

Farmington Municipal School District

Finance Plan Update

January 9, 2024

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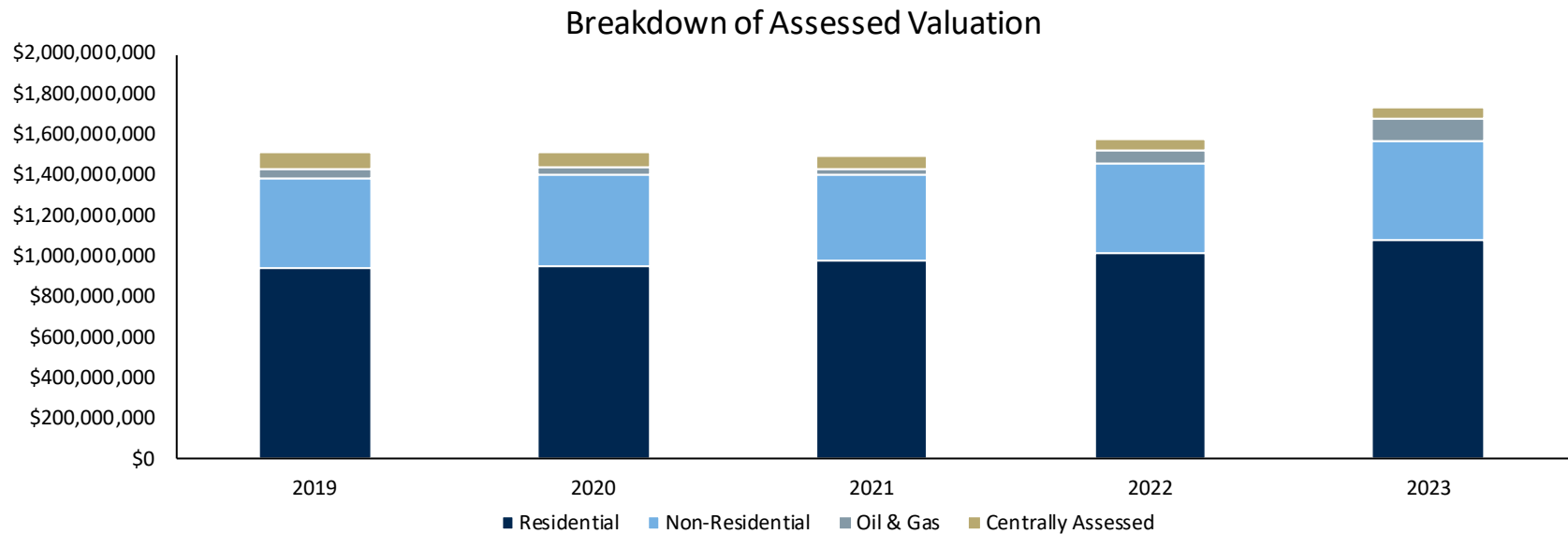
Capital
Markets

History of Assessed Valuation

Tax Year	Residential	%Growth	Centrally Assessed	% Growth	Non-Residential	% Growth	Oil & Gas	% Growth	Total Valuation	% Growth
2019	\$ 942,843,396	0.48%	\$ 75,861,603	2.01%	\$ 442,691,352	-1.80%	\$51,643,380	-15.98%	\$1,513,039,731	-0.78%
2020	957,615,125	1.57%	70,273,349	-7.37%	444,337,612	0.37%	40,299,238	-21.97%	1,512,525,324	-0.03%
2021	978,640,089	2.20%	68,220,544	-2.92%	423,032,533	-4.79%	29,873,358	-25.87%	1,499,766,524	-0.84%
2022	1,021,421,346	4.37%	51,608,436	-24.35%	440,411,141	4.11%	65,957,472	120.79%	1,579,398,395	5.31%
2023	1,083,793,874	6.11%	57,780,270	11.96%	486,140,627	10.38%	113,993,460	72.83%	1,741,708,231	10.28%

5 Year Average Annual Growth	2.85%
10 Year Average Annual Growth	1.70%

Source: San Juan County Assessor



Tax Rate History

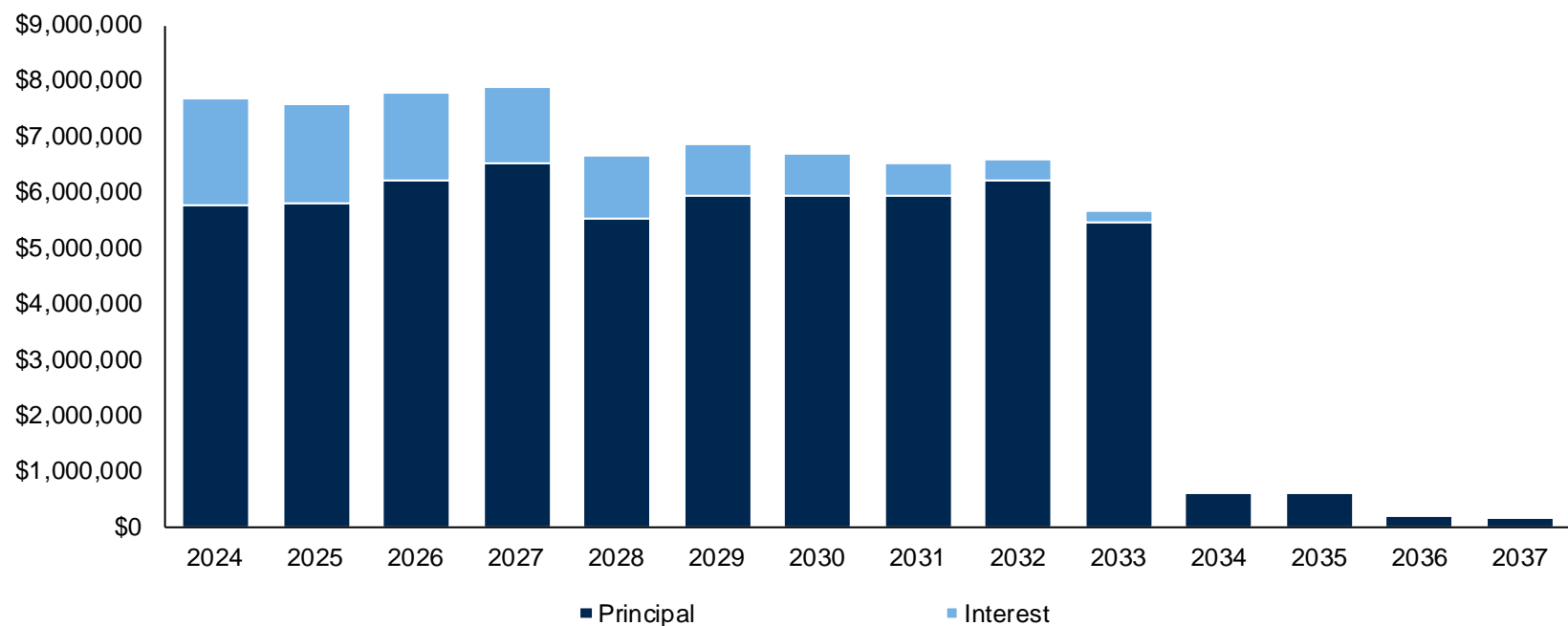
Tax Year	Operational		Two Mill Levy		HB-33		Debt Service			Total	
	Resid.	Non-Resid.	Resid.	Non-Resid.	Resid.	Non-Resid.	ETNs	G/O Bonds	Total	Resid.	Non-Resid.
2019	\$ 0.339	\$ 0.500	\$ 2.000	\$ 2.000	\$ 0.500	\$ 0.500	\$ 2.122	\$ 4.821	\$ 6.943	\$ 9.782	\$ 9.943
2020	0.342	0.500	2.000	2.000	1.200	1.200	0.929	5.340	6.269	9.811	9.969
2021	0.343	0.500	2.000	2.000	1.500	1.500	0.800	5.165	5.965	9.808	9.965
2022	0.347	0.500	2.000	2.000	2.250	2.250	0.000	5.220	5.220	9.817	9.970
2023	0.348	0.494	2.000	1.975	2.250	2.222	0.000	5.220	5.220	9.818	9.911

Source: New Mexico Department of Finance Administration



Debt Overview

Issue	Bond Type	Security	Original Par	Amount Outstanding	Average Coupon	Call Date	Final Maturity
Series 2014	Public	General Obligation	\$ 23,500,000	\$ 12,090,000	2.88%	09/01/2022	2027
Series 2015	Public	General Obligation	35,000,000	25,080,000	4.06%	09/01/2026	2033
Series 2017	NMFA	General Obligation	7,100,000	5,125,000	2.56%	09/15/2027	2032
Series 2018	NMFA	General Obligation	4,000,000	2,010,000	2.82%	06/15/2028	2033
Series 2018A	NMFA	General Obligation	11,000,000	9,250,000	2.66%	11/30/2028	2033
Series 2020	NMFA	General Obligation	3,900,000	3,600,000	1.14%	04/10/2030	2035
Series 2020A	NMFA	General Obligation	7,510,000	965,000	1.27%	Non-Callable	2024
Series 2022	NMFA	General Obligation	2,000,000	2,000,000	1.59%	02/25/2032	2037
Series 2023	NMFA	General Obligation	2,000,000	800,000	2.90%	Non-Callable	2025
Total			\$96,010,000	\$60,920,000			



Debt Management Plan

- Election Timing
 - Two Mill Levy election every six years, most recently in November 2023. Next election is recommended for November of 2029.
 - HB-33 Election every six years, most recently in November 2023. Next election in November 2029.
 - Successful bond election in November 2021 for \$8,000,000
 - \$2,000,000 sold in 2022
 - \$2,000,000 sold in 2023
 - \$2,000,000 to be sold in 2024 and 2025 or as directed by the District
 - Next bond election in November 2025 for \$10,000,000*
 - \$2,500,000* to be sold in 2026, 2027, 2028, and 2029

Bonding Capacity	
2023 Assessed Valuation (AV)	\$ 1,741,708,231
Constitutional Debt Limitation (6% of AV)	104,502,494
Less Current Outstanding Debt	(60,920,000)
Available Debt Capacity	\$ 43,582,494
% Bonded to Capacity	58.30%

* Par Amounts and sale dates are preliminary and are subject to change.

Election Timing

Election			
GO Bond	Nov 2021	Nov 2025*	Nov 2029*
GO Amount	\$8,000,000	\$10,000,000*	\$18,000,000*
SB-9	Nov 2023	Nov 2029	Nov 2035
HB-33	Nov 2023	Nov 2029	Nov 2035

** Timing and amount of the election will depend on the growth in the Assessed Value and FMP needs of the District*

Series 2024 GO Time Schedule

Date	Activity	Responsibility
Tuesday, January 09, 2024	Board adopts Delegation Resolution, Notice of Sale, approves NMFA Application and Resolution to submit application to NMFA for financing	SD, RBC, BC
Wednesday, January 10, 2024	Submit Signed Resolution and application to NMFA	RBC, NMFA
Friday, January 12, 2024	Notice of Adoption is published	BC
Monday, February 12, 2024	Thirty day limitation of action period expires	
Thursday, February 22, 2024	NMFA Board of Directors approves application	NMFA, RBC
Tuesday, February 27, 2024	Interest Rates are set with NMFA	RBC, NMFA
Thursday, February 29, 2024	The Authorized Officer signs the BPA	SD, BC
Friday, March 08, 2024	Executed closing documents returned to NMFA counsel	SD, RBC, BC
Tuesday, March 12, 2024	Board of Education is updated on the results of the sale (no action)	SD, RBC, BC
Friday, March 22, 2024	Bond Closing	SD, RBC, BC, NMFA

Working Group Key

Code	Participant	Role
SD	School District	Issuer
FA	RBC Capital Markets, LLC	Financial Advisor
BC	Modrall	Bond Counsel
NMFA	New Mexico Finance Authority	Purchaser

Market Update



Capital
Markets

Overview of Key US Municipal Market Themes

Market Commentary - Bonds

- Municipal supply totaled \$10.2bn last week
 - New issues performed well, aided by November cash and a firm UST market
- This week's calendar is expected to total a modest \$383mm heading into Thanksgiving
 - Average weekly supply stands at \$7.0bn
- Issuance has ramped up in the second half of the year, averaging \$7.4bn per week
 - YTD issuance is down only 1% from 2022
- US IG issuance totaled \$26bn last week, bringing year-to-date volume to \$1.14tn
 - Syndicate desks expect \$10bn of supply this week
- The Bloomberg US Aggregate index has tightened 16bp since the end of October and stands at its tightest spread since July 31st

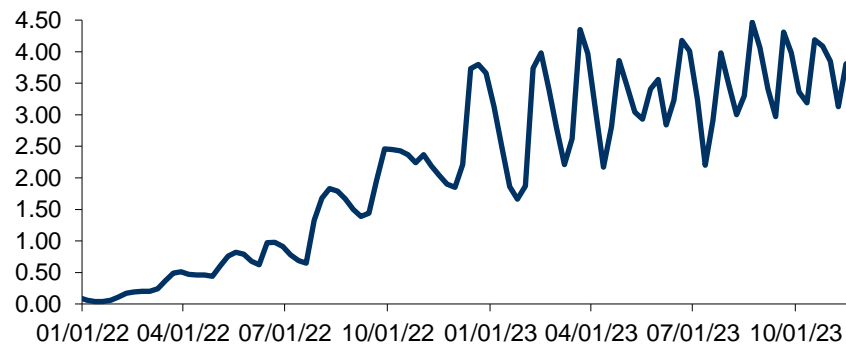
Shift in "AAA" MMD Over the Last Year



Market Commentary - Notes

- Rates in the short-term municipal market moved higher last week
 - The SIFMA index reset 68bp higher last week, increasing from 3.13% to 3.81%

SIFMA

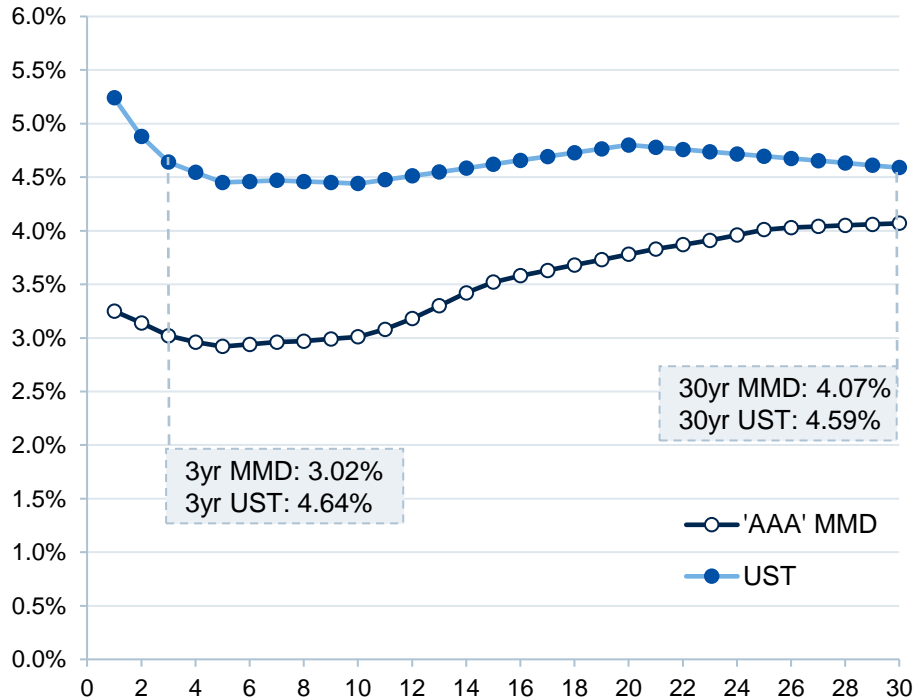


Source: RBC Capital Markets and Bloomberg. For more sources, see disclaimer slide.

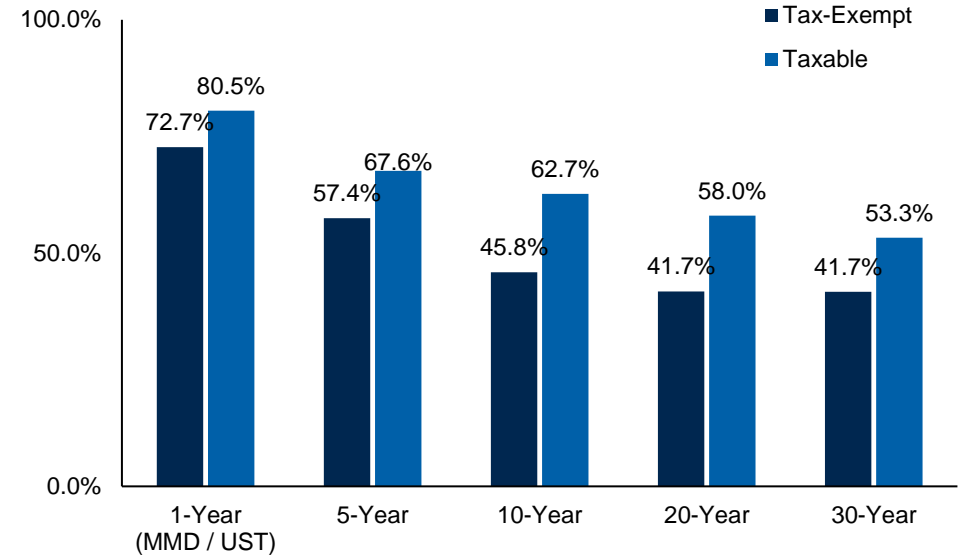
Current Taxable & Tax-Exempt Markets in Historical Context

Tax-exempt yields are significantly lower than taxable rates across the shorter end of the yield curve

U.S. Treasury & 'AAA' MMD Yield Curves

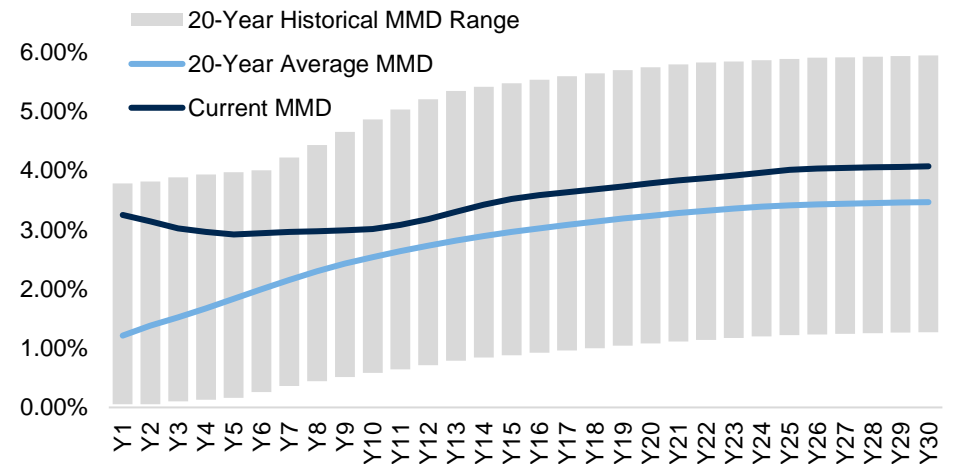


% of Time Rates Have Been Lower Than Current Over Past 30 Years



	3-Yr	5-Yr	10-Yr	20-Yr	30-Yr
Tax-Exempt (MMD)	3.02%	2.92%	3.01%	3.78%	4.07%
Taxable (UST)	4.64%	4.45%	4.44%	4.80%	4.59%
<i>MMD / UST</i>	65%	66%	68%	79%	89%

MMD Curves – 20-Year Historical Range



Source: Bloomberg as of November 17, 2023

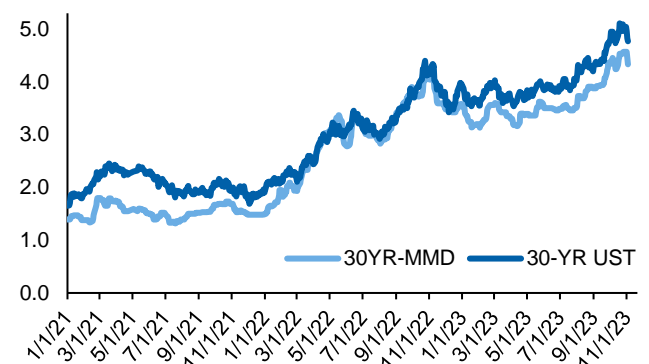
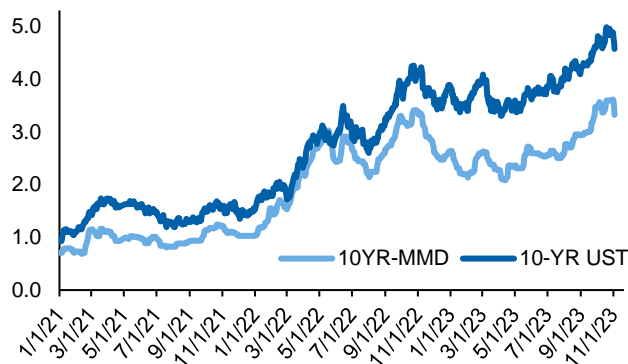
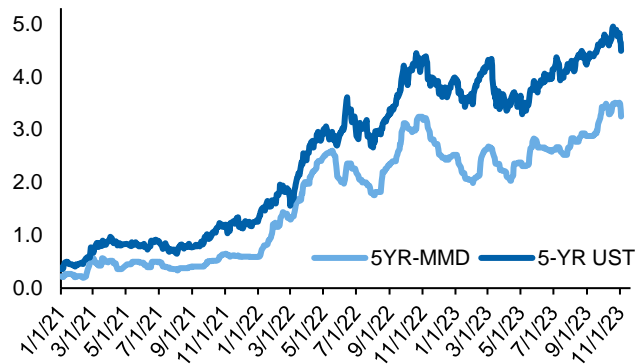
Tax-Exempt and Taxable Yields Moving Higher, Achieving Yields Higher than Recent Historical Levels

Relative Performance of Municipals Versus Treasuries

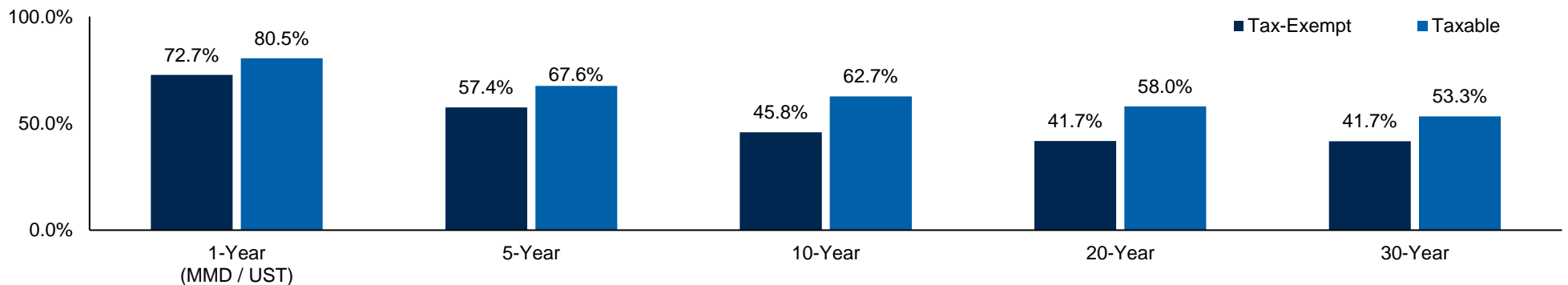
MMD			
	01/03/2022	11/17/2023	Δ (bps)
3yr MMD	0.36%	3.02%	266
5yr MMD	0.60%	2.92%	232
7yr MMD	0.87%	2.96%	209
10yr MMD	1.04%	3.01%	197
30yr MMD	1.50%	4.07%	257

UST			
	01/03/2022	11/17/2023	Δ (bps)
3yr UST	1.04%	4.64%	360
5yr UST	1.37%	4.45%	308
7yr UST	1.55%	4.47%	292
10yr UST	1.63%	4.44%	281
30yr UST	2.01%	4.59%	258

MMD / UST Ratio			
	01/03/2022	11/17/2023	Δ (%)
3yr Ratio	35%	65%	30%
5yr Ratio	44%	66%	22%
7yr Ratio	56%	66%	10%
10yr Ratio	64%	68%	4%
30yr Ratio	75%	89%	14%



Relative Value by Maturity Length: % of Time Rates Have Been Lower Over Past 30 Years

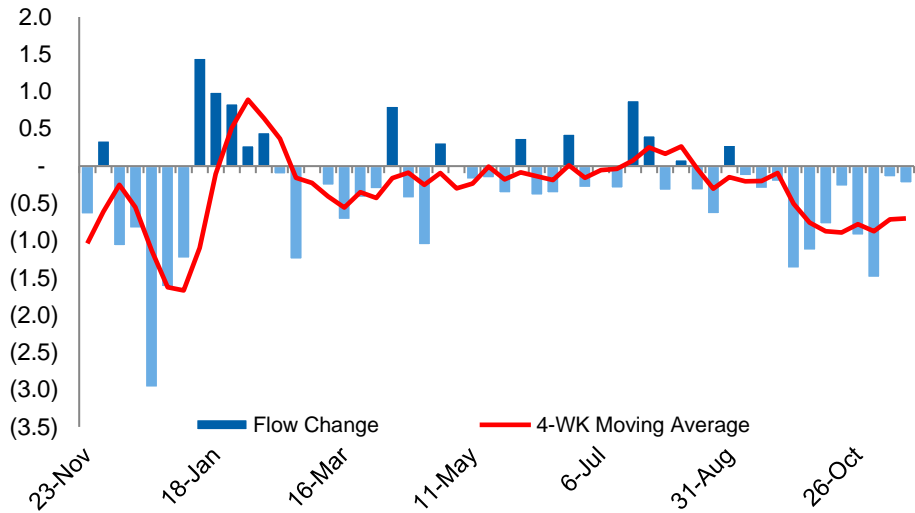


Sources: Bloomberg; Thomson Financial Municipal Market Monitor (TM3); RBC Capital Markets November 17, 2023

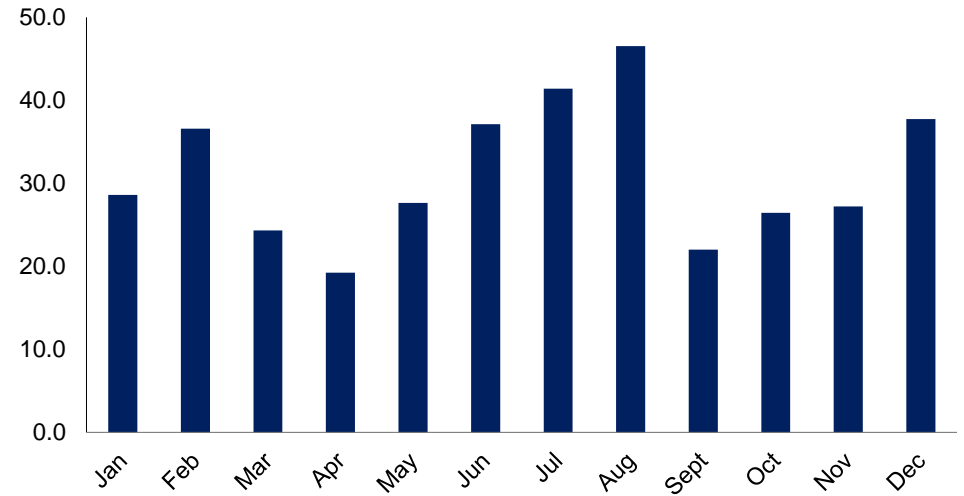
Municipal Market Themes – Bond Fund Flows and Supply Factors

Consistent outflows, persistent inflation pressures and tightening monetary policy have driven volatility

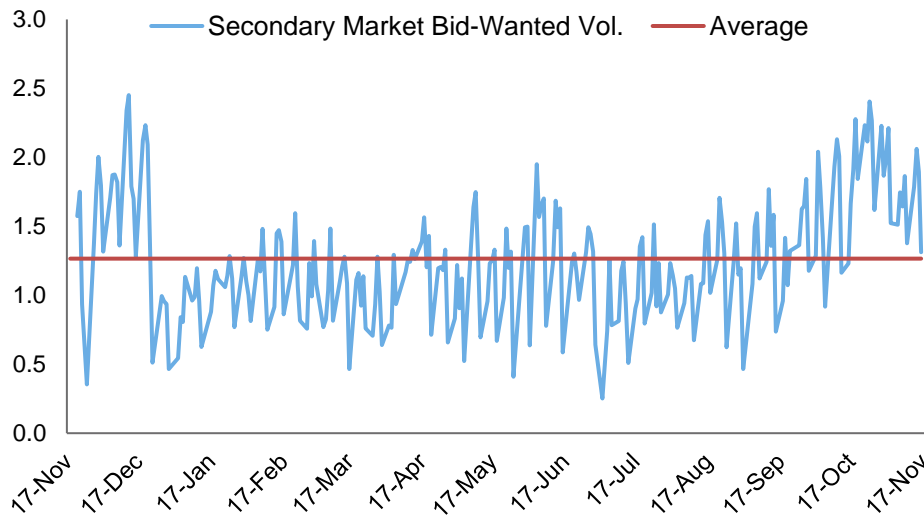
Weekly Municipal Bond Fund Flows (\$ billions)



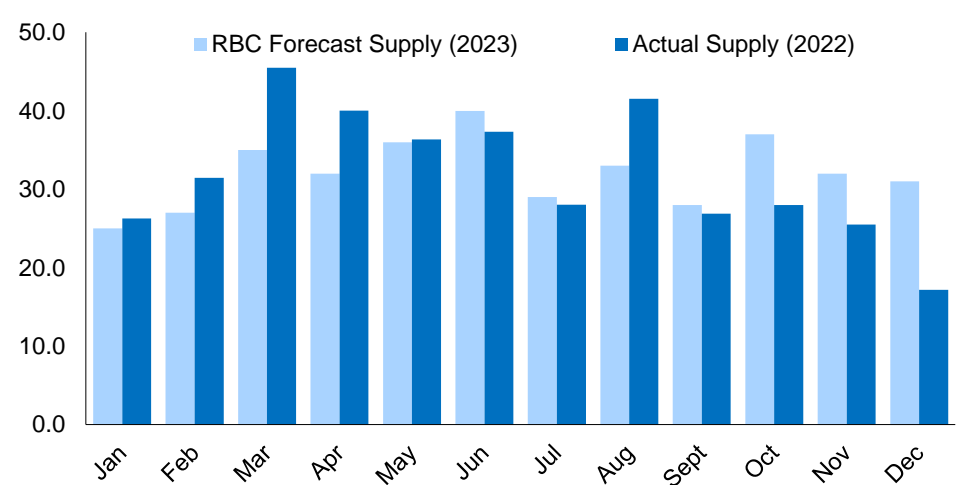
2023 Redemptions (\$ billions)



Municipal Bid-Wanted (\$ billions)



Actual 2022 Supply and Forecasted 2023 Supply (\$ billions)

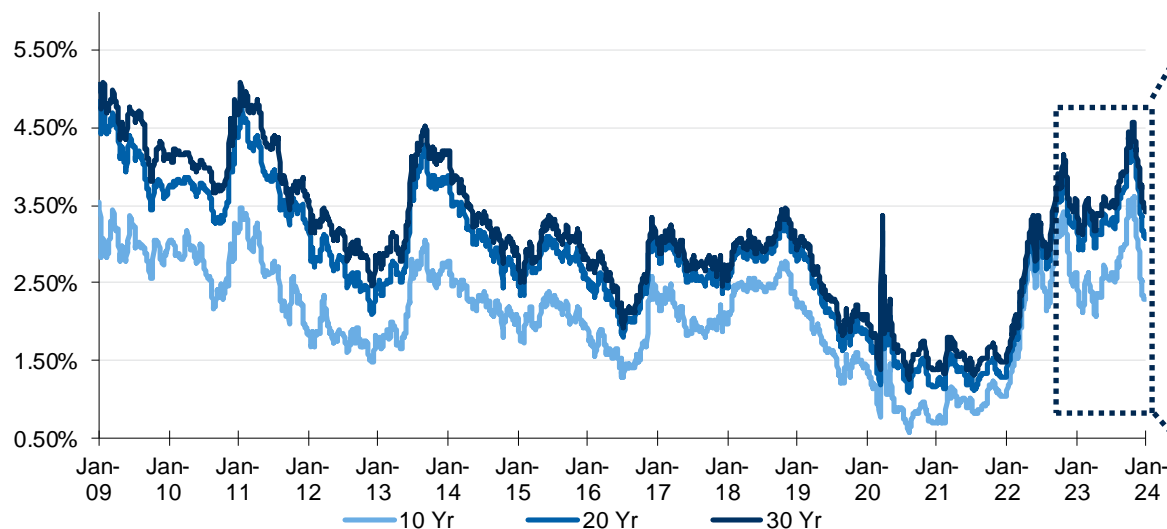


Source: Bloomberg as of November 17, 2023; Lipper for the week ended November 16, 2023

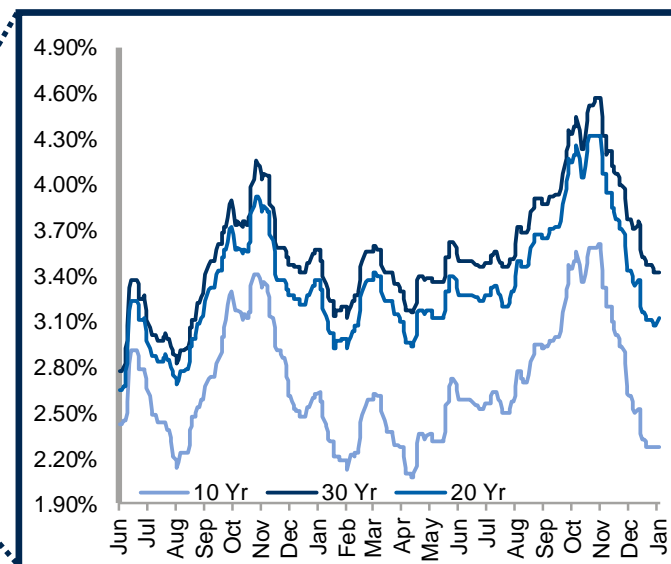
Current Municipal Market Conditions: “AAA” MMD

After closing at 3.53% the previous week, 30-year “AAA” MMD has decreased six basis points to 3.47%.

“AAA” MMD January 1, 2009 to Present



Shift in “AAA” MMD Since June 2022



January 1, 2009 to Present

	10 Year	20 Year	30 Year
Maximum	3.61%	4.89%	5.08%
Minimum	0.58%	1.08%	1.27%
Current	2.28%	3.13%	3.43%

Shift in 30-year "AAA" MMD

	2017	2018	2019	2020	2021	2022	2023
	-0.51%	0.47%	-0.90%	-0.68%	0.09%	2.08%	-0.15%

May 1, 2022 to Present

	10 Year	20 Year	30 Year
Maximum	3.61%	4.33%	4.57%
Minimum	2.08%	2.38%	2.51%
Average	2.70%	3.31%	3.51%

Source: Refinitiv
10, 20, and 30 year “AAA” MMD shown to represent different average lives of municipal transactions
Rates as of December 22, 2023.

Disclaimer

Sources include: https://www.rbccm.com/assets/rbccm/docs/uploads/2017/RBCCM_Muni_Markets_Weekly_Newsletter.pdf, <http://www.rbc.com/economics/>, RBC Capital Markets.

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