

Aztec Municipal School District No. 2

Finance Plan Update

August 14th, 2025

STRICTLY PRIVATE AND CONFIDENTIAL



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History of Assessed Valuation

Actual AV

Tax Year	Residential	% Growth	Centrally Assessed	% Growth	Non-Residential	% Growth	Oil & Gas	% Growth	Total Valuation	% Growth
2021	\$288,753,254	3%	\$61,497,009	-7%	\$75,142,609	-3%	\$126,225,851	-19%	\$551,618,723	-5%
2022	301,084,509	4%	54,154,428	-12%	78,352,723	4%	233,906,607	85%	667,498,267	21%
2023	318,004,485	6%	58,908,739	9%	83,377,152	6%	458,707,492	96%	918,997,868	38%
2024	333,421,731	5%	62,739,725	7%	87,809,688	5%	300,032,168	-35%	784,003,312	-15%
2025*	347,218,626	4%	154,958,946			3%	159,795,134	-47%	661,972,706	-16%

*Preliminary, subject to change. Breakout between Centrally Assessed and Non-Residential values not yet available.

AV for Finance Plan

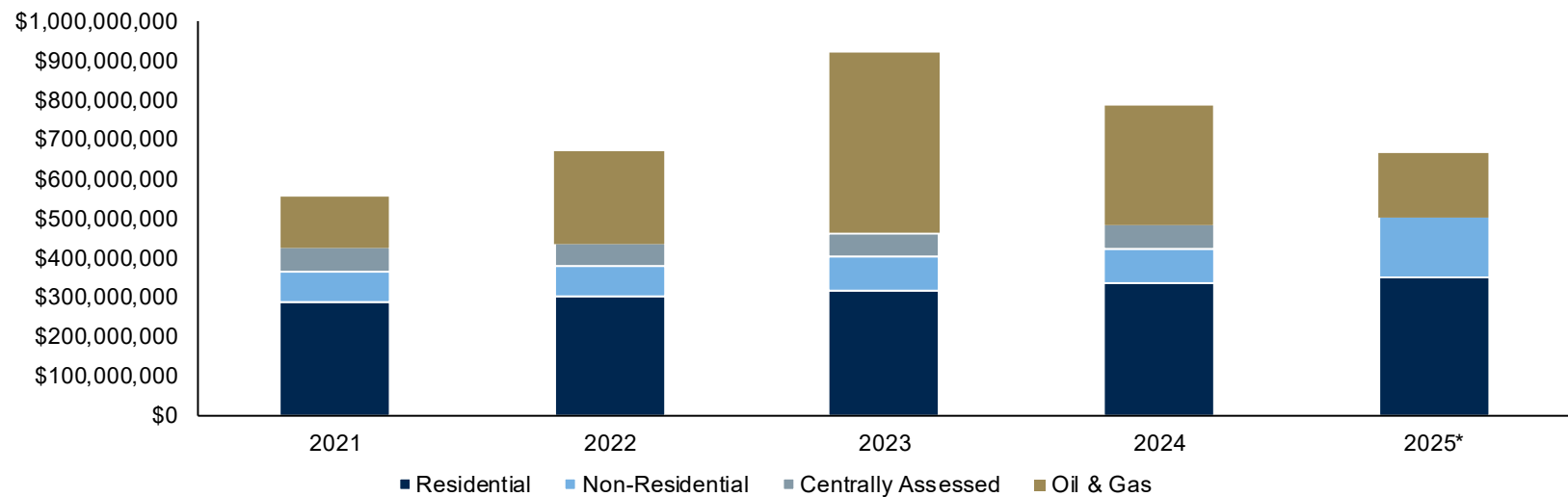
Tax Year	Residential	% of Actual Valuation	Centrally Assessed	% of Actual Valuation	Non-Residential	% of Actual Valuation	Oil & Gas	% of Actual Valuation	Total Valuation	% of Actual Valuation
2022**	\$292,051,974	97%	\$52,529,795	97%	\$76,002,141	97%	\$86,545,445	37%	\$507,129,355	76%
2023**	318,004,485	100%	53,017,865	90%	80,875,837	97%	183,482,997	40%	635,381,184	69%
2024**	333,421,731	100%	62,739,725	100%	87,809,688	100%	150,016,084	50%	633,987,228	81%
2025**	347,218,626	100%	154,958,946			100%	79,897,567	50%	582,075,139	88%

**AV used to set tax rate and manage the finance plan

Actual AV Growth

5 Year Average Annual Growth	2.71%
10 Year Average Annual Growth	-2.04%

Source: New Mexico Department of Finance & Administration and San Juan County Assessor.



- Constitutional Amendment 1 widened the property exemption for disabled veterans from 100% disabled veterans to all disabled veterans
 - Allows any disabled veteran to be exempt from their property taxes at the rate they are disabled.
 - Example: A 50% disabled veteran can now qualify to be exempt from 50% of their property taxes.
- Constitutional Amendment 2 increased the property tax exemptions for all veterans (who don't qualify for the disabled veteran exemption) from \$4,000 to \$10,000.
- Difficult to determine the extent of the impact of these constitutional amendments on the District's net taxable values at this time.
 - The State Legislature signed House Bill 47 into law at the 2025 legislative session
- Should these new veteran exemptions materially decrease the District's net taxable value, it could potentially impact tax rates and future election amounts.
 - Most recent data shows the District has 559 veterans and 96 disabled veterans within the District's boundaries.
 - It is anticipated that these amendments could potentially impact the District's net taxable value by approximately \$16,238,422 or 2.071% depending upon the number of veterans claiming the exemption and the % qualified for.

Constitutional Amendment Impact

Tax Year 2024 - Without Consitutional Amendments

		Full Value	Head of Houshold	Veteran	Disabled Veteran	Other	Veteran Org.	Net Taxable Values
District	County							
2 In R	San Juan	\$111,867,349	\$1,523,431	\$739,101	\$1,468,870	\$108,784	-	\$108,027,163
2 In NR	San Juan	87,597,760	-	-	-	47,342,776	\$123,271	40,131,713
2 Out R	San Juan	234,010,602	3,283,866	1,443,476	4,317,070	-	-	224,966,190
2 Out NR	San Juan	50,571,840	-	20,398	-	4,574,182	-	45,977,260
61/20 R	San Juan	436,378	4,000	4,000	-	-	-	428,378
61/20 NR	San Juan	1,700,715	-	-	-	-	-	1,700,715
TOTAL R & NR VALUES		\$ 486,184,644	\$ 4,811,297	\$ 2,206,975	\$ 5,785,940	\$ 52,025,742	\$ 123,271	\$ 421,231,419
Centrally Assessed		\$ 62,739,725						\$ 62,739,725
Oil & Gas		\$ 300,032,168						\$ 300,032,168
Total		\$ 848,956,537						\$ 784,003,312

Tax Year 2024 - With Consitutional Amendments

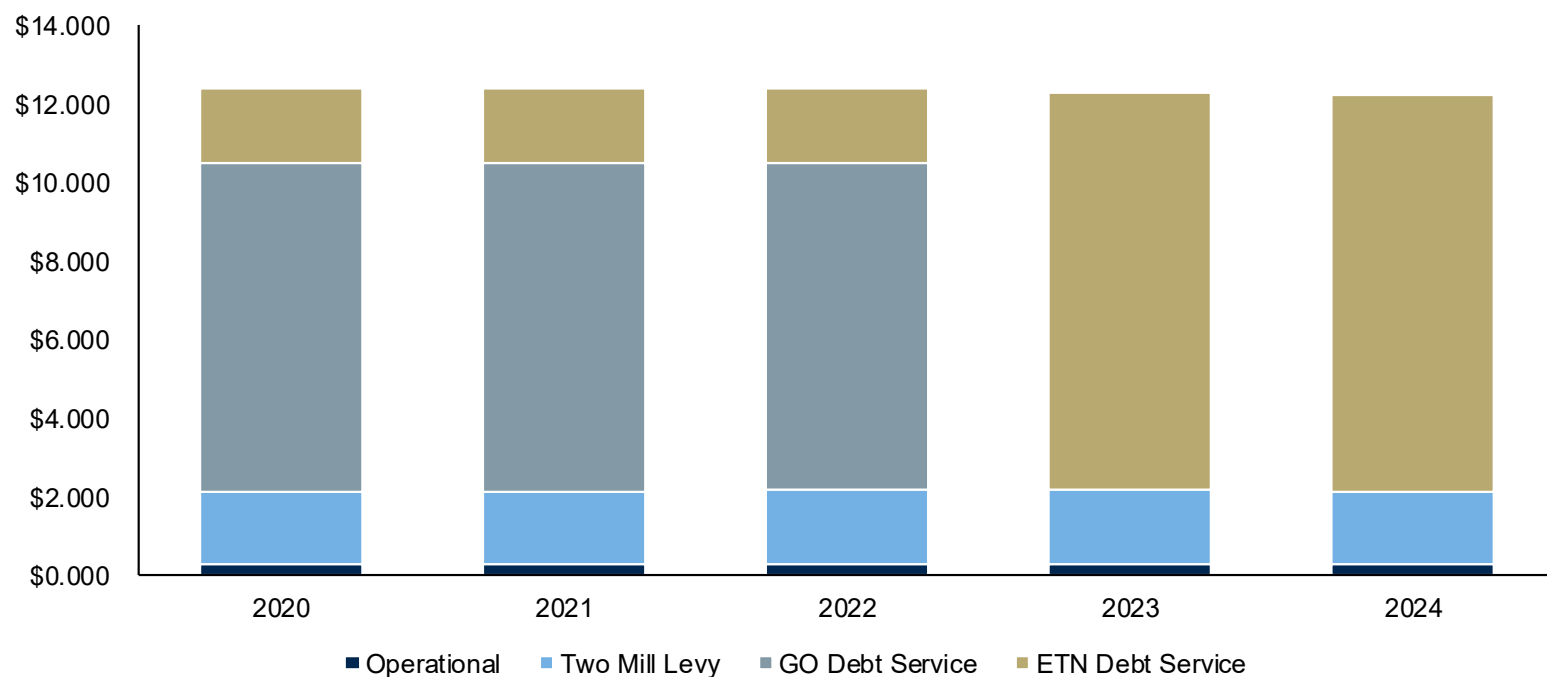
		Full Value	Head of Houshold	Veteran	Disabled Veteran	Other	Veteran Org.	Net Taxable Values
District	County							
2 In R	San Juan	\$111,867,349	\$1,523,431	\$1,847,753	\$4,750,876	\$108,784	-	\$103,636,505
2 In NR	San Juan	87,597,760	-	-	-	47,342,776	\$123,271	40,131,713
2 Out R	San Juan	234,010,602	3,283,866	3,608,690	13,963,023	-	-	213,155,023
2 Out NR	San Juan	50,571,840	-	50,995	-	4,574,182	-	45,946,663
61/20 R	San Juan	436,378	4,000	10,000	-	-	-	422,378
61/20 NR	San Juan	1,700,715	-	-	-	-	-	1,700,715
TOTAL R & NR VALUES		\$ 486,184,644	\$ 4,811,297	\$ 5,517,438	\$ 18,713,900	\$ 52,025,742	\$ 123,271	\$ 404,992,997
Centrally Assessed		\$ 62,739,725						\$ 62,739,725
Oil & Gas		\$ 300,032,168						\$ 300,032,168
Total		\$ 848,956,537						\$ 767,764,889

Difference: (\$16,238,422)
-2.071%

History of Tax Rates

Tax Year	Operational		Two Mill Levy		GO Debt Service	ETN Debt Service	Total Debt Service	Total	
	Resid.	Non-Resid.	Resid.	Non-Resid.				Resid.	Non-Resid.
2020	\$0.273	\$0.500	\$1.886	\$1.886	\$8.325	\$1.890	\$10.215	\$12.374	\$12.601
2021	0.274	0.500	1.886	1.886	8.325	1.893	10.218	12.378	12.604
2022	0.277	0.500	1.886	1.886	8.326	1.892	10.218	12.381	12.604
2023	0.280	0.500	1.886	1.886	0.000	10.128	10.128	12.294	12.514
2024	0.274	0.496	1.847	1.873	0.000	10.128	10.128	12.249	12.497

Source: New Mexico Department of Finance & Administration.



Debt Management Plan

- The District has no GO Bonds outstanding
- Election Timing
 - Two Mill Levy election every six years, most recently in March 2024. Next election scheduled for November 2029.
 - Successful bond election in 2012 for \$11,000,000
 - \$11,000,000 sold in 2015
- Tax Rates
 - Maintain the combined debt service tax rate at its current level of \$10.128.
 - Debt service tax rate can be a combination of GO and ETN
 - Continue to levy a full ETN tax rate until voters approve the issuance of GO Bonds

Bonding Capacity	
2025 Preliminary Assessed Valuation*	\$661,972,706
6% of Assessed Valuation	39,718,362
Less Outstanding Debt	-
Remaining Capacity	39,718,362
% Bonded to Capacity	0%

**Subject to change*

Series 2025 ETN Time Schedule

Date	Activity	Responsibility
Thursday, August 14, 2025	Board adopts Resolution to determine necessity to issue ETNs and notice of a public hearing	SD, BC, RBC
Wednesday, August 27, 2025	1st publication of Notice of Special Meeting for ETNs	BC
Tuesday, September 02, 2025	Interest rate set with NMSTO	RBC, STO
Wednesday, September 03, 2025	2nd publication of Notice of Special Meeting for ETNs	BC
Thursday, September 11, 2025	Special Board meeting to adopt final ETN Resolution at 5:30 PM	SD, RBC, BC
Wednesday, September 17, 2025	Publish Notice of Adoption of Resolution	BC
Saturday, October 18, 2025	30 day limitation of action period expires	SD, RBC, BC, STO
Wednesday, October 22, 2025	Closing of ETNs	SD, RBC, BC, STO
Thursday, October 23, 2025	Payoff of ETNs	SD, RBC, BC, STO

Working Group Key		
Code	Participant	Role
SD	School District	Issuer
MA	RBC Capital Markets, LLC	Municipal Advisor
BC	Modrall	Bond Counsel
STO	State Treasurer's Office	Purchaser

Note 1: School Board meets on the 2nd Thursday of every month at 6:00pm.

Market Update



Capital
Markets

Macroeconomic Commentary

The market continues to focus on Fed Policy regarding the possibilities of the terminal Fed Funds rate

Economic Commentary

- US shares tumbled on Friday and posted steep losses for the week
 - The DJIA, S&P 500, and Nasdaq declined 2.9%, 2.4%, and 2.2%, respectively
- The July employment report came in weaker than expected, with non-farm payrolls rising 73k vs. the consensus forecast of 104k
 - June's non-farm payroll print was revised materially lower from 147k to 14k
 - The unemployment rate rose from 4.1% to 4.2% as expected
- New tariffs were announced unexpectedly on Thursday night, driving additional uncertainty around the impact of trade policy on inflation and growth
- The tariff announcements and weak payroll data drove a sharp risk-off tone on Friday, with municipals under-performing the double-digit rally in USTs
- The FOMC held rates steady last week and noted that “uncertainty about the economic outlook remains elevated”
 - Fed officials pointed to slowing economic activity and concerns that inflation “remains somewhat elevated”
- GDP grew at an annualized rate of 3.0% in the second quarter after declining 0.5% in the first quarter
- ISM data showed a continued decline in Manufacturing activity in July
 - The ISM services index is expected to show growth in July
- Additional highlights this week include factory orders, durable goods, and jobless claims

Bloomberg

Stock Buyers Step In to Drive Wall Street Rebound

(Bloomberg: August 4, 2025)

- A renewed wave of dip buying lifted stocks after a slide fueled by weak jobs data, with traders wading through solid earnings amid bets the Federal Reserve will soon cut rates
- S&P 500 firms are on track to post a 9.1% jump in profits, far above analysts' projection of 2.8%, according to data compiled by Bloomberg Intelligence

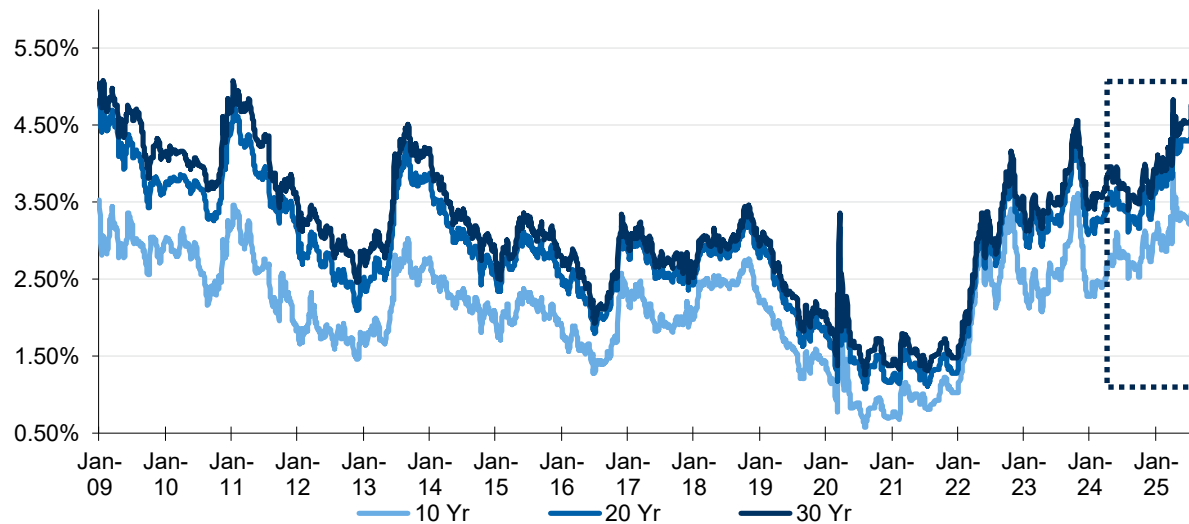
Stock Market Performance (S&P 500)



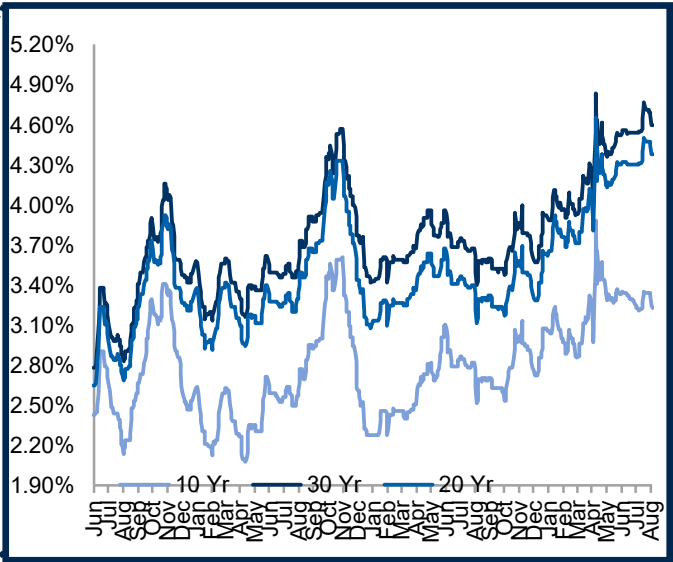
Current Municipal Market Conditions: “AAA” MMD

After closing at 4.60% the previous week, 30-year “AAA” MMD has remained unchanged.

“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	3.89%	4.89%	5.08%
Minimum	0.58%	1.08%	1.27%
Current	3.23%	4.38%	4.60%

Shift in 30-year “AAA” MMD

2018	2019	2020	2021	2022	2023	2024
0.47%	-0.90%	-0.68%	0.09%	2.08%	-0.15%	0.47%

May 1, 2022 to Present

	10 Year	20 Year	30 Year
Maximum	3.89%	4.66%	4.84%
Minimum	2.08%	2.38%	2.51%
Average	2.79%	3.47%	3.71%

Source: Refinitiv
10, 20, and 30 year “AAA” MMD shown to represent different average lives of municipal transactions
Rates as of August 4, 2025.

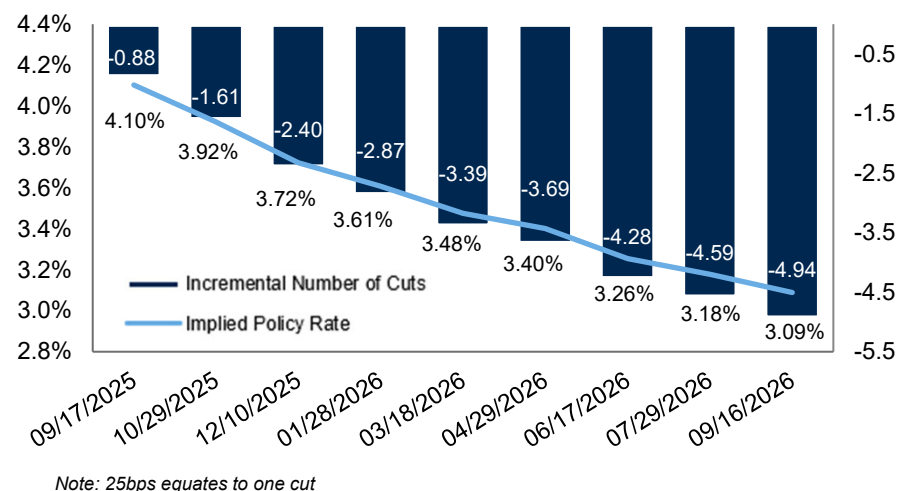
Economic Overview Reflects Monetary Policy Focus, Tariff Implications and Geopolitical Tensions

The Fed has signaled a potential pause on rate cuts to take time to assess the evolving economic outlook

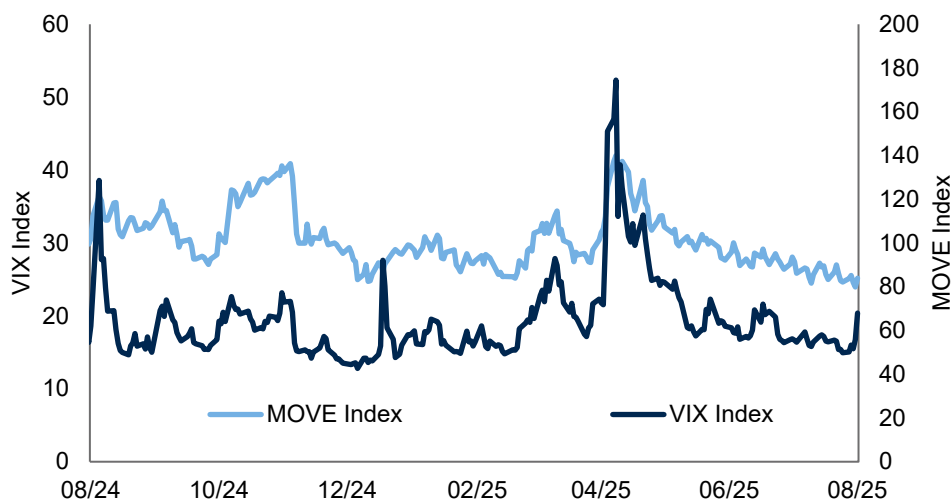
Market Commentary – Municipal Bonds

- Municipal bond issuance remains elevated, with \$12.3bn pricing last week and \$18.6bn scheduled to price this week
- This week's calendar includes 46 transactions sized at/above \$100mm
 - YTD issuance is up 20%, and average weekly volume stands at \$11.3bn
- Municipal bond funds reported \$937mm of inflows last week, with all sectors seeing positive flows
- Syndicate desks expect \$25-30bn of IG issuance this week, following last week's supply of \$14.6bn
- Treasury auctions this week include \$58bn 3s on Tuesday, \$42bn 10s on Wednesday, and \$25bn 30s on Thursday

Futures Market – Fed Funds Rate Cut Probability (Current Target Rate: 4.25% - 4.50%)



Treasury Volatility Remains Elevated, Equity Volatility has Moderated



Economic Indicators

Indicator	Estimate	Actual	Prior
Inflation			
CPI YoY (June)	2.60%	2.70%	2.40%
PCE YoY (June)	2.60%	2.60%	2.30%
PPI YoY (June)	2.50%	2.30%	2.70%
Labor			
Unemployment Rate (July)	4.20%	4.20%	4.10%
Nonfarm Payrolls (July)	104K	73K	14K
Initial Jobless Claims (wkly.)	221K	218K	217K
Production			
GDP QoQ (qtrly)	+2.4%	+3.0%	-0.5%

Forward Calendar

Select Transactions Pricing the Week of 08/04/25

Transactions Over \$100 million

Pricing Date	Issuer	State	Deal Size ⁽¹⁾	Sale Type	Tax Status	Ratings	Senior Manager
08/05/2025	City of Jacksonville	FL	354,510,000	Negotiated	Non AMT	NR/ AA/ AA+	Ramirez
08/05/2025	South Miami Health Facilities Authority	FL	468,625,000	Negotiated	Non AMT	AA-	BofA Securities
08/05/2025	Massachusetts Development Finance Agency	MA	886,030,000	Negotiated	Non AMT	A3/ A	Goldman Sachs
08/05/2025	Sacramento County	CA	412,765,000	Negotiated	Non AMT / Taxable	A3/ A+	BofA Securities
08/05/2025	Tigard-Tualatin School District No. 23J	OR	200,000,000	Negotiated	Non AMT / Taxable	AA+	Piper Sandler
08/05/2025	City of Atlanta	GA	240,140,000	Negotiated	Non AMT	A2/ A	RBC Capital Markets
08/05/2025	The Commonwealth of Massachusetts	MA	450,000,000	Competitive	Non AMT	Aa3	
08/05/2025	Austin Community College District	TX	190,000,000	Negotiated	Non AMT	Aa1/ AA+/ NR	Jefferies
08/05/2025	Board of Water Commissioners of the City and Cnty	CO	194,160,000	Competitive	Non AMT	Aa3	
08/05/2025	City of Fort Worth	TX	107,190,000	Competitive	Non AMT	Aa3	Raymond James
08/05/2025	Beth Israel Lahey Health	MA	180,000,000	Negotiated	Taxable	A3/ A	Goldman Sachs
08/05/2025	The Commonwealth of Massachusetts	MA	300,000,000	Competitive	Non AMT	Aa3	
08/05/2025	Louisville and Jefferson County Metropolitan Sewer	KY	289,080,000	Competitive	Non AMT	Aa3	
08/06/2025	City of New York	NY	1,547,575,000	Negotiated	Non AMT	Aa2/ AA/ AA	BofA Securities
08/06/2025	The City of New York City	NY	237,320,000	Negotiated	Taxable	Aa2/ AA/ AA	BofA Securities
08/06/2025	Frisco Independent School District	TX	208,970,000	Negotiated	Non AMT	Aaa/ AAA	RBC Capital Markets
08/06/2025	San Diego City Public Facilities Financing Authori	CA	237,305,000	Competitive	Non AMT	Aa3	
08/06/2025	Public Finance Authority of Wisconsin	WI	134,819,757	Negotiated	Non AMT	NR/ NR/ NR	Piper Sandler
08/06/2025	Medina Independent School District	TX	132,000,000	Negotiated	Non AMT	AAA	Raymond James
08/06/2025	City of Colorado Springs	CO	750,000,000	Negotiated	Non AMT	NR/ NR/ NR	Goldman Sachs
08/06/2025	Illinois Municipal Electric Agency	IL	476,945,000	Negotiated	Non AMT	A1/ AA/ AA-	BofA Securities
Total			\$7,997,434,757				

Economic Data Release Calendar – Week of July 28th

Monday	Tuesday	Wednesday	Thursday	Friday
28	29	30	31	1
10:30 AM ET Dallas Manufacturing Business Index	8:30 AM ET Goods Trade Balance Adv 8:30 AM ET Retail Inventories Adv 8:30 AM ET Wholesale Inventories Adv 9:00 AM ET Home Price Index 10:00 AM ET Job Openings	8:15 AM ET ADP Employment 8:30 AM ET GDP 10:00 AM ET Home Sales 2:00 PM ET FOMC Interest Rate Decision 2:30 PM ET Powell Press Conference	8:30 AM ET Initial Jobless Claims 8:30 AM ET PCE Price Index 8:30 AM ET Personal Income 8:30 AM ET Personal Spending	8:30 AM ET Non Farm Payrolls 8:30 AM ET Unemployment Rate 10:00 AM ET ISM Manufacturing PMI

Bond Buyer Visible Supply

	Par Amount
Negotiated:	\$14.2 Bn
Competitive:	\$5.1 Bn
Total:	\$19.3 Bn

Source: RBC Capital Markets, Ipreo, Bloomberg, [Bond Buyer](#)

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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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