,160	5.18%	5.52%	5.52%
2006	396,747	379,450	17,298	4.36%	4.64%	4.64%
2007	402,922	388,823	14,099	3.50%	3.62%	3.62%
2008	406,861	391,959	14,902	3.66%	3.64%	3.64%
2009	408,858	384,572	24,286	5.94%	5.70%	5.70%
2010	406,177	373,044	33,133	8.16%	7.96%	7.96%
2011	406,582	372,121	34,461	8.48%	8.18%	8.18%

Sources: U.S. Department of Labor and New Mexico 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 2011. Albuquerque Public Schools, University of New Mexico, Kirtland Air Force Base, Sandia National Laboratories, the City and Presbyterian Healthcare Services were the largest employers in the Albuquerque area.

MAJOR EMPLOYERS IN THE ALBUQUERQUE AREA ⁽¹⁾ By Number of Employees – 2011

ORGANIZATION	EMPLOYEES	DESCRIPTION
Kirtland Air Force Base (Civilian) ⁽²⁾	26,960	Air Force Material Command
University of New Mexico	15,435	Educational Institution
Albuquerque Public Schools	14,000	Public School District
Sandia National Labs	8,730	Science-Based Technologies that Support National Security
Presbyterian Healthcare Services	7,315	Hospital/Medical Services
City of Albuquerque	6,500	Government
State of New Mexico	5,605	Government
Kirtland Air Force Base (Military Active Duty)	4,860	Air Force Material Command
UNM Hospital	4,595	Hospital/Medical Services
Lovelace	3,400	Hospital/Medical Services
Intel Corporation	3,300	Semiconductor Manufacturer
Bernalillo County	2,300	Government
Central New Mexico Community College	1,870	Educational Institution
Rio Rancho Public Schools	1,835	Educational Institution
New Mexico Veterans Affairs Healthcare Sys.	1,805	Hospital/Medical Services

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

(2) Kirtland's employment figures include civilian federal employees and contractors on and off base, including Sandia National Labs. However, Sandia National Labs is also shown separately since Sandia and Kirtland publish data in different cycles.

Source: Albuquerque Economic Development, Inc.

Major Industries

The following narrative discusses the trends in each major sector of the Albuquerque economy. The latest information available to the City in calendar year 2011 is provided 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 table in this section entitled "Estimated Non-Agricultural Wage and Salary Employment for the Albuquerque MSA, Fiscal Years 2002-2011" provides detailed information regarding employment growth within key sectors of the economy for that period.

Trade, Transportation and Utilities. This sector is composed of retail trade, wholesale trade, transportation and utilities and constitutes approximately 17% of Albuquerque MSA employment. As a whole, employment in this sector decreased by an annual average of (0.5%) from Fiscal Year 2002 to Fiscal Year 2011. Wholesale trade, retail trade and utilities lost employment in this period. Retail is an important sector for the City, and retail trade makes up approximately 36% of gross receipts tax revenues. Gross receipts tax revenues from retail trade was hard hit in this recession, with several layoffs in this sector and closures of several chain stores. Employment in the sector as a whole declined 4% in Fiscal Year 2009 and an additional 4.4% in Fiscal Year 2010. Fiscal Year 2011 was near flat with a loss of 0.3%.

Health Services and Education. 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. From Fiscal Year 2002 to Fiscal Year 2011, the average annual growth was 3.0%. The sector now makes up 14.7% of non-agricultural employment. Much of this growth is due to a change in Medicare policy that allows payment for home healthcare. The educational sector is small in comparison to health services. Exact numbers are not available, but the educational sector has also grown substantially in the past several years. In Fiscal Year 2011, the educational and health services sector showed slight positive growth of 0.7%.

Leisure and Hospitality. This category includes eating and drinking establishments as well as hotels and other tourist-related facilities. Albuquerque has sought to benefit from the interest in the Southwest and has promoted the City to increase interest in the City's convention center. Employment for the sector showed average annual growth of 1% from Fiscal Year 2002 to Fiscal Year 2011. In Fiscal Year 2011 employment increased 2.4% making it the fastest growing sector. Gross receipts have recovered after a decline in Fiscal Year 2009 and no growth in Fiscal Year 2010, with a 5% increase in Fiscal Year 2011.

Lodging accounts for approximately 10% of the total sector gross receipts tax revenues. Lodgers' tax revenue is a good measure of this portion of the sector. Lodgers' tax revenue from 2002 to 2008 averaged growth of approximately 6%. However, lodgers' tax revenues in Fiscal Year 2009 showed a decline of 11.2% compared to Fiscal Year 2008, with an additional 2% decline in Fiscal Year 2010. Lodgers' tax revenues increased 1.2% in Fiscal Year 2011, however have declined 5% in Fiscal Year 2012 as compared to the same period in Fiscal Year 2011.

Professional and Business Services. This category includes temporary employment agencies, back-office operations, Sandia National Labs ("Sandia") and other scientific and

research facilities. This sector slowed by 0.2% from Fiscal Year 2002 to Fiscal Year 2011. In Fiscal Year 2009, employment declined by 2.3% and an additional decline of 7.7% occurred in Fiscal Year 2010. In Fiscal Year 2011 employment slowed again posting a 2.2% decline. Much of this is due to declines in engineering and architectural services as construction has slowed dramatically. The size of the budget for Sandia has remained about \$2.2 billion for Fiscal Years 2008 to 2011. The 2011 budget was \$2.4 billion and the Fiscal Year 2012 budget is approximately the same. Sandia has expanded with a \$450 million project called Microsystems and Engineering Sciences Applications facility ("MESA") in 2008 and the Center for Integrated Nanotechnologies ("CINT") in 2006. CINT is one of five new nanoscale science research centers being created by the Office of Science of the United States Department of Energy. The Sandia Science and Technology Park was created to house research facilities and/or manufacturing that benefit from the expertise available from Sandia. Lowe's home improvement centers has announced the creation of 600 back office jobs, hiring 250 by March 2012 and the remainder by the end of 2013.

Manufacturing. This sector accounted for 8.6% of City employment in Fiscal Year 1996, declining to 4.7% in Fiscal Year 2011. Employment in this sector peaked in Fiscal Year 1998 at 28,342 jobs, declining to 17,325 jobs in Fiscal Year 2010, a loss of 11,017 jobs. In Fiscal Year 2011 there was a loss of only 175 jobs.

Tempur-Pedic Inc., a mattress manufacturer, announced that they will add 100 jobs in calendar year 2012; 51 jobs in January and February. In 2009, General Mills, which has been in the City since 1991, announced a \$100 million dollar expansion project which added 160,000 square feet to their facility and 60 additional jobs.

Schott Solar has built a manufacturing plant at Mesa Del Sol and is currently building its workforce for operations. They currently employ approximately 300 and have long range plans to employ 1,200 workers.

Information. This sector includes businesses in publishing, broadcasting, telecommunications and internet service establishments. The sector had an average annual decline of 3.2% from Fiscal Year 2002 to Fiscal Year 2011. The slowdown includes closures of MCI and QWEST call centers in 2004 and Comcast's closure of its call center in the fall of 2009. The film industry is also included in this sector and there has been significant activity in this sector in recent years in large part due to the State of New Mexico Film tax credits program. In addition to movies being filmed in Albuquerque, a large sound studio (Albuquerque Studios) has been built at Mesa del Sol.

Government. Over the past ten years government employment (comprised of federal, state and local employees) has increased its share slightly from 19.7% to 22.6%. "Government" (as defined by the U.S. Department of Labor for purposes of reporting non-agricultural employment) does not include military employment; military employment in the Albuquerque MSA represents approximately 4,860 jobs. In addition, "government" does not include employment at Sandia. Sandia is operated by a private contractor, although funded by the federal government (primarily the Department of Energy), and its approximately 8,400 jobs are counted in the business services sector. Several of the largest employers in the Albuquerque area are in the government sector, including Albuquerque Public Schools, the University of New Mexico, Kirtland Air Force Base, and the City.

Kirtland AFB is a major military installation and home to over 150 different operations. The University of New Mexico's Bureau of Business and Economic Research has estimated that total military employment in the Albuquerque MSA has declined from 6,946 in 1998 to approximately 4,860 in 2010. The general downtrend of military jobs since 1998 reflects the decision of the military to replace military jobs with civilians where possible.

Federal government employment in Albuquerque increased by approximately 1,650 jobs from Fiscal Year 2002 to Fiscal Year 2011. Many of these jobs are with the U.S. Forest Service. The Forest Service is currently constructing a new facility that could add another 400 jobs. The increase of 717 jobs in Fiscal Year 2010 is mostly accounted for by the addition of temporary jobs for the 2010 census, which are now concluded. Local government employment during this time period increased by 7,192 jobs, in large part because of the inclusion of Indian casinos in this sector. Since early 1995, when gaming compacts were signed with the State, Indian casinos have grown substantially and have undertaken significant capital improvements. This represents the efforts of certain Indian Pueblos to make their casinos into destination resorts.

Financial Activities. This sector includes finance, insurance, including credit intermediation, and real estate. Employment in the sector remained relatively flat with a slight average decline of 3.4% from Fiscal Year 2002 to Fiscal Year 2011. Since Fiscal Year 2006, the sector has lost approximately 1,800 jobs. The job losses result primarily from the slowdown in the real estate market and the problems and consolidation of the financial sector in general.

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 large decreases upon completion of such projects. Fiscal Year 2007 had employment of 31,150, a new maximum for this sector and an increase of 7,600 jobs from Fiscal Year 2003. Employment fell to 20,317 in Fiscal Year 2011 a loss of 10,800 jobs from the peak year of Fiscal Year 2007, the result of the slowdown in single family and commercial construction.

Single family housing permits in the City averaged around 5,000 permits in Fiscal Years 2003, 2004, and 2005. They began slowing in 2006 and then fell to only 436 permits in Fiscal Year 2009. In Fiscal Year 2010 construction increased to 836 in part due to federal first time home buyer subsidies. In Fiscal Year 2011 only 725 single family houses were permitted. Multifamily permitting has been very limited with only 198 and 168 units permitted in Fiscal Years 2009 and 2010, respectively. This increased to 290 units permitted in Fiscal Year 2011. The value of new commercial permits has generally declined since 2006. However, in Fiscal Year 2011, an increase of \$38 million was posted. Some of these declines in recent years were offset by public construction. Fiscal Years 2008 and 2009 were record or near record levels of public construction. Much of this increase was due to construction of new school facilities by Albuquerque Public Schools. Also helping is the value of additions and alterations, which are predominately non-residential construction. They increased in Fiscal Year 2009 when all other categories of construction slowed. Several larger commercial construction projects, including office buildings for the Forest Service and the Department of Homeland Security, will increase values of construction permits in the near term.

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
2002	4,043	396,462,204	1,002	42,290,037	115	117,199,504	3	5,400,000	192,031,344	753,383,089
2003	4,869	517,823,614	493	23,066,626	100	75,466,812	2	12,500,000	187,014,838	815,871,890
2004	5,046	575,455,103	1,000	60,496,038	120	127,369,680	10	29,698,218	131,866,466	924,885,505
2005	4,967	720,890,242	470	25,206,921	131	113,672,827	16	58,844,052	166,695,983	1,085,310,025
2006	4,373	731,846,449	389	32,917,627	156	213,525,989	9	43,710,103	154,431,159	1,176,431,317
2007	2,490	467,022,842	1,083	103,574,132	125	206,558,035	4	14,681,069	268,512,462	1,060,348,540
2008	1,214	222,075,316	638	45,836,909	124	220,788,429	10	79,282,230	225,299,537	793,282,421
2009	436	77,223,886	198	18,549,849	81	103,040,438	20	58,529,283	233,224,405	490,567,861
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	290	38,770,603	44	64,192,670	1	3,300,300	227,012,583	454,025,166
Growth 2010 to 2011	-17.2%	-14.0%	72.6%	162.6%	29.4%	145.0%	-87.5%	-81.7%	8.3%	11.0%

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
1990-2000 Housing Units Added	31,844	24,863	7,354	-373
As of 2000 Census	198,714	126,643	63,285	8,786
Units Permitted (2002-2011)	40,452	35,889	3,523	1,040
Estimated Units as of July 2011	239,166	162,532	66,808	9,826

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

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 2002-2011

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2010 to 2011	Annual Average Growth 2002-2011
Total Nonagricultural	361,150	362,417	363,150	368,500	385,200	394,367	396,042	387,133	373,133	370,667	(0.9)%	0.3%
Natural Resources/Mining/Constr.	24,058	23,500	24,033	25,825	30,417	31,150	29,617	25,942	22,483	20,317	(9.6)%	(1.7)%
Manufacturing	25,567	24,133	23,833	23,075	23,433	24,133	22,883	20,242	17,500	17,325	(1.0)%	(3.8)%
Trade Transportation and Utilities	65,642	65,924	66,017	65,633	67,183	68,176	69,133	65,642	62,725	62,617	(0.2)%	(0.5)%
• Wholesale Trade	13,592	13,233	13,075	12,975	13,083	13,292	13,367	12,408	12,200	12,325	1.0%	(1.0)%
• Retail Trade	41,492	42,083	42,408	42,300	43,683	44,167	44,833	43,017	41,125	40,992	(0.3)%	(0.1)%
• Transportation, Warehousing and Utilities	10,558	10,608	10,533	10,358	10,417	10,717	10,933	10,217	9,400	9,300	(1.1)%	(1.3)%
Information	11,400	10,542	10,383	9,450	9,008	9,375	9,200	9,150	9,008	8,200	(9.0)%	(3.2)%
Financial Activities	19,117	18,850	18,900	19,058	19,375	19,167	18,983	18,375	18,158	17,542	(3.4)%	(0.9)%
PROFESSIONAL & BUS. SVCS	57,958	57,658	57,717	58,708	61,992	63,492	64,342	67,725	57,875	56,683	(2.1)%	(0.2)%
Educational and Health Services	40,392	42,042	42,100	44,300	47,108	48,542	49,850	52,642	54,083	54,467	0.7%	3.0%
Leisure and Hospitality	34,392	35,308	35,600	36,217	37,408	39,158	39,392	37,950	37,200	38,100	2.4%	1.0%
Other Services	11,242	11,608	11,700	11,758	11,992	12,183	12,325	12,267	11,808	11,775	(0.3)%	0.5%
Government	71,383	72,850	72,867	74,475	77,283	78,992	80,317	82,200	83,125	83,642	0.6%	1.6%
LOCAL GOVERNMENT	34,792	35,567	35,692	38,650	38,075	39,067	40,208	41,625	41,642	41,983	0.8%	1.9%
STATE GOVERNMENT	22,658	23,133	23,050	23,708	24,800	25,375	25,625	25,658	25,850	26,075	0.9%	1.4%
FEDERAL GOVERNMENT	13,933	14,150	14,125	14,117	14,408	14,550	14,483	14,917	15,633	15,583	(0.3)%	1.1%

Source: Data provided by the New Mexico Department of Labor.

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” as including 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
2001	\$28,649	\$24,796	\$31,149
2002	28,520	25,063	31,470
2003	28,801	25,639	32,295
2004	29,982	27,092	33,909
2005	31,299	28,641	35,452
2006	32,935	30,209	37,725
2007	33,920	31,675	39,506
2008	34,915	33,505	40,947
2009	34,582	32,394	38,846
2010	34,810	33,368	39,945

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

FINANCIAL INFORMATION

General

Taxes and Revenues

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 sixty (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 Revenues

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.

The latest five-year forecast for Fiscal Years 2012-2016 was presented to the Council in January 2011. This forecast was used to help develop the Fiscal Year 2012 budget. The City is currently working on the five-year forecast for Fiscal Years 2013-2017 and the Fiscal Year 2013 budget.

Budget Process - Capital Funds

The budget amounts of the capital project funds and certain of the special revenue funds are individual project budgets authorized by the Council for the entire length of the project which are 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 as the Council amends it within sixty (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.

A City ordinance also sets forth requirements for Council review and approval of certain applications or proposals for federal grants. Once the Council has approved a federal grant application, the Mayor is authorized to expend any funds awarded as a result of the grant application if the grant does not require the City's commitment of funds or resources which were approved by the Council to be increased by more than 10% and if the goals, objectives and proposed programs included in the application approved by the Council have not changed.

The General Fund

General Fund Revenues

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. The City has reserve amounts created by the City's policy to reserve one-twelfth of the General Fund budgeted amount. Set forth below are discussions of General Fund revenues in Fiscal Year 2011 and approved budget for Fiscal Year 2012.

Fiscal Year 2011 Estimated

The Fiscal Year 2011 approved budget was \$455.4 million, a decrease from the Fiscal Year 2010 budget of \$493.3 million. This revenue estimate was revised down by \$2 million in April 2011 during the preparation of the Fiscal Year 2012 budget. Actual receipts are expected to be close to this estimate.

Gross Receipts Taxes. Gross receipts tax revenues were revised down in April from the budget by \$747,000, but the actual revenues came in stronger and are close to the original budget estimate. Growth for the year was near 3%. Actual unaudited revenues are \$1.6 million above the April estimate.

Local Tax Revenues. Property tax revenue was expected to show limited growth due to weakness in values of property and resolution of certain issues related to "tax lightning." See "FINANCIAL INFORMATION – Property Taxes – *Generally*" herein. Revenues were revised down by \$643,000 in April 2011 and the unaudited results are near this revision.

Licenses and Permits. Building permits were revised upward by \$300,000 in April 2011 and the actual revenues were \$200,000 above the \$300,000 upward revision, though building permits remain weak. Other permits were revised upward by \$500,000 to account for additional revenue received due to increased fees for restaurant inspections.

Charges for Services. These revenues were expected to increase about 6.1% from Fiscal Year 2010 levels. Revenues were revised down \$1.7 million in April 2011 due to lower than expected recovery for legal charges to the risk management fund, construction related charges and expected reductions in indirect overhead.

Other Transfers. Transfers from other funds were expected at \$6.7 million. These revenues were reduced downward by \$480,000 due to the loss of cigarette tax revenues

transferred to the recreation fund and a reduction in transfers from the Special Assessments District Fund.

Fiscal Year 2012 Approved Budget

The revenues for the Fiscal Year 2012 Budget were based on conservative estimates of expected revenues. Gross receipts tax revenues, after falling in Fiscal Year 2009 and Fiscal Year 2010 showed growth in Fiscal Year 2011, providing optimism about continued growth in Fiscal Year 2012. Total revenues for the Fiscal Year 2012 Budget for the general fund are \$462.4 million or 2% above the Fiscal Year 2011 estimate.

Gross Receipts Taxes.

Gross receipts tax revenues, after declining substantially the preceding two fiscal years, increased in Fiscal Year 2011. The actual growth, in the one-percent distribution for municipal local gross receipts tax, for the first nine months of Fiscal Year 2011 was 2.5% above the same period in Fiscal Year 2010. It is anticipated that revenues will continue to grow at a relatively low rate for the remainder of Fiscal Year 2012. Part of the continued weakness is attributable to the continued loss of jobs in the Albuquerque MSA, albeit at a much slower rate.

In Fiscal Year 2012, the one-percent distribution for municipal local gross receipts tax is projected to grow 2.9%, but due to changes in how the State pays the food and medical hold harmless distribution, the increase in the total General Fund gross receipts tax revenues is projected at 2.8%.

Local Tax Revenues.

Property tax revenue is expected to show limited growth in Fiscal Year 2012 due to weakness in values of property and resolution of certain issues related to “tax lightning.” See “FINANCIAL INFORMATION – Property Taxes – *Generally*” herein.

Franchise fee revenues remain slow due to declines in telecommunications revenue as users switch from landlines to wireless. General business conditions have limited growth in the number of franchise customers as well as decreases in both gas and electricity usage. Finally, prices of natural gas have declined, limiting revenue from the natural gas franchise.

Licenses and Permits.

Building permit and inspection revenues decreased 5% in Fiscal Year 2010. In Fiscal Year 2011, revenues are expected to be down an additional 4% with revenues being just over one third of their peak level in Fiscal Year 2006. It is projected that permit and inspection revenues will remain flat in Fiscal Year 2012.

Charges for Services.

Charges for services are expected to increase 4% in Fiscal Year 2012, due primarily to the City’s increase in use of internal legal counsel for risk management cases.

Other Transfers.

Transfers from other funds are expected to decrease to \$1.7 million in Fiscal Year 2012. The reduction is due to the elimination of one-time transfers totaling \$2.3 million in Fiscal Year 2011 from the special assessment district fund to the General Fund. In Fiscal Year 2012 there is an increase for a transfer to the ethical elections fund of \$300,000 and a transfer of \$190,000 from the lodgers' tax fund for promotion at the convention center.

Fiscal Year 2011 update

Fiscal year 2011 actuals are near budget projections. Gross receipts tax revenues were approximately \$1.6 million above projections. Significant declines in franchise fee revenues related to dramatic decreases in the price of natural gas offset much of the gain associated with gross receipts tax revenues. In Fiscal Year 2012, gross receipts tax revenues, for the first six months, posted growth near the Fiscal Year 2012 budget projections. The County Assessor's final property tax roll and adjustments to residential rates for yield control are better than anticipated when the Fiscal Year 2012 budget was prepared.

GENERAL FUND							
(\$000's)	FY/11 Original Budget	FY/11 Estimated⁽¹⁾	Change	% Change	FY/12 Approved Budget	Change Est. Actual FY/11 & Approved FY/12	% Change
Revenue							
Recurring	452,687	450,387	-2,300	-0.51%	461,319	10,932	2.43%
Non-Recurring	<u>2,721</u>	<u>3,034</u>	313	11.50%	<u>1,075</u>	-1,959	-64.57%
TOTAL	<u>455,408</u>	<u>453,421</u>	-1,987	-0.44%	<u>462,394</u>	8,973	1.98%
Expenditure							
Recurring	452,319	447,184	(5,135)	-1.1%	459,773	12,589	2.82%
Non-Recurring	<u>3,215</u>	<u>4,483</u>	<u>1,268</u>	39.4%	<u>7,731</u>	<u>3,248</u>	<u>72.45%</u>
TOTAL	<u>455,534</u>	<u>451,667</u>	<u>(3,867)</u>	-0.8%	<u>467,504</u>	<u>15,837</u>	<u>3.51%</u>
Recurring Balance	<u>368</u>	<u>3,203</u>			<u>1,546</u>		

(1) City compiled the Estimated Actual figures for Fiscal Year 2011 in relation to the preparation of the Fiscal Year 2012 Budget.

Details on the City's budgets through the Fiscal Year 2012 approved budget are available on the City website at <http://www.cabq.gov/budget/>.

General Fund Balances

The following table shows actual revenues, expenditures and fund balances for the General Fund in Fiscal Years 2007-2011, and approved budget for Fiscal Year 2012.

General Fund Revenues, Expenditures and Fund Balances Fiscal Years 2007-2012 (\$000s)

	Actual 2007	Actual 2008	Actual 2009	Actual 2010	Unaudited Actual 2011	Approved Budget 2012	Average Annual Chg 07-12
REVENUES							
Taxes:							
Property Tax	\$30,883	\$34,232	\$46,505	\$72,628	\$74,619	\$74,899	19.4%
Gross Receipts Tax	152,823	143,202	120,048	113,162	114,335	117,345	(5.1)%
Other Taxes	18,909	19,508	18,907	18,746	19,239	19,792	0.9%
Water Authority PILOT/Franchise	5,112	4,999	4,922	5,141	5,346	5,556	1.7%
Payment in lieu of taxes	1,609	1,679	1,532	1,541	1,722	1,657	0.6%
TOTAL TAXES	209,337	203,620	191,914	211,238	215,261	219,249	0.9%
Licenses & Permits	13,253	10,769	7,860	9,255	9,277	9,406	(6.6)%
Intergovernmental Revenue:							
State and Federal Grants	216	583	835	164	101	101	(14.1)%
State Shared Revenue:							
Gross Receipts Tax	188,323	187,007	178,397	168,486	172,357	177,372	(1.2)%
Other State Shared	4,747	5,043	5,064	5,115	4,605	4,345	(1.8)%
County	385	314	133	347	269	269	(6.9)%
TOTAL INTERGOVERNMENTAL REVENUE	193,671	192,946	184,430	174,112	177,332	182,087	(1.2)%
Charges for Services	39,591	40,319	42,444	41,346	43,710	45,359	2.8%
Miscellaneous	14,118	4,556	2,519	3,808	1,652	1,784	(33.9)%
Other Transfers	3,024	3,615	9,112	17,409	6,189	4,509	8.3%
TOTAL REVENUES	472,993	455,824	438,279	457,168	453,421	462,394	(0.5)%
Beginning Fund Balance	87,350	84,646	58,686	43,132	45,163	46,917	(11.7)%
TOTAL RESOURCES	\$560,343	\$540,470	\$496,965	\$500,300	\$498,584	\$509,311	(1.9)%
EXPENDITURES							
General government	\$70,772	\$70,126	\$65,692	\$63,907	\$63,420	\$59,608	(3.4)%
Public safety	207,679	210,509	213,975	217,638	215,979	222,697	1.4%
Cultural and recreation	67,767	59,788	58,358	60,679	60,217	64,178	(1.1)%
Municipal Development	27,314	26,788	27,020	28,794	28,575	23,282	(3.1)%
Health	12,751	14,032	13,230	13,001	12,902	12,984	0.4%
Human services	31,047	40,426	39,812	37,236	36,952	30,812	(0.2)%
Other transfers out	58,367	60,116	35,746	33,881	33,623	53,943	(1.6)%
TOTAL EXPENDITURES	475,697	481,785	453,833	455,137	451,667	467,504	(0.3)%
ENDING FUND BALANCE	84,646	58,685	43,132	45,163	46,917	41,807	
TOTAL ADJUSTMENTS⁽¹⁾	(8,368)	(4,797)	(1,080)	(1,067)	(48)	(48)	
Reserves	49,084	46,668	38,436	38,414	38,461	41,449	
AVAILABLE FUND BALANCE	\$27,194	\$7,220	\$3,616	\$5,682	\$8,455	\$310	
Ending fund balance as percent of total expenditure ⁽²⁾	17.8%	12.2%	9.5%	9.9%	10.4%	8.9%	
Recurring revenues	\$454,756	\$435,917	\$428,982	\$443,967	\$450,387	\$461,319	3.9%
Recurring expenditures	\$414,704	\$426,297	\$432,405	\$450,336	\$447,184	\$459,773	3.8%

(1) Adjustments reflect changes in reserves for encumbrances and other accounting adjustments.

(2) The reserve policy requires 8.33% of total expenditures. In prior years the reserve policy was 5% of recurring revenues.

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 make-whole payment 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 and cigarette taxes and of motor vehicle fees.

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 1.50% 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, 2012 is 1.00%. The City is statutorily authorized to impose a municipal infrastructure gross receipts tax in the maximum amount of 0.25%. Currently, the City imposes a 0.0625% municipal infrastructure gross receipts tax for general purposes. The City has authority to impose an additional 0.0625% municipal infrastructure gross receipts tax for general purposes without a referendum and may impose, with voter approval, an additional 0.125% municipal infrastructure gross receipts tax for general municipal purposes, infrastructure, regional transit and/or economic development. The City has authority to impose a 0.0625% municipal environmental services gross receipts tax and a 0.25% municipal capital outlay gross receipts tax for municipal infrastructure and other purposes, but has declined to impose these taxes. If the City becomes a member of a regional transit district, upon request from the district, the City, after an election approving the tax, shall impose a municipal regional transit gross receipts tax of up to 0.50% for a public transit system, public transit projects or services for the district.

Real Property Tax. The City is authorized to impose a maximum levy of 7.650 mills for City operations. In Fiscal Year 2011, 6.544 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 the following: engineering services, patching and paving, filings of plats and subdivisions, photocopying, sales of maps and publications, biopark, 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, 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 Statutory Valuation Cap has been challenged in a number of venues. Paragraph 3 of Section 7-36-21.2, NMSA 1978, was declared unconstitutional under the New Mexico Constitution in the case of Dzur vs. Bernalillo County Protests Board, No. CV-2008-12410, filed in Second Judicial District Court on August 12, 2009. The Court held that the substantially higher increase allowed upon sale of a residential property over similar residential properties protected by the 3% annual valuation increase violated the uniformity clause. The Bernalillo County Assessor stated an intention not to appeal the District Court decision to the New Mexico Court of Appeals and the time period for filing an appeal in that case has expired. Another case in the Second Judicial District, Wang vs. Bernalillo County Assessor, No. CV-2007-10109, reached a similar holding. Cases have been filed seeking a class action certification as to this issue. Currently, the New Mexico Court of Appeals has placed on its general docket two cases that raise the constitutionality of

the Statutory Valuation Cap. To the extent that court 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 2011 (Fiscal Year 2012) are 11.510 mills for residential and 11.520 mills for commercial property. As set by the State Department of Finance and Administration, the general obligation bond debt service levy for Tax Year 2011 (Fiscal Year 2012) is 4.976 mills and the operational levy is 6.544 mills residential and 6.544 mills non-residential.

Purpose of Property Tax	Total Taxing Authority	Levy Imposed	Unused Authority
Operations: Residential Commercial	7.650 mills	6.544 mills 6.544 mills	1.106 mills 1.106 mills
Debt Service: ⁽¹⁾ Residential Commercial	12.000 mills ⁽²⁾	4.976 mills 4.976 mills	7.024 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 aggregate amount of general obligation indebtedness of the City for general purposes under the State Constitution is limited to 4% of, and the single debt limitation to 12 mills on, 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, 2012

GENERAL OBLIGATION BONDS:	CURRENTLY OUTSTANDING
General Purpose G. O. Bonds (Subject to 4% debt limitation)	\$245,180,000
Storm Sewer G.O. Bonds (Secured by Ad Valorem taxes)	<u>30,095,000</u>
TOTAL GENERAL OBLIGATION BONDS	<u>\$275,275,000</u>
REVENUE BONDS:	
State Shared GRT	\$58,415,000
State Shared GRT/Lodgers/Hospitality	92,715,000
Airport Revenue	118,185,000
Transit Bus Lease	9,359,247
Refuse Removal and Disposal	8,013,558
Fire Protection Fund	<u>1,441,625</u>
TOTAL REVENUE BONDS	<u>\$288,129,430</u>
TOTAL G.O. AND REVENUE BONDS	<u>\$563,404,430</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
2002	\$6,880,088,229	\$361,189,032	\$378,149,519	\$7,619,420,780	2.70%
2003	7,132,035,544	332,740,564	419,057,494	7,883,833,602	3.47%
2004	7,582,619,605	314,998,373	387,875,178	8,285,493,156	5.09%
2005	8,602,349,098	324,655,661	380,575,833	9,307,580,592	12.34%
2006	9,133,223,501	342,401,308	382,543,969	9,858,168,778	5.92%
2007	10,175,391,552	367,219,331	407,155,155	10,949,766,038	11.07%
2008	10,767,888,832	374,068,647	439,054,344	11,581,011,823	5.76%
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%

(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.

Top 10 Ad Valorem Taxpayers for Tax Year 2011 (Fiscal Year 2012)⁽¹⁾

Name of Taxpayer	Taxable Value⁽²⁾ 2011 Assessed	Percentage of Total City Assessed Valuation
Qwest Corp.	\$124,511,021	0.93%
PNM Electric	103,341,907	0.77%
New Mexico Gas Co.	39,514,356	0.29%
Southwest Airlines	23,890,766	0.18%
GEM Lobos LLC	16,839,983	0.13%
Verizon Wireless (VAW) LLC	16,121,136	0.12%
Simon Property Group Ltd (Cottonwood Mall)	15,960,737	0.12%
Pacifica Mesa Studios LLC	14,381,495	0.11%
Voicestream	13,929,064	0.10%
AHS Medical Center	<u>12,049,803</u>	<u>0.09%</u>
Top Ten Centrally and Locally Assessed Values	<u>\$380,540,268</u>	<u>2.84%</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 (PNM), 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 2011 represents only 2.84% of the total net taxable value of the City for 2011. 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
2002	\$82,074,357	\$78,096,507	95.15%	\$800,726	\$78,897,233	96.13%	\$62,709,843	76.4%
2003	85,014,269	81,327,454	95.66%	4,084,547	85,412,001	100.46%	67,971,422	79.9%
2004	87,976,148	84,534,873	96.09%	3,674,088	88,208,961	100.26%	63,153,644 ⁽²⁾	71.8%
2005	92,559,948	88,965,021	96.12%	3,234,797	92,199,818	99.61%	66,046,681	71.4%
2006	102,290,447	99,100,903	96.88%	3,189,545	102,290,447	100.00%	75,054,147	73.4%
2007	109,792,820	106,845,546	97.32%	2,374,766	109,220,312	99.48%	77,749,060	70.8%
2008	121,288,852	117,075,560	96.53%	4,107,018	121,182,578	99.91%	86,949,406	71.7%
2009	128,353,335	123,524,371	96.24%	4,828,964	128,353,335	100.00%	89,078,618	69.4%
2010	135,374,474	129,018,014	95.30%	6,356,460	135,374,474	100.00%	59,720,924 ⁽⁴⁾	43.4%
2011 ⁽³⁾	133,928,778	128,514,900	95.96%	4,345,808	132,860,708	99.20%	58,388,075	43.6%

- (1) Includes both operating and debt service levies. Reported each January by the County Treasurer based on tax bills, including those under protest.
(2) Since debt service mill levy decreased from 8.976 mills in Fiscal Year 2003 to 7.976 mills in Fiscal Year 2004, City debt service collections decreased slightly.
(3) Unaudited.
(4) Decline in debt service collections due to shift in mill levy from debt service to operations.
Source: City of Albuquerque, Department of Finance and Administrative Services

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
2002	45.571	11.161	8.635	1.765	8.503	2.628	0.943	6.500	5.436
2003	44.701	11.153	8.532	1.123	7.883	3.174	0.937	6.500	5.399
2004	46.668	11.154	9.549	1.520	8.497	3.175	0.936	6.500	5.337
2005	46.160	11.149	9.536	1.028	8.493	3.174	0.934	6.500	5.346
2006	44.367	11.080	8.369	1.234	8.415	3.069	0.920	6.317	4.963
2007	44.766	11.148	8.575	1.291	8.489	3.489	0.936	6.487	4.655
2008	46.169	11.112	8.464	1.250	10.582	3.151	0.926	6.429	4.255
2009	46.535	11.180	8.697	1.150	10.637	3.187	0.937	6.500	4.247
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

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 which is levied by the State for the privilege of doing business in the State and is collected by the Department of Taxation and Revenue (the “Department”). The state gross receipts tax is 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% is remitted monthly to each municipality based on the prior month’s filings. The total gross receipts tax rate imposed in the City effective on January 1, 2012 is 7.00%.

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 value of other consideration received from selling property in the State (including tangible personal property handled on consignment in the State), from leasing property employed in the State, from selling certain research and development services performed outside the State the product of which is initially used in the State and from performing services in the State. The definition excludes cash discounts allowed and taken, the state gross receipts tax payable on transactions for the reporting period and any county gross receipts tax, county fire protection excise tax, county and municipal gross receipts tax, any type of time-price differential and certain gross receipts or gross receipts taxes imposed by an Indian tribe or pueblo. Unlike most other states, the State taxes sales and services, including legal services and certain medical services. For a description of the percentages of gross receipts tax revenues that have been historically received in various other sectors, see “Gross Receipts Taxes - Historical Taxable Gross Receipts” under this caption.

Exemptions. Some activities and industries are exempt from the state gross receipts tax, many by virtue of their taxation under other laws. Exemptions include but are not limited to receipts of governmental agencies and certain organizations (some of which are taxable by the State, with no local distribution), receipts from the sale of vehicles, occasional sales of property or services, wages, certain agricultural products, dividends, receipts from the sale of prescription drugs and certain federal government paid medical expenses and interest and receipts from the sale or leasing of natural gas, oil or mineral interests. Various deductions are also 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 processing certain agricultural products, receipts from certain publication sales, certain receipts from interstate commerce transactions and receipts from the sale of certain food and certain medical services. See “Imposition of Tax” under this caption. In spite of the numerous specified exemptions and deductions from gross receipts taxation, the general presumption is that all receipts of a person engaging in business in the State are subject to the state gross receipts tax.

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 Taxation and Revenue Department of the State (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 36 months. Interest is due on any delinquent tax from the first day following the day on which it is due at the rate of 1.25% per month until paid, without regard to any installment agreement. However, if the state gross receipts tax is paid within 10 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 gross receipts tax revenues received by the City for the past five Fiscal Years are as follows:

Historical State Gross Receipts Tax Revenues

Fiscal Year	Revenues
2007	\$187,099,929
2008	187,006,638
2009	176,702,867
2010	168,133,352
2011	171,037,029

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

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-16 NMSA 1978, as amended) authorizes the City under State law to impose up to 1.50% 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 1.00% municipal gross receipts tax. One half of one percent (0.50%) is used for general purposes. An additional 0.25% municipal gross receipts tax is imposed to provide for street maintenance, roadway improvements, an increase in the level of services provided by the public transit system, and construction of a bikeway system. A 0.25% increment of municipal gross receipts tax is imposed to provide for public safety, a variety of social-service programs and detention facility expenses. The City has also imposed a 0.0625% municipal infrastructure gross receipts tax for general purposes. The City has authority to impose, but has not imposed a second 0.0625% municipal infrastructure gross receipts tax, without a referendum; an additional 0.125% municipal infrastructure tax for general municipal purposes, infrastructure, regional transit and/or economic development, with a positive referendum; a 0.25% municipal capital outlay gross receipts tax for municipal infrastructure and other purposes, with a positive referendum; and a 0.0625% municipal environmental services gross receipts tax without a referendum. If the City becomes a member of a regional transit district, upon request from the district, the City, after an election approving the tax, is required to impose a municipal regional transit gross receipts tax of up to 0.5% for a public transit system or public transit projects or services for the district. The tax may be imposed in increments of 0.0625%.

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. The Districts' obligations are not the obligations of the City.

On October 6, 2008, the City formed tax increment development districts for Winrock and Quorum at ABQ Uptown. The City dedicated 70% of certain local option gross receipts tax increment and 75% of property tax increment generated within the two districts. These tax increment revenues that the City has dedicated to the Districts will be pledged to tax increment revenue bonds that the District intends to issue for public infrastructure improvements that will ultimately be dedicated to the City. The City is currently analyzing the continued viability of this tax increment development district.

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
2007	\$ 188,585,429
2008	177,868,928 ⁽¹⁾
2009	154,156,616 ⁽²⁾
2010	131,990,118 ⁽³⁾
2011	144,543,941 ⁽⁴⁾

- (1) Reduction in 2008 is due to a decrease in gross receipts tax rate of 0.125%.
- (2) Reduction in 2009 revenues due to a decrease in gross receipts tax rate by 0.125% and economic recession.
- (3) Reduction in 2010 revenues due to economic recession and decrease in the gross receipts tax rate of 0.25% for five months.
- (4) Increase is due to an improvement in the economy and an increase in gross receipts tax rate of 0.25% for 11 months.

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

Taxing Authority and Payments

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

**Fiscal Year 2012 Gross Receipts Tax Rate
(as of January 1, 2012)**

Type of Tax & Purpose	Percentage Imposed
Municipal GRT	1.0000%
Municipal Infrastructure GRT	0.0625
Bernalillo County GRT	0.8125
State-Shared GRT	1.2250
State GRT	<u>3.9000</u>
Total	<u>7.0000%</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 2012 Taxing Authority and Gross Receipts Tax Imposed
For the Benefit of the City of Albuquerque (as of January 1, 2012)**

Type of Tax & Purpose	Total Taxing Authority	Percentage Imposed	Unused Authority
Municipal GRT			
General Purposes ⁽¹⁾	0.5000%	0.5000%	--
General Purposes	0.5000%	0.0000%	0.5000%
Transportation	0.2500%	0.2500%	--
Public Safety	<u>0.2500%</u>	<u>0.2500%</u>	-
<i>Total Municipal GRT</i>	<u>1.5000%</u>	<u>1.0000%</u>	<u>0.5000%</u>
Municipal Infrastructure GRT			
General Purpose	0.1250%	0.0625%	0.0625%
Econ. Dev. & Transit	0.1250%	0.0000%	0.1250%
Municipal Environmental GRT	0.0625%	0.0000%	0.0625%
Municipal Capital Outlay GRT	0.2500%	0.0000%	0.2500%
Quality of Life GRT	0.2500%	0.0000%	0.2500%
Regional Transit GRT	<u>0.5000%</u>	<u>0.0000%</u>	<u>0.5000%</u>
<i>Total Other GRT</i>	<u>1.3125%</u>	<u>0.0625%</u>	<u>1.2500%</u>
Total Impositions by the City		<u>1.0625%</u>	
State-Shared GRT		<u>1.2250%</u>	
Total Distribution to the City		<u>2.2875%</u>	

(1) Represents the municipal gross receipts tax pledged by the City to secure certain outstanding bonds.
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 2002.

**CITY OF ALBUQUERQUE
Taxable Gross Receipts by Sector and Total Gross Receipts ⁽¹⁾
Fiscal Years 2002-2011 (\$000,000s)**

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2002	2011
Construction	\$1,250.60	\$1,213.50	\$1,354.50	\$1,543.20	\$1,797.40	\$1,934.40	\$1,561.70	\$1,446.50	\$1,080.43	\$1,013.97	11.4%	7.3%
Manufacturing	283.70	233.70	275.00	266.50	278.00	319.10	312.30	263.70	217.95	261.85	2.6%	1.9%
Wholesale Trade	630.50	738.00	855.45	867.70	806.90	857.00	671.30	556.90	484.06	468.91	5.7%	3.4%
Retail Trade	4,345.00	4,652.60	5,036.70	5,126.70	5,484.80	5,948.40	6,352.60	6,025.80	5,864.96	5,911.35	39.6%	42.3%
Finance, Insurance & Real Estate	270.40	269.40	284.75	284.60	308.30	386.70	368.70	312.40	285.36	298.80	2.5%	2.1%
All Other Sectors	4,189.80	4,365.80	4,696.13	4,978.60	5,312.10	5,650.00	5,891.90	5,994.70	5,615.23	6,022.18	38.2%	43.1%
Total Taxable Gross Receipts ⁽²⁾	\$10,970.00	\$11,473.00	\$12,502.52	\$13,067.20	\$13,987.50	\$15,095.50	\$15,158.50	\$14,599.90	\$13,548.00	13,977.05	11.4%	7.3%
Total Gross Receipts Reported ⁽²⁾	\$20,708.30	\$20,153.40	\$22,406.90	\$24,598.90	\$26,521.30	\$28,111.70	\$28,753.40	\$26,625.63	\$24,865.63	\$25,855.45		

(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) Totals may not add due to rounding.

Manner of Collection and Distribution

Businesses must make their payments of gross receipts taxes on or before the twenty-fifth day of each month for taxable events in the prior month. Collection of the state gross receipts tax and municipal gross receipts taxes is administered by the Department, pursuant to Section 7-1-6 NMSA 1978, as amended. 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 above-described disbursements to the municipalities and counties in the State and less required distributions to pay debt service on certain State bonds.

Remedies for Delinquent Taxes

The Department may assess gross receipts taxes to a taxpayer who has not paid the taxes due to the State. If any taxpayer to whom gross receipts taxes have been assessed does not make payment (or protest the assessment or furnish security for payment) before 30 days after the date of assessment, the taxpayer becomes a delinquent taxpayer. A delinquent taxpayer remains delinquent until payment of all the taxes due, including interest and penalties, or until security is furnished for the payment. The Department 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 taxes from the first day following the day on which it is due at the rate of 15.0% per year, computed on a daily basis until paid, without regard to any installment agreement. However, if the gross receipts taxes are paid within 10 days after demand is made, no interest accrues.

The Department 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.

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 Shared Gasoline Tax Receipts for Fiscal Years 2002-2011.

**CITY OF ALBUQUERQUE
Historical State Gasoline Tax Receipts**

Fiscal Year	State Gasoline Tax Receipts
2002	\$4,431,007
2003	4,293,636
2004	4,476,207
2005	4,686,513
2006	4,883,012
2007	5,500,512
2008	5,301,238
2009	5,177,825
2010	4,973,555
2011	4,765,348

Sources: City of Albuquerque Comprehensive Annual Financial Reports; unaudited financials for Fiscal Year 2011.

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 and the lodgers' tax revenues derived from the 5% lodgers' tax and 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
2007	\$215,953,560	\$10,797,678	\$2,159,535
2008	230,047,005	11,502,350	2,300,470
2009	204,211,780	10,210,589	2,042,117
2010	199,899,460	9,994,973	1,998,994
2011	202,428,900	10,121,445	2,024,289

(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."

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

Employee Contracts

There were 5,822 full-time employment positions funded by the City for Fiscal Year 2012. As of January 1, 2012, of the filled positions, approximately 80% of City employees are affected by union contracts. There are seven 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); United Transportation 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; and Management Union (A.F.S.C.M.E. Local 3022, AFL-CIO). Currently all of the union contracts have expired and the City and union employees are operating under expired agreements.

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 full time employees. The majority of State and municipal employees in New Mexico participate in the Plan. The City contributes to the plan amounts which vary from 7.0% to 21.25% of eligible employees' salaries. The City's liability under the Plan is limited to the periodic employer contributions that it is required to make for its participating employees. The City has no unfunded liabilities with respect to the availability of funds to cover the obligations of the retirement plan.

PERA issues a publicly available financial report that includes financial statements and additional information. A copy of this report can be obtained by writing to PERA, P.O. Box 2123, Santa Fe, New Mexico 87504-2123.

Actuarial information is shown below:

State of New Mexico Public Employees Retirement Fund Summary Information as of June 30, 2011

Membership ¹	85,746
Actuarial Information	
Actuarial Accrued Liability ²	\$16,826,932,000
Actuarial Value of Assets	11,855,217,000
Unfunded Actuarial Accrued Liability	4,971,715,000

Source: PERA Annual Actuarial Valuation

¹ Includes active and retired members from all divisions.

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

As of June 30, 2011, PERA has an amortization or funding period designated as infinite, based on the employer and member contribution rates in effect as of July 1, 2011. Member and employer rates are established pursuant to Sections 10-11-1 through 10-11-141

NMSA 1978. The funded ratio (ratio of the actuarial value of assets to accrued actuarial liability) was 70.5% as of June 30, 2011 and the unfunded accrued actuarial liability of the PERA Fund has been calculated to be approximately \$4.97 billion. On a market value basis, PERA's funded ratio is approximately 70% as of June 30, 2011. The PERA Board has reviewed the results of its June 30, 2011 actuarial valuation, which indicates that either additional contributions or benefit reductions will be required in order to properly fund the PERA retirement plans. Because decreased funding criteria within PERA's Funding Policy was triggered, legislation to increase contribution rates totaling 8% over four years for State General, Judicial, Magistrate, Municipal Police and Municipal Fire retirement plans was submitted to the State Legislature during the 2011 legislative session. Although this proposed legislation was not adopted, the State Legislature is expected to be presented with proposals to address PERA solvency issues in future legislative sessions.

In September 2010, the Retirement System Solvency Task Force received a recent study by Chicago economists that placed New Mexico among 31 states predicted to run out of state pension fund money within the next 16 years. The Task Force also heard from Colorado-based consultants who predicted a decrease in funded ratios, but whose report was not as pessimistic as the report from the Chicago economists.

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 of Albuquerque's impact fee ordinances were adopted by the Council on November 15, 2004 and implemented on June 10, 2005. The Council currently has imposed a partial moratorium on the continued imposition 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 four types of new infrastructure that the City of Albuquerque impact fees support are: public safety facilities, drainage facilities, park, recreation, trails and open space facilities and roadway facilities. Service areas have been identified for each type of infrastructure.

The program supplements the existing Capital Implementation Program. The funds from the impact fees will be 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
2007	\$8,210,661
2008	10,935,135
2009 ⁽¹⁾	3,242,428
2010	2,235,427
2011	1,329,023

(1) The City placed a partial moratorium on impact fees in September 2009. This moratorium limits fees to 50% of the calculated fee, or 0% if the home meets certain green building standards.

Source: City of Albuquerque, Planning Department.

Financial Statements

See Appendix A, Audited Financial Statements for Fiscal Year 2011.

ENTERPRISE OPERATIONS

Albuquerque Airport

Generally

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 2011, origination and destination passengers comprised an estimated 87% of passengers enplaned at ABQ Airport. In addition to ABQ Airport, the City also owns and operates Double Eagle II Airport, a general aviation reliever airport. ABQ Airport has two principal runways for air carrier use and a 543,000 square foot main terminal complex (the “Terminal Building”) with 22 major national airline gates and one commuter gate. Terminal Complex area includes a two-level terminal loop roadway system, a 3,400 space automobile parking structure, and a 534 space surface parking 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 is undertaking certain projects to rehabilitate and modernize the Terminal Building with Terminal Optimization Phase One completed and Terminal Building Phase Two to begin in Fiscal Year 2013. (See following section “Airport System Capital Program.”)

Agreement 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 (the “USAF”) in 1962. The USAF currently shares the use of the Airfield with the City under a lease agreement obligating the USAF to make an annual rental payment of \$50,000. 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 and the lease agreement. The agreement also requires the USAF to provide aircraft rescue and fire-fighting services at ABQ Airport.

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.

Airlines Serving Albuquerque

ABQ Airport is served by seven mainline airlines (the “Signatory Airlines”) as well as regional and commuter airlines. Continental Airlines and United Airlines have merged and received a single operating certificate from the Federal Aviation Administration on November of 2011; however, they continue to operate as separate Signatory Airlines at ABQ. The Signatory Airlines are as follows:

American Airlines	US Airways
Continental Airlines	Southwest Airlines
Delta Air Lines	United Airlines
Frontier Airlines	

Each of the Signatory Airlines listed above has entered into a five-year Scheduled Airline Operating Agreement and Terminal Building Lease with the City with an effective date of July 1, 2011 (the “Airline Agreements”). Collectively, the Signatory Airlines lease approximately 85% of the available exclusive and preferential use space in the Terminal Building.

In addition to these major national airlines and their affiliate regional carriers, Great Lakes Aviation and Pacific Wings d/b/a New Mexico Airlines provide commuter flights throughout New Mexico. Two cargo airlines, Fed Ex and UPS (the “Air Cargo Airlines”), provide air cargo service at ABQ Airport. The Air Cargo Airlines have both entered into new Scheduled Air Cargo Airline Operating Agreements and Air Cargo Building Leases with the City effective July 1, 2011 (the “Air Cargo Airline Agreements”) and both operate as signatory Air Cargo Airlines.

Additional Baggage Screening Requirements

Under ATSA, all checked baggage must be screened for explosives by the TSA. At ABQ Airport, the screening of bags is performed using a combination of explosive detection system (“EDS”) and explosive trace detection equipment.

Even though the City is in compliance with the ATSA requirements for baggage screening, it has installed an in-line EDS for Southwest, which has been the largest carrier at ABQ Airport as measured by enplaned passengers for over fifteen fiscal years. The in-line baggage system for Southwest was necessary to mitigate existing operational inefficiencies in the processing of checked baggage. The installation provides additional space and equipment to meet estimated future demand. The TSA operates non-in-line EDS and explosive trace detection equipment to screen checked baggage for other airlines in their baggage make-up areas on the west side of the Terminal Building. The City believes that these installations are

adequate to meet existing and estimated future demand. The City has performed various studies on integrating an in-line EDS on the west side of the Terminal Building which may be needed in the future, if justified by demand and substantial grant funding is received.

Historical Aircraft Operations and Enplaned Passengers

During Fiscal Year 2011, there were 154,134 aircraft operations (landings and takeoffs) at the ABQ Airport, an increase of 1.9% from 151,164 in Fiscal Year 2010. Ending Fiscal Year 2011, 2,889,262 passengers enplaned at ABQ Airport, a decrease of 1.5% from 2,933,346 in Fiscal Year 2010. The increase in airline traffic and decrease in passenger levels are attributable primarily to the national economic recession and strategic planning from the airlines. The following table presents the number of airline enplaned passengers for major national, affiliate regional and commuter airlines at the ABQ Airport from Fiscal Year 2002 through Fiscal Year 2011.

**Historical Airline Traffic Activity
ABQ Airport**

Enplaned Passengers

Fiscal Year	Number	Percent Increase (Decrease)
2002	3,043,775	(3.4)
2003	3,010,471	(1.1)
2004	3,121,162	3.7
2005	3,191,906	2.3
2006	3,299,021	3.4
2007	3,263,210	(1.1)
2008	3,417,525	4.7
2009	3,014,347	(11.8)
2010	2,933,346	(2.7)
2011	2,889,262	(1.5)

Source: City of Albuquerque, Department of Aviation.

The total number of enplaned passengers at ABQ Airport decreased at an average annual rate of 0.60% per year between Fiscal Years 2002 and 2011. For the nation as a whole, the number of enplaned passengers was virtually the same in Fiscal Year 2011 as it was in Fiscal Year 2002.

As the financial crisis and economic recession deepened in the second half of 2008, airlines reduced departing seat capacity at airports including ABQ Airport. Southwest’s strategy to reallocate departing seat capacity to large-hub airports disproportionately affected medium-hub airports such as ABQ Airport. Additionally, enplanements in 2008 were high due temporary airline competition with ExpressJet maintain a presence in Albuquerque. The economic downturn started later in Albuquerque than most U.S. cities; it depressed consumer spending and resulted in reduced demand for air travel. Combined, these factors resulted in an

11.8% reduction in enplaned passenger traffic in Fiscal Year 2009. Throughout Fiscal Years 2010 and 2011, airlines continued reducing seats at ABQ Airport although the rate of decrease slowed. The ending result was a 1.5% decline in enplaned passengers for Fiscal Year 2011.

Airline Market Shares of Enplaned Passengers.

During Fiscal Years 2007 through 2011, Southwest Airlines and American Airlines held the greatest percentage of market share. In Fiscal Year 2011, Southwest’s market share in Albuquerque was 57.2% and American’s was 11.8 %. Combined, the two airlines accounted for at least 69% of enplanements at the ABQ Airport during Fiscal Year 2011. American Airlines filed for bankruptcy protection (Chapter 11) on November 29, 2011.

The following table presents the market shares of enplaned passengers by airline for Fiscal Years 2007 through 2011:

Historical Airline Market Shares of Enplaned Passengers

	<u>FY2007</u>	<u>FY2008</u>	<u>FY2009</u>	<u>FY2010</u>	<u>FY2011</u>
	<u>% Share Enplaned Passengers</u>	<u>% Share Enplaned Passengers</u>	<u>% Share Enplaned Passengers</u>	<u>% Share Enplaned Passengers</u>	<u>% Share Enplaned Passengers</u>
Major/National:					
Southwest Airlines	51.6	50.6	54.4	55.5	57.2
American Airlines	12.0	11.1	11.9	12.5	11.8
Delta Air Lines	6.3	5.8	5.1	4.7	7.4
US Airways (America West)	6.3	5.5	5.3	5.2	4.4
United Airlines ⁽³⁾	4.3	4.9	3.7	2.5	2.4
Continental Airlines	5.6	4.0	2.2	1.3	0.7
ExpressJet ⁽¹⁾	0.3	3.4	0.7	0.0	0.0
Northwest Airlines ⁽²⁾	2.5	2.5	2.9	2.8	.6
Frontier Airlines	<u>1.6</u>	<u>2.3</u>	<u>3.9</u>	<u>3.8</u>	<u>3.5</u>
Subtotal	<u>90.5</u>	<u>90.1</u>	<u>90.1</u>	<u>88.3</u>	<u>88.0</u>
Regional and Commuter:					
Mesa Airlines	0.6	0.2	0.0	-	0.0
SkyWest	6.1	4.9	5.8	7.0	6.7
Other	<u>2.8</u>	<u>4.8</u>	<u>4.1</u>	<u>4.7</u>	<u>5.3</u>
Subtotal	<u>9.5</u>	<u>9.9</u>	<u>9.9</u>	<u>11.7</u>	<u>12.0</u>
TOTAL	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>

⁽¹⁾ ExpressJet ceased operations as a Signatory Airline at ABQ Airport as of September 2, 2008.

⁽²⁾ Delta and Northwest merged in 2008 and now operate under Delta’s name and operating certificate.

⁽³⁾ United and Continental merged in 2011 operating under United’s name and operate under a single certificate.

Note: Columns may not add to totals shown because of rounding.

Source: City of Albuquerque, Aviation Department.

Airport Administration

Mr. James D. Hinde, C.M., is the Director of Aviation. Mr. Hinde was appointed to this position by Mayor Richard J. Berry in December 2009. Mr. Hinde previously served under Mayor Chavez' administration as Acting Director of Aviation from January 2007 to March 2007. He has worked for the City's Aviation Department for twenty years as Manager of Engineering, Manager of Engineering and Environmental Affairs, and Planning Manager. Prior to his work with the City he was involved in design, project management, and inspection with several private engineering firms.

Ms. Pam White, C.M., is the Associate Director of Finance and is responsible for the Finance and Administration Division, consisting of airport revenue bonds, operating budget(s), capital improvement program, debt service, PFC program, procurement, professional technical contracts, and landside operations. Ms. White has twenty-two years experience in finance, administration and government accounting. Prior to joining the Aviation Department, Ms. White was employed with the New Mexico Department of Transportation in accounting and finance. In her last six years with the Department she was the Finance and Business Manager for the Aviation Division. Ms. White has a Bachelor of Science in Business Administration/Accounting and is currently enrolled in the American Association of Airport Executives certification program.

Mr. Jack D. Scherer is currently the Acting Associate Director of Planning and Development for the Aviation Department. In this role Mr. Scherer participates in all planning efforts for development of the Airport System, and works closely with architects, engineers and consultants through all phases of design and construction of facilities and infrastructure. In addition, Mr. Scherer negotiates and manages the Airport's portfolio of leases and agreements, he is the point of contact for the City's Foreign Trade Zone located at the ABQ Airport, and he works closely with various economic development organizations to create additional opportunities for revenue generation within the Airport System. He has over 30 years of experience in real estate, land development and construction, and earned a Bachelor of Science degree from Fort Lewis College in Durango, Colorado.

The Associate Director of Operations position is currently vacant. The Aviation Director, James Hinde is currently assuming the responsibilities and duties of this position.

Airport Financial Information; Airport Fund

General. The Airport Fund is a separately maintained enterprise fund of the City. The general policy of the City has been to impose charges at the ABQ Airport for services that can be measured and that benefit specific persons, including users of the Airport System. The charges are designed to pay for the cost of the service.

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

**Historical Airport Revenues
(Fiscal Year 2007-2011)
(\$000s)**

	<u>2007</u>		<u>2008</u>		<u>2009</u>		<u>2010</u>		<u>2011</u> ⁽¹⁾	
		<u>%</u>		<u>%</u>		<u>%</u>		<u>%</u>		<u>%</u>
Airline Revenue	26,352	38.6	28,887	38.3	26,654	37.9	27,385	38.4	26,050	37.3
Non-Airline Revenue										
Terminal Bldg.	13,771	20.2	15,305	20.3	12,618	17.9	13,908	19.5	12,781	18.3
PFCs	8,303	12.2	8,559	11.4	7,380	10.5	7,444	10.4	7,288	10.4
CFCs	5,375	7.9	6,308	8.4	7,145	10.2	6,680	9.4	6,831	9.8
Passenger Parking Area	7,997	11.7	8,272	11.0	7,423	10.6	7,130	10.0	7,937	11.4
Miscellaneous	6,399	9.4	7,994	10.6	9,135	13.0	8,848	12.4	8,879	12.7
TOTAL	68,197	100.0	75,325	100.0	70,355	100.0	71,395	100.0	69,766	100.0

⁽¹⁾ Unaudited.

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 88% of commercial enplaned passengers at ABQ Airport in Fiscal Year 2011. Airline revenues constituted 37.3% of Gross Airport Revenues in Fiscal Year 2011.

Passenger Facility Charges. 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. In June 2002, the FAA approved the City’s second PFC application which allows the City to impose a \$3.00 PFC at ABQ Airport for a total collection amount of \$44,483,079. A closeout amendment to this application was approved by the FAA in April 2008. The total collection amount was amended to \$41,844,636 to reflect actual collections and uses of PFC revenues. The FAA approved a third PFC application in the amount of \$66,066,726. PFCs collected under the third application are being used to fund certain Terminal Building modernization and roadway projects. In October 2009, the City submitted an amendment to the third PFC which requested an increase by \$2,819,173. The amendment identified an increase to projects such as terminal rehabilitation, upgrades to flight and baggage information systems, and mechanical/electrical/fire safety upgrades. The amendment also identified a decrease to projects such as the communication center upgrade, the federal inspection station, and

passenger checkpoint. In November 2009, the FAA approved and amended the third PFC in the amount of \$68,885,899 with an expiration date of July 2016.

PFC revenues are available to pay Airport Obligations issued to finance eligible projects 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 2007 through Fiscal Year 2011.

PFC Revenues (\$000s)

Fiscal Year	PFCs Collected ⁽¹⁾
2007	\$8,303
2008	8,559
2009	7,380
2010	7,444
2011	7,288

⁽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, space rental fees and concessions; non-airline terminal building space rentals; terminal building food and beverage concessions; terminal building news and gift stores; terminal building advertising program; and other miscellaneous agreements. The largest component of non-airline revenues in Fiscal Year 2011 was the rental car privilege fees.

Rental Car Facility Revenues. The City successfully negotiated new five (5) year agreements (effective July 1, 2011), with eight (8) rental car companies for the use and lease of counter space at the customer service building and parking spaces in the ready/return parking area with an option for the City to extend the agreements an additional five years. 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; (c) monthly fees for exclusive use and common use space; and (d) reimbursement for any Airport operating expenses allocated to the Rental Car Facility. 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. 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 24.9% of Gross Airport Revenues in Fiscal Year 2011. (See following section “Customer Facility Charge”).

Terminal Building Concession Revenues. Non-airline Terminal Building concession revenues are generated under agreements with Fresquez Concessions, Inc., and Black Mesa Coffee Company to provide food and beverage services within the Terminal Building (the “Food and Beverage Concession Agreements”). In addition there are five retail concession operators (the “Retail Concession Agreements”) including Avila Retail Development & Management, El Mercado del Sol, Inc., Page Industries, Hudson-Garza, and Sweet Tooth, LLC. These five 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 terms of the agreements, each operator is required to pay the City the greater of (i) a percentage of gross revenues or (ii) a minimum annual guarantee (“MAG”) amount. The MAG amount is to be adjusted each year to equal 85% of each company’s prior year’s percentage of gross revenues paid to the City, but the MAG amount in any year will not be less than the first full contract year.

Parking Area Revenues. Public parking facilities include a garage with 3,400 spaces for short-term parking and a surface lot north of the parking garage with 534 spaces for long-term parking. The City anticipates opening an additional parking lot in the first quarter of Calendar Year 2012 with approximately 400 parking spaces. Other parking facilities at ABQ Airport include three employee lots, which together provide approximately 600 spaces.

Public parking rates in the short-term lot are \$1.00 for the first half-hour, increasing to a maximum rate of \$10.00 per day. Rates in the long-term lot are \$1.00 for the first half hour and thereafter a maximum of \$7.00 per day. The public parking facilities generated revenues totaling \$8,016,229 (\$7,936,890 in public parking revenues plus \$79,339 in employee parking revenues), in Fiscal Year 2011. Public parking revenues increased by 11.4% from Fiscal Year 2010 to Fiscal Year 2011 as a result of increased fees. The City also receives revenues from commercial vehicle lane fees and taxicab permits.

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 minimum annual guarantees.

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, and a 42,000 square foot office building, both of which are owned by the City. Recently, the City leased a 41,585 square foot facility at Double Eagle II Airport for a charter school. The Southwest Aeronautics, Mathematics, and Science Academy Charter School (the “SAMS Academy”) will provide a quality 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. Total lease payments over the 15 year terms will be approximately \$4,300,000.

Federal Grants. The City receives annual federal grant moneys 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 the prioritization by FAA of projects across the nation as a whole). With Congress being unable to reauthorize the FAA program, application for and distribution of grants have become very tenuous. Between Fiscal Year 2002 and Fiscal Year 2011, the City received a total of \$62,071,970 in AIP grants and entitlement/discretionary funds. In Fiscal Year 2011, the City received 4,207,021 for two solar array projects from the FAA VALE Program (Volunteer Airport Low Emissions). In addition, a \$12.1 million project to reconstruct and widen the highway from 2 lanes to 4 lanes from Interstate 40 to Double Eagle II Airport is currently underway. The road project is funded primarily by Federal Highway Administration grants.

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 Airline Agreements. Effective July 1, 2011, the Signatory Passenger Airlines entered into five (5) year Amended and Restated Scheduled Airline Operating Agreement and Terminal Building Leases ("Signatory Passenger Airline Agreements") with the City for the use and lease of certain facilities at ABQ Airport. The following is only a brief summary of certain provisions of the Signatory Passenger Airline Agreements.

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 Agreements, Terminal Building rental rates are calculated according to a commercial compensatory method based on rentable space and include a credit of certain concession revenues generated in the Terminal Building. 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 leased jointly, with allocable rentals recovered by formula. The credit is also distributed among the Signatory Passenger Airlines by formula. Loading bridge charges are calculated using a modified residual methodology and consist of a combination of a fixed fee charged per loading bridge to recover allocable capital costs and an operating fee charged per departing flight to recover allocable operating costs.

Each Signatory Airline has priority in using gates assigned to it on a preferential 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 Airline's preferentially assigned gate to another Signatory Airline, if the renting Signatory 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 Airline.

Signatory Cargo Airline Agreements. Effective July 1, 2011, the Signatory Cargo Airlines entered into five (5) year Signatory Cargo Airline Agreements with the City concerning their use of the air cargo facilities at ABQ Airport. Under the current Air Cargo Airline Agreements, each of the Signatory Cargo Airlines leases exclusive-use space in ABQ Airport's air cargo building and preferential-use apron parking spaces at the air cargo apron. Rates and charges for these facilities are calculated under a modified commercial compensatory approach, whereby the Signatory Cargo Airlines pay a rate calculated using a market-value approach.

Affiliate Airline Operating Agreements. The City maintains Affiliate Airline Operating Agreements with passenger airlines operating as regional affiliates of Signatory Passenger Airlines. The Affiliate Airline Operating Agreements are on a month-to-month basis. Service provided by these airlines is marketed and sold by Signatory Passenger Airlines under capacity purchase agreements and not by the Affiliate Airline itself.

Under the terms of the Affiliate Airline Agreements, 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. Other rentals and fees for the use of Terminal Building are paid by the Signatory Passenger Airline on behalf of the Affiliate Airline.

Commuter Airline Agreements. The City maintains Commuter Airline Leases and Operating Agreements with airlines providing commuter service throughout New Mexico. The Commuter Airline Operating Agreements are on a month-to-month basis. Under the terms of the Commuter Airline 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 with certain airlines providing service at ABQ Airport on both a scheduled and non-scheduled basis. These agreements allow airlines to occupy space in the Terminal Building or cargo buildings 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 calculated to simulate 115% of the applicable Signatory Airline rate. Non-Signatory Airlines do not participate in the year-end recalculation of airline rates and charges.

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.

Customer Facility Charges ("CFC") 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) debt service requirements on Airport Obligations issued to finance the Rental Car Facility and which may

be issued in the future for the Rental Car Facility; and (iii) other allocable costs associated with common areas at the customer service building and access roadways. 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 \$4.35 per contract day.

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.

Airport System Capital Program

The City is adopting a five-year Capital Improvement Program (CIP) for Fiscal Years 2012 through 2016, totaling \$127.7 million. As part of the negotiations for the current Airline Operating Agreement and Terminal Building Lease (for the same time period of the CIP), the City adopted a CIP pre-approved by the Signatory Airlines.

Of the \$127.7 million CIP, \$95.4 million would improve ABQ Airport, and \$12.8 million the Double Eagle II Airport. The remaining \$19.5 million would go towards projects that would not affect airline rates and charges.

The funding plan for the CIP is a mixture of grants, “pay-as-you-go” Passenger Facility Charges (PFCs), and Airport equity. The City plans to issue no new debt to help finance projects through Fiscal Year 2016.

Most CIP projects are for the renewal or replacement of aging elements of airport infrastructure. The CIP reflects the lack of a need for significant expansion of airfield or terminal capacity. Preeminent projects renovate Taxiways A, B and E; close Taxiway C and Runway 17-35 at ABQ Airport; upgrade mechanical and electric systems in the Terminal Building; and, convert Runway 17-35 at the Double Eagle II Airport into the primary runway.

Joint Water and Sewer System

The Water/Sewer System was owned by the City and operated by its Public Works Department until December 17, 2003 and revenue bond debt relating to the Water/Sewer System continues to be outstanding. In 2003, the New Mexico Legislature adopted Laws 2003, Chapter 437 (Section 72-1-10 NMSA 1978) which created the Albuquerque Bernalillo County Water Utility Authority (the “Authority”) and required that all functions, appropriations, money, records, equipment and other real and personal property pertaining to the Water/Sewer System be transferred to the Authority. The legislation also provides that the debts of the City payable from net revenues of the Water/Sewer System shall be debts of the Authority and that the Authority shall not impair the rights of any holders of outstanding debts of the Water/Sewer System. The City has transferred functions, appropriations, money records, equipment and other real and personal property pertaining to the Water/Sewer system to the Authority and the policy-making functions of the Water/Sewer System have been

transferred to the Authority. The Authority and the City entered into a Memorandum of Understanding dated July 1, 2007, under which the City provides certain administrative support to the Authority.

Information relating to Water/Sewer System may be found in the Annual Information Statement of the Authority dated January 26, 2012 on file with each Nationally Recognized Municipal Securities Information Repository. Financial information and information relating to the operations of the Water/Sewer System for years prior to Fiscal Year 2004 may be found in the Annual Information Statement of the City dated January 20, 2004 on file with each NRMSIR.

Refuse Removal and Disposal System

The City operates its Refuse Removal and Disposal System (the “Refuse System”) through its Solid Waste Management Department (the “Department”). The City has no competitors for refuse removal and disposal services within the City limits. The City collects all residential refuse and imposes a fee on each residential unit. Commercial refuse service is provided to all commercial users at a set fee. However, businesses may haul self-generated refuse, if they obtain a City permit to do so. Although businesses may haul self-generated refuse outside of the City limits to landfills which are not operated by the City, the City does not consider that this has a material effect on the City’s landfill operations.

Long-Range Plans

The Department developed an Integrated Waste Management Plan (IWMP) to serve as an important planning tool. The IWMP, by Zia Engineering & Environmental Consultants, reviews the current status of the City's solid waste management system including operations, rates and facilities and proposes an environmental plan for the future.

City Council approved the IWMP in 2010. The IWMP contains 23 recommendations to be implemented in the period from 2010 to 2020.

Recommendations in the IWMP which are currently in process or completed are as follows: to perform a cost of service analysis; perform a commercial accounts audit; revise the Department’s Mission Statement; develop an Request for Proposals for private sector design, construction, ownership, and operation of a materials recovery facility (MRF); development of a permanent education and outreach program including staff; promotion of backyard composting; analysis of potential sites for transfer facility development; and implementation of cart-based residential recycling collection. The recommendation to address the large backlog of unmet functional equipment needs by fully funding the equipment replacement schedule was included with the Fiscal Year 2011 rate increase.

Many of the IWMP recommendations form the basis for the Department’s Five-Year Plan, including the MRF project award and construction; development of a plan to site, design, construct, own, and operate a transfer station; automate residential curbside recycling collection using carts; implementing a Pay as You Throw (PAYT) program for residential customers; and implementing a subscription-based green waste collection program. PAYT is a

term coined by the U.S. Environmental Protection Agency, which means that residents pay for refuse service according to the level of service requested: more trash results in increased fees.

With direction from the Mayor, the City has entered into a contract with Friedman Recycling for design, construction, ownership, and operation of a MRF. It is anticipated that the contract will result in net revenue to the Department through its cost/revenue sharing provisions after the first year. During this interim period while the facility is being built, however, the Department is paying a tipping fee to Friedman with no revenue share.

The remaining recommendations will be considered and proposed in subsequent budget years as suggested in the IWMP.

Landfills

The City uses a landfill site, which has been registered with State and federal authorities since May 1990. The permit for the City's Cerro Colorado landfill allows only licensed commercial haulers to dispose of solid waste at the landfill site. Residents are not allowed to haul waste to the landfill and, instead, must use the convenience centers described below. If current waste disposal operations continue unchanged, the landfill is expected to reach capacity in 2077. The landfill presently meets or exceeds all federal and state regulations. To continue in compliance with federal requirements, the City installed a methane gas collection system for the first six cells of the Cerro Colorado landfill and has had a consultant develop a landfill gas master plan to maximize efficiency and effectiveness in the future expansion of the landfill gas collection system. The department will work with an engineering firm to prepare drawings and specifications for the next phase of the Gas Collection Control System (GCCS).

Collection System

Historically, the residential collection system consisted of one-person crews using side-loading packer vehicles for regular household refuse and recycling. The collection of refuse and recycling occurs once a week. Each household is provided with a 95-gallon container on wheels. The container is wheeled to the curb by the resident on his/her weekly collection day and is serviced by a fully automated collection vehicle, which utilizes a hydraulic arm to grab, lift and empty the container. Residential customers receive one coupon every year typically in the month of August which can be redeemed for 30 clear bags which are used for recyclables. The monthly refuse fee includes the cost of the recycling bags. The regular work schedule for the residential and recycling collection is five eight-hour days a week. Residential routes include 48 Automatic Routes, 12 Recycling Routes, Multi-Family Dwelling Recycling, and a Green Waste Pilot Program. The total residential refuse vehicles include the daily route vehicles and also the back-up fleet.

The City does not handle refuse collection for Albuquerque Public Schools or the University of New Mexico, two of the region's major employers, although those entities do use the City's landfill for a fee.

The City has a hazardous waste awareness program, a household hazardous waste collection program, and a landfill monitoring and remediation program, which are funded from

refuse system revenues. The City does not accept hazardous, toxic or asbestos waste in its landfill. Only biomedical waste that has been previously incinerated is accepted. Both City and State regulatory agencies have established policies to strictly monitor these matters.

The commercial collection system is containerized to the maximum extent possible. Containers varying in size from two cubic yards to eight cubic yards are mechanically dumped into packer trucks. Large generators of refuse use roll-off containers. Collection frequency and container size is determined by the needs of the customer and is factored into the fee calculation. Commercial routes include two rear packers, 20 roll-offs and 34 front-loading routes.

The Department received approval from the New Mexico Solid Waste Bureau to operate a green waste composting site at the Cerro Colorado Landfill. The majority of materials for the green waste composting program is collected and then transported to the Cerro Colorado Landfill composting site from two of the three Department Convenience Centers and Green Waste Curb Side Pilot and Seasonal Programs. Primary materials include leaves, grass clippings, tree trimmings and other assorted yard trimmings. Collected manures are used as an amendment with the primary materials for the composting process. The department is currently selling compost and mulch at Montessa Park convenience center and Cerro Colorado Landfill to the general public and working to establish additional markets. The department is also using mulch products for internal needs, such as “landfill cover.”

Convenience Centers

The City has constructed three convenience centers for public use, which accept residential haul-your-own waste and small commercial haulers with a vehicle size of less than two tons. The solid waste brought to the convenience centers is collected in large roll-off containers and 120-cubic-yard trailers and hauled to the Cerro Colorado landfill by the City as part of the convenience center’s operations. The tonnage collected at the convenience centers represents approximately 10% of the total annual tonnage disposed of at the Cerro Colorado landfill. The fee at the convenience centers is \$5.00 per load for individuals and small commercial haulers, not including tax.

Recycling Programs

The City offers curbside recycling service for approximately 177,000 residential households every week. The participation levels vary across the City. There are 12 routes Monday through Wednesday and 10 routes on Thursday and Friday. Manual sideloaders currently are used to service most households, which require the driver to exit the truck at every stop, pick up the material by hand and place it in the truck. Items collected are corrugated cardboard, plastic, tin, aluminum, newspaper, mixed paper, and junk mail at the curb. The City also provides 14 drop-off sites, conveniently located across the City, where citizens can drop off their recyclables, including glass.

The City’s pilot recycling program began in November 2007 and currently consists of 10,000 households who receive weekly curbside recycling collection service using a 64-gallon cart. Residents in this program are not charged any additional fees over and above the \$1.95

fee charged all residents for recycling. The Department will begin expanding the residential curbside pilot recycling program in March 2012, adding service to 21,000 customers. Service to an additional 145,000 customers will occur in Fiscal Year 2013, to complete automated recycling service to the rest of the city. The public/private partnership with Friedman Recycling will increase recycling participation by citizens, and have a positive impact on the program's bottom line. The program which previously operated at deficit will be solvent under the public/private partnership and when commodity prices increase, the city will participate in profit sharing revenue from Friedman Recycling.

Pursuant to the City's Multi-Family Dwelling Recycling Program, all apartment complexes with 25 units or more are required to provide recycling services for their residents. Any complexes with less than 25 units are eligible for recycling services upon request. Each complex is provided with 96-gallon recycle carts. The current service charge for collection is \$1.95 per unit per month.

Through a combination of City funds and a grant from the New Mexico Environment Department, the City is preparing to divert tires from disposal and send them to a recycling facility. It is anticipated that this program will be operational by April 2012.

Weeds, Litter and Graffiti Removal and Community Outreach

As part of the Department's overall mission of protecting and preserving the environment, the Department is also responsible for the removal of weeds, litter and graffiti from the City's major thoroughfares and public properties through its Clean City Division. Residential refuse bills include a charge of \$1.95 per household per month for this program. Commercial refuse bills also contain a charge.

The Clean City Division mission is to enhance the City's condition and meet the community's needs for a clean environment and improved quality of life within the City limits. Clean City, a seven day operation, is currently utilizing six principle programs: the Weed & Litter Program, Community Support Program, Large Items Pick up Program, City of Albuquerque Office Paper Recycling Program, City-wide Drop-Off Recycling Program, and Graffiti Removal Services. The Clean City Division also has a contract with the New Mexico State Highway Department for highway cleanup within the Albuquerque city limits.

The Weed & Litter Program has divided approximately 188 square miles in the City into five major sections and provides safe removal of weeds and litter from major thoroughfares along curb lines and undeveloped medians on a scheduled basis throughout the year. The Clean City Division removes illegal dumping from public and private properties with the owner's consent, and seeks liens against private property as necessary for properties deemed in violation of the weed and litter ordinance by the City Zoning Enforcement Division.

The Keep Albuquerque Beautiful (KAB) Program is also supported by the Solid Waste Department and acts as a community outreach entity to promote awareness of environmental issues related to solid waste, recycling and sustainability. KAB is an affiliate of the National Keep America Beautiful organization and is funded by grant money from the State of New Mexico.

Solid Waste Management Administration

Ms. Jill Holbert is the Acting Director of the Solid Waste Management Department. She brings over 20 years of experience in integrated solid waste management; including waste reduction, recycling, composting and solid and household hazardous waste management. Prior to joining the Department, Ms. Holbert worked for the Solid Waste Bureau of the New Mexico Environment Department. She also served as the Solid Waste Management Division Director with the City of Santa Fe and manager of Santa Fe County's solid waste and recycling program. She holds a Master of Science degree in Community Development from the University of California and a bachelor's degree in Natural Resources from the University of Michigan.

Mr. Michael L. Torrez, Ed.D., is the Associate Director of the Solid Waste Management Department of the City. Mr. Torrez has over 21 years with the City, coming to Solid Waste Management Department from the Department of Municipal Development where he managed the department's Parking Division. Mr. Torrez holds two Masters Degrees and a Doctorate in Training and Learning Technologies. Mr. Torrez has been a professor with the University of Phoenix for the past 23 years, teaching courses in Management, Human Resources and Employment Law. In his career, Mr. Torrez has written six publications on various subjects related to career planning and performance, including a text book "Managing Human Resources."

Mr. Stephen C. Falk, CPA, is the Fiscal Manager of the Solid Waste Management Department. Mr. Falk has over 28 years of financial accounting experience, working as an auditor in public accounting, a financial manager in private industry, and in various governmental accounting positions. Mr. Falk has been a Certified Public Accountant for 28 years, and has worked for the City for the last 18 years.

Ms. Natalie Y. Howard is the Superintendent of Administrative Services for the Solid Waste Management Department. Ms. Howard has over 20 years of private and public sector experience and has been serving the City for approximately 18 years. Ms. Howard has a public relations, customer service, and financial background. She managed the Keep Albuquerque Beautiful Program, and served as the Communications and Billing Manager for the Solid Waste Management Department. She currently manages the administrative branch of the department. In addition, she is an instructor for the University of Phoenix and a certified mediator for the City. Ms. Howard received her bachelor's degree in Sociology and earned a Master's Degree in Public Administration from the University of New Mexico.

Refuse System Financial Information

Operational Data and Tonnage History for the Refuse System. Shown below are the operational data and solid waste tonnage history for the Refuse System for Fiscal Years 2002 through 2011.

CITY OF ALBUQUERQUE
Refuse System Operational Data
Fiscal Years 2002-2011 Collections

Fiscal Year	Residential/ Recycling Units	Commercial Routes	Commercial Units	Commercial Routes	Refuse Employees	Collection Vehicles
2002	142,445	52	14,720	56	409	137
2003	147,097	47	14,725	56	403	137
2004	156,106	49	11,674	56	405	147
2005	160,201	40	11,436	52	414	154
2006	164,491	43	12,611	55	414	160
2007	167,782	44	13,346	56	432	164
2008	172,828	48	14,219	56	450	170
2009	175,162	48	13,086	56	427	171
2010	176,341	48	12,051	56	434	165
2011	177,202	48	11,954	56	433	163

Source: City of Albuquerque, Solid Waste Management Department.

CITY OF ALBUQUERQUE
Solid Waste Tonnage History
Fiscal Years 2002-2011

Fiscal Year	Commercial	Residential	Convenience Center, Private Haul, Other	Total Department
2002	216,549	162,254	91,006	469,809
2003	228,324	178,503	96,421	503,248
2004	224,350	179,290	104,350	507,990
2005	237,786	159,778	111,889	509,453
2006	239,670	190,527	118,661	548,858
2007	248,014	204,083	142,933	595,030
2008	231,977	203,043	168,717	603,737
2009	214,463	188,229	301,725	704,417
2010	220,100	172,391	137,124	529,615
2011	219,216	177,618	168,214	565,048

Source: City of Albuquerque, Solid Waste Management Department.

Budget, Rates and Charges. The capital and operating budgets for the Refuse System are submitted to the Council by April 1 of each year for the following fiscal year. The Council considers the budgets, together with the rates necessary to finance the operation and capital improvements, and adopts the budget and rates necessary for the next fiscal year no later than 60 days after their receipt. Biannually, decade capital plans are also prepared and adopted. These plans are modified by the annual budget process as immediate needs become clear. The current decade capital plan (2011-2020) calls for expenditures of approximately \$141 million financed with a combination of operating cash and refuse revenue bonds.

The rates for residential collection, commercial collection and the use of the Cerro Colorado landfill are established from time to time by City ordinance and are not subject to

approval by any other regulatory body. The Fiscal Year 2012 rate for residential collection is \$12.91 per month. Commercial rates vary considerably based on the size of container and frequency of service. Current landfill fees by tonnage (not including tax) are \$7.50 for up to 500 pounds, \$14.99 for 501 to 1,000 pounds, \$22.48 for 1,001 to 1,500 pounds, and \$30.00 for 1,501 to 2,000 pounds. Other rates apply for use of the landfill for certain categories of waste such as tires and contaminated soil. The current fee at the convenience centers is \$5.00 per load for residential and commercial haulers, not including tax. Included in the rate structure is a fuel surcharge assessed to all refuse customers when the price of diesel fuel exceeds \$2.30 per gallon.

The following tables present a limited 10-year summary of the history of refuse service rate adjustments implemented by the City showing the effective date of such adjustments. See “Historical Financial Information” under this caption. The City anticipates that additional rate increases will be necessary in future years based on findings in the Integrated Waste Management Plan and Cost of Service Study the Department completed as part of the Fiscal Year 2011 budget. The Studies seek, in part, to modernize recycling, encourage commercial recycling, implement a rate structure that reflects current costs and encourages more residential recycling. The Department was approved for a 25% rate increase in the Fiscal Year 2011 budget based on the cost of service study, which rate increase has been implemented. The new rates fully fund operations and restore the transfer to capital to a level that will provide quality services to customers efficiently and safely. The increased capital funding will enable the department to replace an aging fleet of heavy collection and landfill equipment, which will result in lower maintenance costs.

CITY OF ALBUQUERQUE
Refuse System
Residential Collection Fee Adjustments

Year	Monthly Rate	% Increase
2002	\$9.94	0.0
2003	10.24	3.0
2004	10.24	0.0
2005	10.24	0.0
2006	10.75	5.0
2007	10.75	0.0
2008	10.75	0.0
2009	10.75	0.0
2010	10.75	0.0
2011	12.91	20.1

Source: City of Albuquerque, Solid Waste Management Department.

Landfill Fee Adjustment

Year	Rate	% Increase
2002	\$105.65/ton (tires)	0.0
2003	105.65/ton (tires)	0.0
2004	105.65/ton (tires)	0.0
2005	105.65/ton (tires)	0.0
2006	110.93/ton (tires)	5.0
2007	110.93/ton (tires)	0.0
2008	110.93/ton (tires)	0.0
2009	110.93/ton (tires)	0.0
2010	110.93/ton (tires)	0.0
2011	116.48/ton (tires)	5.0

Source: City of Albuquerque, Solid Waste Management Department.

Convenience Center Fee Adjustments

Year	Rate	% Increase
2002	\$3.25/load (residential)	0.0
	\$8.40/load (commercial)	0.0
2003	\$3.30/load (residential)	2.0
	\$8.65/load (commercial)	3.0
2004	\$3.30/load (residential)	0.0
	\$8.65/load (commercial)	0.0
2005	\$3.30/load (residential)	0.0
	\$8.65/load (commercial)	0.0
2006	\$3.47/load (residential)	5.0
	\$9.08/load (commercial)	5.0
2007	\$3.47/load (residential)	0.0
	\$9.08/load (commercial)	0.0
2008	\$3.47/load (residential)	0.0
	\$9.08/load (commercial)	0.0
2009	\$3.47/load (residential)	0.0
	\$9.08/load (commercial)	0.0
2010	\$3.47/load (residential)	0.0
	\$9.08/load (commercial)	0.0
2011	\$5.00/load (residential)	44.1
	\$5.00/load (commercial)	(44.9)

Source: City of Albuquerque, Solid Waste Management Department.

Refuse System Billing and Collections. The Department bills approximately 180,000 accounts on a monthly basis for commercial and residential garbage collection, recycling collection and disposal fees. The City has an active agreement with the Albuquerque Bernalillo County Water Utility Authority (ABCWUA) to bill jointly for water and refuse services via the Customer Care and Billing System (CC&B). The Department pays a portion of all incurred operating costs on an annual basis. As part of this agreement, the ABCWUA manages collections of delinquent accounts for the Department with the exception of accounts that only incur refuse or landfill charges and do not incur water charges.

The water/refuse utility bill indicates the current amount due, the past due balance and any necessary adjustments to the account. If a customer is more than 30 days delinquent, the customer is officially in “collections” status and begins receiving collection letters. After 90 days, the customer receives a 15-day trial shut-off notice. If the ABCWUA or the City does not receive a response from the customer, the City, for health and safety reasons, will continue to collect the customer’s refuse, but ABCWUA has the authority to shut off the customer’s water until the bill is paid or the customer has made arrangements for payment.

For accounts with only refuse service, the City requires a deposit from the customer. This deposit is applied to the account upon service termination as per the Refuse Ordinance. The City applies a 1.5% per month penalty to all delinquent bills. Under most circumstances, at any time a bill is delinquent, a lien on the customer’s property can be filed.

Historical Financial Information. The following table compares revenues and expenses over the past five fiscal years.

CITY OF ALBUQUERQUE
Refuse Removal and Disposal System
Historical Financial Information
Fiscal Years 2007-2011
(\$000)

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011⁽¹⁾</u>
Total Operating Revenues	50,447	52,511	53,072	52,346	61,435
Non-operating revenues (expenses):					
Interest ⁽²⁾	695	631	531	336	124
Other	286	123	143	270	306
Gain(loss) on disposition of property & equipment	(125)	(168)	(409)	(508)	-
Fuel Surcharge	2,041	2,691	2,504	1,577	662
Transfer in/(out)	800	1,300	1,428	-	-
Total adjusted revenues	<u>54,144</u>	<u>57,088</u>	<u>57,269</u>	<u>54,021</u>	<u>62,527</u>
Total operating expenses (excluding interest expense)	49,106	54,495	51,698	49,457	50,177
Less:					
Payments in lieu of taxes	(1,058)	(1,052)	(946)	(928)	(1,112)
Depreciation	(6,017)	(6,796)	(5,918)	(5,198)	(3,762)
Amortization	(13)	(4)	(3)	(2)	(15)
Other	(4)	(48)	-	(369)	(262)
Total adjusted operating expenses	<u>42,014</u>	<u>46,595</u>	<u>44,831</u>	<u>41,960</u>	<u>45,026</u>
Net revenues available for debt service	<u>12,130</u>	<u>10,493</u>	<u>12,438</u>	<u>11,061</u>	<u>17,501</u>

(1) Unaudited.

(2) GASB-31 Market Value Adjustment (Interest)

Source: City of Albuquerque Comprehensive Annual Financial Reports.

The decline in net revenues available for debt service in Fiscal Year 2008 arose from commercial customers who reduced waste. Commercial waste correlates to overall economic patterns and drops as commercial enterprises see a decrease in business.

The increase in net revenues available for debt service in Fiscal Year 2009 is the result of land developers cleaning out old landfill sites for future development at a reduced tipping fee and the City does not believe it is recurring revenue.

“Transfers in” revenue is zero for FY10. The previous year’s transfers were from the General Fund to help pay the unfunded Clean City Division’s operating budget. The General Fund stopped the transfer in FY10 due to budget constraints.

Capital Improvement Projects. The Council has implemented a limitation on all Department Capital Improvement Projects spending. The Department’s Capital Improvement Projects debt service payment cannot exceed 11% of the total operating expenses.

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 four public improvement districts within the City; Ventana West Public Improvement District, Montecito Estates Public Improvement District, Saltillo Public Improvement District and The Trails Public Improvement District. Each of the public improvement districts has issued special levy revenue bonds to finance construction of certain public infrastructure.

Housing Projects

Beach Apartments Project

The Beach Apartments Project, 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 “Series 1991 Bonds”). 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 City refunded the Series 1991 Bonds upon the issuance of the Refunded Bonds. 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 94% and 99% during 2007 to 2011. For Fiscal Year 2011, the Beach Apartments Project generated total revenues of \$514,011 and incurred \$396,443 in operating and other expenses, resulting in net income of \$117,568 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 (the “Series 1994 Bonds”), consists of 158 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 City refunded the Series 1994 Bonds upon the issuance of the Refunded Bonds. 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
30	Three Bedroom

Annual occupancy rates for the Manzano Vista Apartments Project have ranged between 88% and 94% during 2007 to 2011. For Fiscal Year 2011, the Manzano Vista

Apartments Project generated total revenues of \$1,278,961 and incurred \$1,323,363 in operating and other expenses, resulting in a net income of (\$44,402) 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 “Series 1996 Bonds”). 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 City refunded the Series 1996 Bonds upon the issuance of the Refunded Bonds. 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 97% during 2007 to 2011. For Fiscal Year 2011, the Bluewater Village Apartments Project generated total revenues of \$1,582,260 and incurred \$1,308,535 in operating and other expenses, resulting in net income of \$273,725 for that period.

INVESTMENT POLICIES AND PROCEDURES

The City has adopted an Investment Policy (the “Investment Policy”) established and maintained by the Investment Oversight Committee which guides the City’s financial decisions. The Investment Oversight Committee reviews the Investment Policy annually and recommends changes as necessary. The Investment Oversight Committee is established by ordinance and consists of five voting members; the Director of Finance and Administrative Services serves as the Chair of the Investment Committee. Day-to-day management of the City’s Investment Program is delegated to the Treasury Division of the Department of Finance and Administrative Services, and specifically to the Investment Manager of the Treasury Division.

The City seeks to balance three primary objectives for its cash portfolio:

- maintaining sufficient liquidity to meet financial obligations;
- diversifying investments among asset classes to ensure safety of principal; and
- earning a market rate of return (subject to permitted investment constraints).

The liquidity goal is achieved by matching investment maturities with the expected timing of obligations. Diversification (safety) is accomplished through implementation of a strategic asset allocation, derived from modern portfolio theory concepts. Attainment of a market return is measured by benchmarking the portfolio against a relevant market index.

Recognizing that cash is an earning asset, the City tries to invest cash balances over amounts required to meet current financial obligations to achieve the highest rate of return consistent with the primary objectives of preservation of principal and maintenance of adequate liquidity. One of the major objectives of the City is to ensure the safety of its principal, which is accomplished by limiting credit risk and interest rate risk. Except for Non-Discretionary Funds, the City seeks to achieve a rate of return on investments at least equal to the average rate of return on the one year U.S. Treasury bill for the reporting period, or other appropriate performance measure as determined by the Investment Committee.

The City attempts to diversify its use of investment instruments to avoid incurring unreasonable risks inherent in over-investing in specific instruments, individual financial institutions or maturities. The Investment Policy generally provides that, with the exception of U.S. Treasury securities and authorized pools, no more than 50% of the total investment portfolio can be invested in a single security type or with a single financial institution or at a single maturity. Furthermore, in an attempt to limit the City's exposure to the possibility of loss due to interest rate fluctuations, the City will commit no less than 80% of the funds in the commingled investment pool or other discretionary funds to maturities of no more than three (3) years from date of purchase. No more than 20% of the funds may be invested in maturities of up to five (5) years. Investment of non-discretionary assets, including funds to be held in trust, may be committed to maturities up to ten (10) years from the date of purchase.

The Investment Policy permits the City to invest in (a) direct obligations of the United States Treasury; (b) obligations of certain specified government-sponsored agencies; (c) accounts, certificates of deposit or time deposits with qualifying banks and savings and loan associations located in Bernalillo County, New Mexico; (d) bonds or securities of the State of New Mexico, its agencies, or certain of its subdivisions; (e) certain specified repurchase agreements; (f) specified short-term investment and other funds maintained by the State of New Mexico; (g) money market instruments and other securities of commercial banks, brokers-dealers and other specified financial investors; and (h) other permissible investments permitted under statutes of the State of New Mexico. Proceeds of bonds, amounts set aside to pay bonds and reserve funds relating thereto may also be invested in certain tax-exempt obligations and other investments specified in documents relating to the bonds and approved by the Council.

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,” “intend,” “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.

LITIGATION

According to the City, 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.

New Mexico Tort Claims Act Limitations

The New Mexico Tort Claims Act limits liability to (i) \$100,000 for damage to or destruction of property arising out of a single occurrence, (ii) \$300,000 for all past and future medical and medically-related expenses arising out of a single occurrence, (iii) \$400,000 to any person for any number of claims arising out of a single occurrence for all damages other than property damage and medical and medically-related expenses, as permitted under the New Mexico Tort Claims Act, and (iv) \$750,000 for all claims other than medical or medically-related expenses arising out of a single occurrence. In two consolidated cases, the City had two judgments entered against it that exceeded these caps on damages under the New Mexico Tort Claims Act. In August 1998, the New Mexico Supreme Court declared the cap on damages unconstitutional as to these two cases only. However, the Court changed the standard from an "intermediate scrutiny" standard to a "rational basis" standard by which the constitutionality issue will be determined in future cases. Since the "rational basis" standard is a lesser standard of scrutiny, the City expects that the cap will be upheld, if challenged in the future. The City has not experienced a material adverse financial impact on claims as a result of the decision in these cases.

Risk Management

The City maintains an internal service fund to cover workers' compensation and tort liability for the City ("Risk Management Fund") During Fiscal Year 2009, a comprehensive actuarial review was done to gauge the adequacy of the reserves for both the workers' compensation and tort liability programs. The actuarial review validated that the current "incurred but not yet reported" reserves were adequate for reserves in anticipation of adverse developments in reported cases and for claims which may have occurred but have not yet been reported. Moreover, pursuant to Section 41-4-25(B) NMSA 1978, in the event of a judgment against the City in excess of \$1,000,000 the City, with Council approval, may levy a tax on real property to provide for the payment of catastrophic losses.

APPROVAL OF ANNUAL STATEMENT

This Annual Statement and its distribution and use for the purposes herein have been authorized and approved by the City.

Submitted for Approval by:

Department of Finance and
Administrative Services

/s/ Lou D. Hoffman

Approved by:

Chief Administrative Officer

/s/ Robert J. Perry

APPENDIX A

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

As of and for the Fiscal Year ended June 30, 2011

The City's financial statements for Fiscal Year 2011 are expected to be audited by REDW LLC, independent certified public accountants and then submitted to the New Mexico State Auditor for review and approval. The financial statements for Fiscal Year 2011 are not completed and will be provided upon their completion and approval of the State Auditor.

APPENDIX B

CUSIP Numbers for Outstanding City Bonds

BOND ISSUE NAME	D/S MONTH & YEAR	CUSIP	PRINCIPAL
Airport Refunding 1997	July 2012	013538EX7	\$1,935,000
Airport Refunding 2004 A	July 2012	013538GV9	\$1,605,000
Airport Refunding 2004 A	July 2013	013538GW7	1,675,000
Airport Refunding 2004 A	July 2014	013538GX5	1,760,000
Airport Refunding 2004 A	July 2015	013538GY3	1,840,000
Airport Refunding 2004 A	July 2016	013538GZ0	1,890,000
Airport Refunding 2004 A	July 2017	013538HA4	1,980,000
Airport Refunding 2004 A	July 2018	013538HB2	1,790,000
Airport Refunding 2004 B	July 2012	013538HH9	\$1,670,000
Airport Refunding 2004 B	July 2013	013538HJ5	1,665,000
Airport Refunding 2004 B	July 2014	013538HK2	1,665,000
Airport Refunding 2004 B	July 2015	013538HL0	1,665,000
Airport Refunding 2004 B	July 2016	013538HM8	1,665,000
Airport Refunding 2004 B	July 2017	013538HN6	1,665,000
Airport Refunding 2004 B	July 2018	013538HP1	1,665,000
Airport Refunding 2004 B	July 2019	013538HQ9	1,665,000
Airport Refunding 2004 B	July 2020	013538HR7	1,665,000
Airport Refunding 2004 B	July 2021	013538HS5	1,665,000
Airport Refunding 2004 B	July 2022	013538HT3	1,665,000
Airport Refunding 2004 B	July 2023	013538HU0	1,665,000
Airport Refunding 2004 B	July 2024	013538HV8	1,665,000
Airport Refunding Revenue Bonds 2008	July 2012	013538HZ9	\$350,000
Airport Refunding Revenue Bonds 2008	July 2013	013538JA2	1,820,000
Airport Refunding Revenue Bonds 2008	July 2014	013538JB0	1,890,000
Airport Refunding Revenue Bonds 2008	July 2015	013538JC8	2,000,000
Airport Refunding Revenue Bonds 2008	July 2016	013538JD6	2,100,000
Airport Refunding Revenue Bonds 2008	July 2017	013538JE4	2,190,000
Airport Refunding Revenue Bonds 2008	July 2018	013538JF1	2,300,000
Airport Refunding Revenue Bonds 2008B	July 2012	013538JK0	\$2,600,000
Airport Refunding Revenue Bonds 2008B	July 2013	013538JL8	2,545,000
Airport Refunding Revenue Bonds 2008B	July 2014	013538JM6	2,875,000
Airport Refunding Revenue Bonds 2008B	July 2015	013538JN4	1,150,000
Airport Refunding Revenue Bonds 2008C	July 2012	013538JS3	\$435,000
Airport Refunding Revenue Bonds 2008C	July 2013	013538JT1	425,000
Airport Refunding Revenue Bonds 2008C	July 2014	013538JU8	420,000
Airport Refunding Revenue Bonds 2008C	July 2015	013538JV6	420,000
Airport Refunding Revenue Bonds 2008C	July 2016	013538JW4	400,000
Airport Refunding Revenue Bonds 2008C	July 2017	013538JX2	405,000
Airport Refunding Revenue Bonds 2008C	July 2018	013538JY0	495,000
Airport Refunding Revenue Bonds 2008C	July 2019	013538JZ7	490,000
Airport Refunding Revenue Bonds 2008C	July 2020	013538KA0	480,000
Sub-Lien Airport Refunding Revenue Bonds 2008E	July 2012	013538 KG7	\$5,915,000

BOND ISSUE NAME	D/S MONTH & YEAR	CUSIP	PRINCIPAL
Sub-Lien Airport Refunding Revenue Bonds 2008E	July 2013	013538 KH5	6,320,000
Sub-Lien Airport Refunding Revenue Bonds 2008E	July 2014	013538 KJ1	6,490,000
General Obligation General Purpose 2003B	July 2012	013518T54	\$5,230,000
General Obligation General Purpose 2005 A	July 2012	013518U86	\$11,350,000
General Obligation General Purpose 2005 A	July 2013	013518U94	11,130,000
General Obligation General Purpose 2007B	July 2012	013518V85	\$5,345,000
General Obligation General Purpose 2007B	July 2013	013518V93	5,345,000
General Obligation General Purpose 2007B	July 2014	013518W27	5,345,000
General Obligation General Purpose 2007B	July 2015	013518W35	2,805,000
General Obligation General Purpose 2007B	July 2016	013518W43	2,805,000
General Obligation General Purpose 2008A	July 2012	013518X26	\$4,775,000
General Obligation General Purpose 2008A	July 2013	013518X34	4,775,000
General Obligation General Purpose 2008A	July 2014	013518X42	4,775,000
General Obligation General Purpose 2008A	July 2015	013518X59	4,775,000
General Obligation General Purpose 2008A	July 2016	013518X67	4,775,000
General Obligation General Purpose 2008A	July 2017	013518X75	800,000
General Obligation General Purpose 2009A	July 2012	013518Y33	\$6,110,000
General Obligation General Purpose 2009A	July 2013	013518Y41	6,110,000
General Obligation General Purpose 2009A	July 2014	013518Y58	6,110,000
General Obligation General Purpose 2009A	July 2015	013518Y66	6,110,000
General Obligation General Purpose 2009A	July 2016	013518Y74	6,110,000
General Obligation General Purpose 2009A	July 2017	013518Y82	6,110,000
General Obligation General Purpose 2009A	July 2018	013518Y90	6,090,000
General Obligation General Purpose 2011A	July 2012	013518Z32	\$10,700,000
General Obligation General Purpose 2011A	July 2013	013518Z40	10,700,000
General Obligation General Purpose 2011A	July 2014	013518Z57	10,700,000
General Obligation General Purpose 2011A	July 2015	013518Z65	10,700,000
General Obligation General Purpose 2011A	July 2016	013518Z73	10,700,000
General Obligation General Purpose 2011A	July 2017	013518Z81	10,700,000
General Obligation General Purpose 2011A	July 2018	013518Z99	10,700,000
General Obligation General Purpose 2011A	July 2019	0135182A2	10,700,000
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 Storm Sewer 2003C	July 2012	013518T62	\$2,105,000
General Obligation Storm Sewer 2003C	July 2013	013518T70	7,335,000
General Obligation Storm Sewer 2005 B	July 2013	013518V28	\$220,000
General Obligation Storm Sewer 2005 B	July 2014	013518V36	11,355,000

BOND ISSUE NAME	D/S MONTH & YEAR	CUSIP	PRINCIPAL
General Obligation Storm Sewer 2007C	July 2015	013518W50	\$2,540,000
General Obligation Storm Sewer 2007C	July 2015	013518W68	2,540,000
General Obligation Storm Sewer 2008B	July 2017	013518X83	\$4,000,000
Gross Receipts Tax Refunding 2008A	July 2012	01354PCM4	\$2,825,000
Gross Receipts Tax Refunding 2008A	July 2013	01354PCN2	2,960,000
Gross Receipts Tax Refunding 2008A	July 2014	01354PCP7	3,105,000
Gross Receipts Tax Refunding 2008B	July 2012	01354PCT9	\$345,000
Gross Receipts Tax Refunding 2008B	July 2013	01354PCU6	360,000
Gross Receipts Tax Refunding 2008B	July 2014	01354PCV4	375,000
Gross Receipts Tax Refunding 2008B	July 2015	01354PCW2	395,000
Gross Receipts Tax Refunding 2008B	July 2016	01354PCX0	415,000
Gross Receipts Tax Refunding 2008B	July 2017	01354PCY8	435,000
Gross Receipts Tax Refunding 2008B	July 2018	01354PCZ5	455,000
Gross Receipts Tax Refunding 2008B	July 2019	01354PDA9	480,000
Gross Receipts Tax Refunding 2008B	July 2020	01354PDB7	505,000
Gross Receipts Tax Refunding 2008B	July 2021	01354PDC5	530,000
Gross Receipts Tax Refunding 2008B	July 2022	01354PDD3	555,000
Gross Receipts Tax Refunding 2008B	July 2023	01354PDE1	580,000
Gross Receipts Tax Refunding 2008B	July 2026	01354PDF8	1,930,000
Gross Receipts Tax Refunding 2008B	July 2030	01354PDG6	3,090,000
Gross Receipts Tax Refunding 2009B	July 2012	01354PDK7	\$465,000
Gross Receipts Tax Refunding 2009B	July 2013	01354PDL5	475,000
Gross Receipts Tax Refunding 2009B	July 2014	01354PDM3	865,000
Gross Receipts Tax Refunding 2009B	July 2015	01354PDN1	2,995,000
Gross Receipts Tax Refunding 2009B	July 2016	01354PDP6	3,180,000
Gross Receipts Tax Refunding 2009B	July 2017	01354PDQ4	3,345,000
Gross Receipts Tax Refunding 2009B	July 2018	01354PDR2	3,505,000
Gross Receipts Tax Refunding 2009B	July 2019	01354PDS0	3,740,000
Gross Receipts Tax Refunding 2009B	July 2020	01354PDT8	3,940,000
Gross Receipts Tax Refunding 2009B	July 2021	01354PDU5	4,075,000
Gross Receipts Tax Refunding 2009B	July 2022	01354PDV3	840,000
Gross Receipts Tax/Lodger Refunding 2004 A	July 2030	01354MDB4	\$2,300,000
Gross Receipts Tax/Lodger Refunding 2004 A	July 2031	01354MDB4	4,280,000
Gross Receipts Tax/Lodger Refunding 2004 A	July 2032	01354MDC2	4,575,000
Gross Receipts Tax/Lodger Refunding 2004 A	July 2033	01354MDC2	4,900,000
Gross Receipts Tax/Lodger Refunding 2004 A	July 2034	01354MDE8	2,800,000
Gross Receipts Tax/Lodger Refunding 2004 A	July 2035	01354MDE8	5,605,000
Gross Receipts Tax/Lodger Refunding 2004 A	July 2036	01354MDE8	1,130,000
Gross Receipts Tax/Lodger Refunding 2004 A	July 2037	01354MDE8	6,375,000
Gross Receipts Tax/Lodger Refunding 2004 B	July 2012	01354MDN8	\$225,000
Gross Receipts Tax/Lodger Refunding 2004 B	July 2013	01354MDP3	210,000
Gross Receipts Tax/Lodger Refunding 2004 B	July 2014	01354MDQ1	235,000

BOND ISSUE NAME	D/S MONTH & YEAR	CUSIP	PRINCIPAL
Gross Receipts Tax/Lodger Refunding 2004 B	July 2015	01354MDR9	245,000
Gross Receipts Tax/Lodger Refunding 2004 B	July 2016	01354MDR9	325,000
Gross Receipts Tax/Lodger Refunding 2004 B	July 2017	01354MDR9	350,000
Gross Receipts Tax/Lodger Refunding 2004 B	July 2018	01354MDR9	370,000
Gross Receipts Tax/Lodger Refunding 2004 B	July 2019	01354MDR9	405,000
Gross Receipts Tax/Lodger Refunding 2004 B	July 2020	01354MDR9	425,000
Gross Receipts Tax/Lodger Refunding 2004 B	July 2021	01354MDR9	450,000
Gross Receipts Tax/Lodger Refunding 2004 B	July 2022	01354MDR9	465,000
Gross Receipts Tax/Lodger Refunding 2004 B	July 2023	01354MDR9	545,000
Gross Receipts Tax/Lodger Refunding 2004 B	July 2024	01354MDR9	530,000
Gross Receipts Tax/Lodger Refunding 2004 B	July 2025	01354MDS7	630,000
Gross Receipts Tax/Lodger Refunding 2004 B	July 2026	01354MDS7	2,905,000
Gross Receipts Tax/Lodger Refunding 2004 B	July 2027	01354MDS7	3,155,000
Gross Receipts Tax/Lodger Refunding 2004 B	July 2028	01354MDS7	3,415,000
Gross Receipts Tax/Lodger Refunding 2004 B	July 2029	01354MDS7	3,695,000
Gross Receipts Tax/Lodger Refunding 2004 B	July 2030	01354MDS7	1,685,000
Gross Receipts Tax/Lodger Refunding 2004 B	July 2034	01354MDS7	2,435,000
Gross Receipts Tax/Lodger Refunding 2004 B	July 2036	01354MDS7	4,855,000
Gross Receipts/Lodgers 2009A	July 2013	01354MEH0	\$80,000
Gross Receipts/Lodgers 2009A	July 2014	01354MEJ6	145,000
Gross Receipts/Lodgers 2009A	July 2015	01354MEK3	210,000
Gross Receipts/Lodgers 2009A	July 2016	01354MEL1	280,000
Gross Receipts/Lodgers 2009A	July 2017	01354MEM9	355,000
Gross Receipts/Lodgers 2009A	July 2018	01354MEN7	440,000
Gross Receipts/Lodgers 2009A	July 2019	01354MEP2	1,070,000
Gross Receipts/Lodgers 2009A	July 2020	01354MEQ0	1,200,000
Gross Receipts/Lodgers 2009A	July 2021	01354MER8	1,340,000
Gross Receipts/Lodgers 2009A	July 2022	01354MES6	1,490,000
Gross Receipts/Lodgers 2009A	July 2023	01354MET4	280,000
Gross Receipts/Lodgers 2009A	July 2024	01354MEU1	1,775,000
Gross Receipts/Lodgers 2009A	July 2025	01354MEV9	1,870,000
Refuse Removal and Disposal 1998	July 2012	013630CY2	\$865,000
Refuse Removal and Disposal 1998	July 2013	013630CZ9	905,000
Refuse Removal and Disposal 2001B	July 2012	013630DS4	\$2,780,000