

CITY OF ALBUQUERQUE

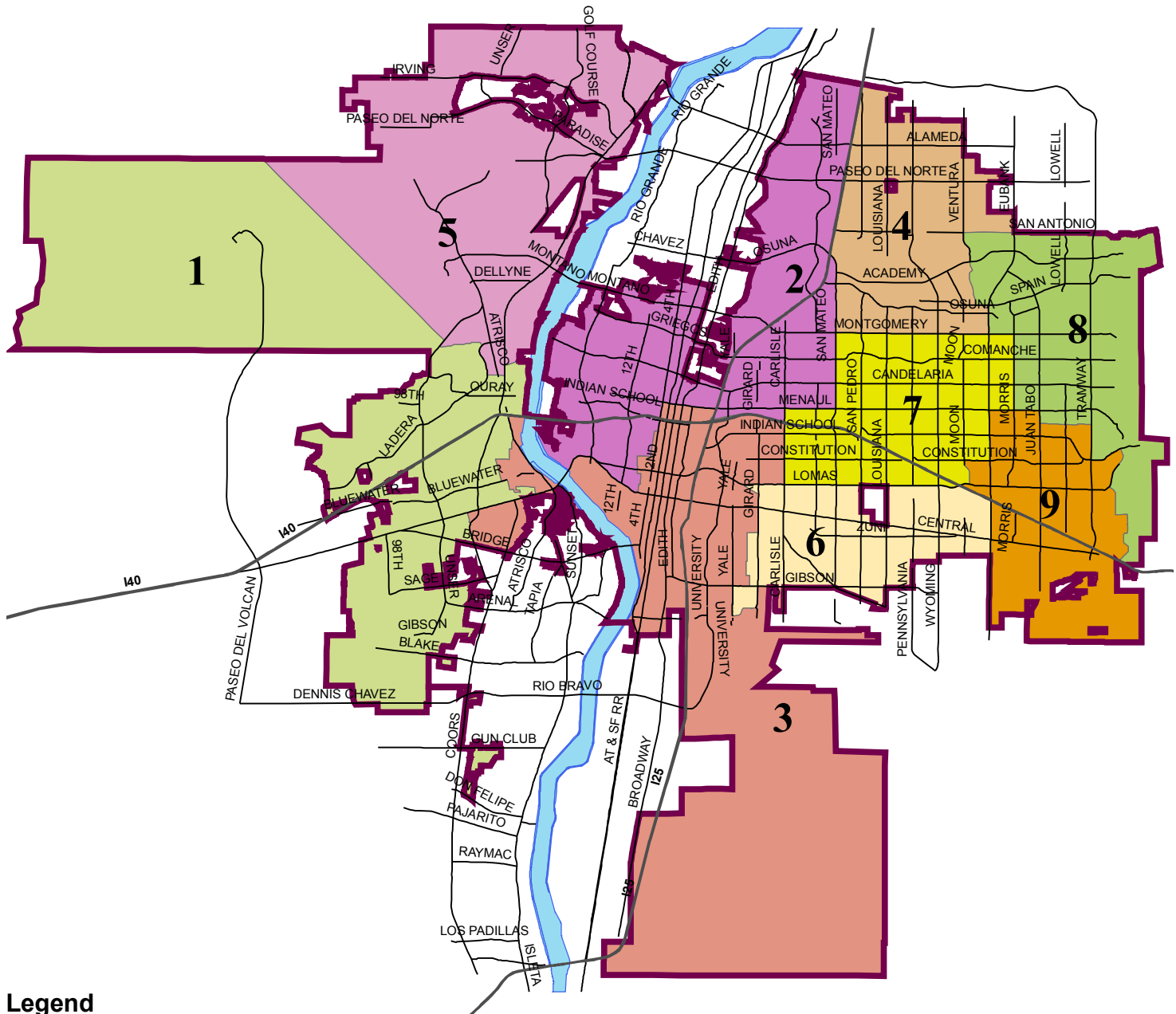


ANNUAL INFORMATION STATEMENT

DATED JANUARY 26, 2009

**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 |  6: Rey Garduno |
|  2: Debbie O'Malley |  7: Sally Mayer |
|  3: Isaac Benton |  8: Trudy Jones |
|  4: Brad Winter |  9: Don Harris |
|  5: Michael Cadigan | |

0 0.5 1 2 3
Miles



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

Map prepared January 4, 2008
by City of Albuquerque City Council Services.

CITY OF ALBUQUERQUE

MAYOR

Martin J. Chavez

CITY COUNCIL

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

ADMINISTRATION

Ed Adams, P.E., Chief Administrative Officer
Anna Lamberson, PhD., Acting Chief Financial Officer
Pete Dinelli, Chief Public Safety Officer
Irene Garcia, Chief Operating Officer
Randy M. Autio, Esq., Interim City Clerk

DEPARTMENT OF FINANCE AND ADMINISTRATIVE SERVICES

Tanda Meadors, Director
Cilia Aglialoro, CTP, Treasurer
Christopher Daniel, CTP, CPA, Assistant Treasurer-Cash Management
Greg Stricklin, CPA, Accounting Officer

OFFICE OF MANAGEMENT AND BUDGET

Mark Sandoval, Acting Budget Officer
Jacques Blair, PhD., City Economist

LEGAL DEPARTMENT

Robert M. White, Esq., City Attorney
Susan Biernacki, Esq., Assistant City Attorney

BOND COUNSEL

Brownstein Hyatt Farber Schreck, LLP, Albuquerque, New Mexico

DISCLOSURE COUNSEL

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

SPECIAL TAX COUNSEL

Kutak Rock LLP, Denver, Colorado

FINANCIAL ADVISOR

RBC Capital Markets Corporation, Albuquerque, New Mexico



City of Albuquerque

**The People of
Albuquerque**

**Mayor
Martin J. Chavez**

**City Council
Director of Council Services
Laura Mason**

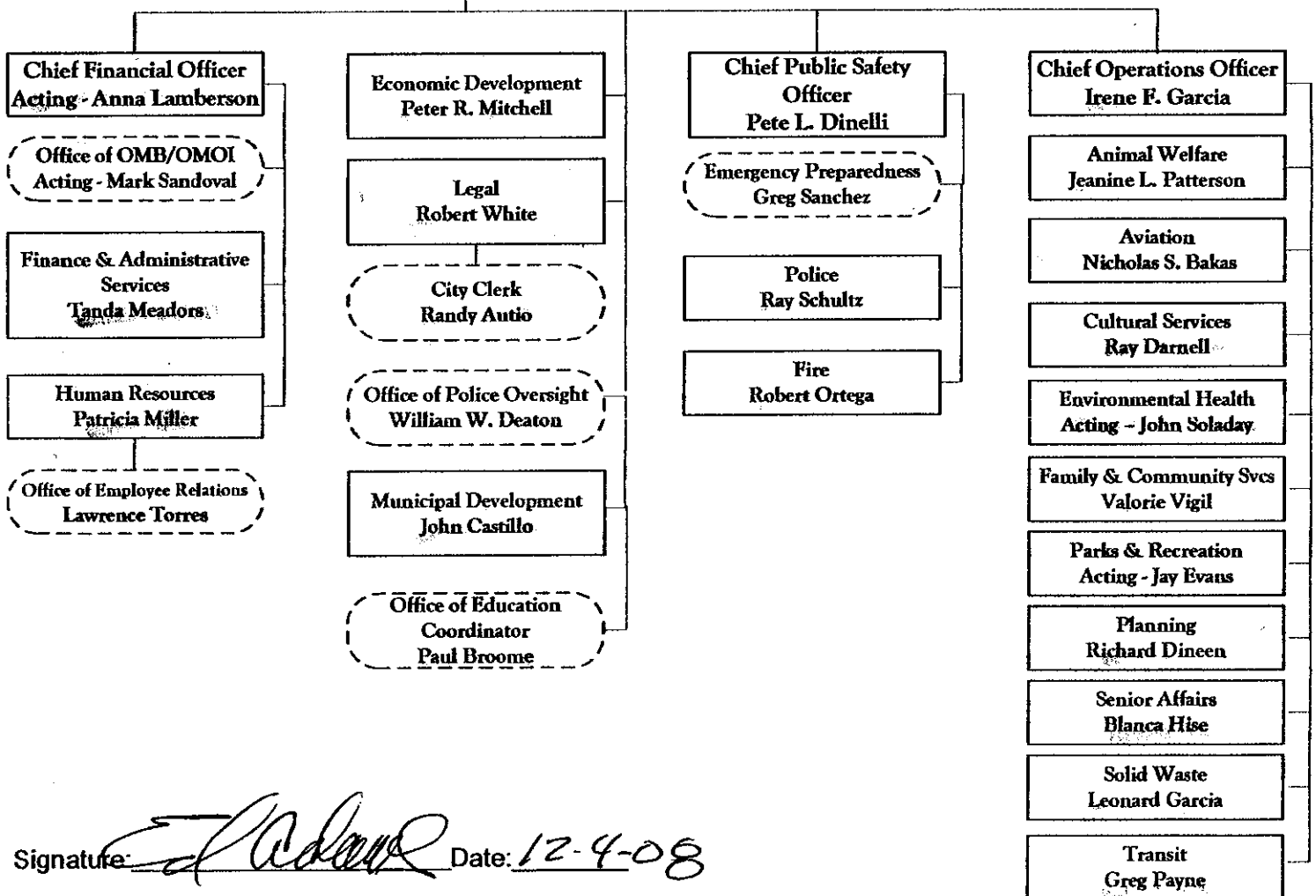
DST. 1 Ken Sanchez
DST. 2 Debbie O'Malley
DST. 3 Isaac Benton
DST. 4 Brad Winter
DST. 5 Michael Cadigan
DST. 6 Rey Garduno
DST. 7 Sally Mayer
DST. 8 Trudy Jones
DST. 9 Don Harris

**Deborah James
Communications Officer**

**Chief Administrative Officer
Ed Adams**

**Office of Internal Audit
& Investigations
Carmen Kavelman
Director**

**Chief of Staff
Bianca Ortiz-Wertheim**



Signature:  Date: 12-4-08

TABLE OF CONTENTS

	Page
INTRODUCTION	1
CONTINUING DISCLOSURE UNDERTAKINGS.....	1
FISCAL YEAR 2008 FINANCIAL INFORMATION UNAUDITED	3
OUTSTANDING CITY OBLIGATIONS.....	3
Summary of Outstanding Obligations.....	3
Ratings of City Obligations	3
Tax-Supported Obligations.....	4
Enterprise Obligations	15
Special Assessment District Obligations	23
Housing Obligations	24
Transit-Related Obligations	25
Credit Enhancement.....	26
ECONOMIC AND DEMOGRAPHIC INFORMATION	28
The City and Metropolitan Area	28
Population	29
Employment.....	29
Major Industries	31
Income	38
FINANCIAL INFORMATION	38
General.....	38
The General Fund	39
Revenues	44
Property Taxes	45
Gross Receipts Taxes.....	49
Gasoline Tax.....	56
Lodgers' Tax and Hospitality Fee	57
Employee Contracts	59
Retirement Plan.....	59
Capital Implementation Program	59
Financial Statements	60
ENTERPRISE OPERATIONS	60
Albuquerque Airport.....	60
Agreements with the Airlines	70
Joint Water and Sewer System	73
Refuse Removal and Disposal System.....	74
Golf Courses	83
OTHER PROJECTS OF THE CITY	88
Special Assessment Districts	88
Public Improvement Districts	88
Housing Projects	89
INVESTMENT POLICIES AND PROCEDURES	90
FORWARD-LOOKING STATEMENTS	92
LITIGATION.....	92
APPROVAL OF ANNUAL STATEMENT.....	93
APPENDIX A – INDEPENDENT AUDITOR’S REPORT, MANAGERMENTS’ DISCUSSION AND ANALYSIS, AUDITED BASIC FINANCIAL STATEMENT, AND NOTES TO FINANCIAL STATEMENTS AS OF AND FOR THE FISCAL YEAR ENDED JUNE 30, 2008	A-1
APPENDIX B – CUSIP NUMBERS FOR OUTSTANDING CITY BONDS	B-1

INTRODUCTION

This “Annual Information Statement Dated January 26, 2009 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, 2009, 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, 2009, 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 is available.

CONTINUING DISCLOSURE UNDERTAKINGS

Pursuant to the requirements of Rule 15c2-12 of 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) Refuse Removal and Disposal Refunding Revenue Bonds, Series 1995;
- (2) Gross Receipts Tax Refunding Revenue Bonds, Series 1996;
- (3) Airport Refunding Revenue Bonds, Series 1997;
- (4) Joint Water and Sewer System Revenue Bonds, Series 1997;
- (5) Refuse Removal and Disposal Revenue Bonds, Series 1998;
- (6) Governmental Purpose Airport Refunding Revenue Bonds, Series 1998;
- (7) General Obligation Bonds, Series 1999C;
- (8) Joint Water and System Refunding and Improvement Revenue Bonds, Series 1999A;
- (9) Special Assessment District No. 224 Bonds, Issue of February 1, 1999;
- (10) Municipal Gross Receipts Tax Refunding Revenue Bonds, Series 1999A;
- (11) Gross Receipts Tax/Lodgers' Tax Refunding Revenue Bonds, Series 1999B;
- (12) Gross Receipts Tax Refunding Revenue Bonds, Series 1999C;
- (13) General Obligation Bonds, Series 2000B;
- (14) Taxable Golf Course Net Revenue/Gross Receipts Tax Revenue Bonds, Series 2001;
- (15) Refuse Removal and Disposal Revenue Bonds, Series 2001A and B;
- (16) General Obligation Bonds, Series 2001A and B;
- (17) Airport Refunding Revenue Bonds, Series 2001;
- (18) Joint Water and Sewer System Revenue Bonds, Series 2001;
- (19) General Obligation Taxable Baseball Stadium Bonds, Series 2001C;
- (20) General Obligation General Purpose Bonds, Series 2002B;
- (21) General Obligation Storm Sewer Bonds, Series 2002C;
- (22) General Obligation General Purpose Bonds, Series 2003B;
- (23) General Obligation Storm Sewer Bonds, Series 2003C;
- (24) Airport Refunding and Improvement Revenue Bonds, Series 2004A and Taxable Series 2004B;
- (25) Gross Receipts/Lodgers' Tax Refunding Revenue Bonds, Series 2004A and Taxable Series 2004B;
- (26) General Obligation General Purpose Bonds, Series 2005A;
- (27) General Obligation Storm Sewer Bonds, Series 2005B;
- (28) General Obligation General Purpose Bonds, Series 2007B;
- (29) General Obligation Storm Sewer Bonds, Series 2007C;
- (30) Airport Refunding Revenue Bonds, Series 2008;
- (31) Airport Refunding Revenue Bonds, Series 2008B-C;
- (32) Gross Receipts Tax Refunding Revenue Bonds, Taxable Series 2008A;
- (33) General Obligation General Purpose Bonds, Series 2008A;
- (34) General Obligation Storm Sewer Bonds, Series 2008B;
- (35) Subordinate Lien Airport Refunding Revenue Bonds, Series 2008D-E; and
- (36) Gross Receipts Tax Revenue Refunding Bonds (Beach, Bluewater and Manzano Vista Projects), Series 2008B.

In each of its Disclosure Undertakings, the City has agreed to file certain annual information with the nationally recognized municipal securities information repositories approved by the SEC (the "NRMSIRs"). Timely filing of the information provided in the Annual Statement, including the City's current audited financial statements, with each of the NRMSIRs satisfies the disclosure requirements set forth in the Disclosure Undertakings. In recent years, the City's year end audits have not been released by the State Auditor 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 2008 FINANCIAL INFORMATION UNAUDITED

The City's audited financial statements for Fiscal Year 2008 are not complete. Therefore, the financial information for Fiscal Year 2008 in this Annual Statement is unaudited. 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 2008 with each NRMSIR.

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, 2008 ("CAFR"); a portion of which will be attached hereto as Appendix A upon its release from the State Auditor. 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 upon its release from the State Auditor. 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. In 2008, the City refunded all its outstanding variable rate debt through the issuance of fixed rate debt. The City also terminated the only swap arrangement impacting its outstanding debt in 2008. 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 \$175,390,000, and storm sewer general obligation bonds in an outstanding aggregate principal amount of \$42,605,000.

In a regular municipal election held October 2, 2007, the issuance of \$149,570,000 general purpose general obligation bonds and \$10,403,000 storm sewer general obligation bonds was approved. The City issued \$39,000,000 in General Purpose General Obligation Bonds and \$4,000,000 in Storm Sewer General Obligation Bonds on June 26, 2008. The City also issued \$37,000,000 in General Obligation Short-Term Bonds, Series 2008C on June 30, 2008 that were sold in a private placement with the State. It is expected that the City will issue general obligation bonds in the aggregate principal amount of \$79,973,000 in summer 2009.

City of Albuquerque Outstanding General Obligation Bonds As of January 1, 2009

<u>Issue</u>	<u>Principal Amount Of Original Issue</u>	<u>Currently Outstanding</u>
<u>General Purpose G.O. Bonds:</u>		
August 1999	\$24,105,000	\$2,000,000
September 2001	46,315,000	8,420,000
October 2001 – Taxable Stadium	10,000,000	2,000,000
February 2002	20,000,000	2,500,000
July 2003	81,805,000	27,235,000
June 2005	90,595,000	56,540,000
September 2007	43,045,000	37,695,000
June 2008	<u>39,000,000</u>	<u>39,000,000</u>
Total	<u>\$354,865,000</u>	<u>\$175,390,000</u>
<u>Water, Sewer and Storm Sewer G.O. Bonds:</u>		
July 2000	\$6,750,000	\$2,400,000
September 2001	4,510,000	4,510,000
February 2002	5,600,000	5,600,000
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>\$46,955,000</u>	<u>\$42,605,000</u>
<u>Total General Obligation Bonds</u>	<u>\$401,820,000</u>	<u>\$217,995,000</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 the City of \$11,581,011,823, as shown below, and the City's outstanding general purpose general obligation debt of \$175,390,000, the City may issue \$287,850,473 aggregate principal amount of general purpose general obligation bonds in the future.

**City of Albuquerque
Test for Maximum General Purpose G.O. Bonds**

4% Assessed Value of \$11,581,011,823	\$463,240,473
Outstanding (General Purpose subject to 4% limitation):	<u>175,390,000</u>
Available for Future Issues	<u>\$287,850,473</u>

* See the table below entitled "Assessed Valuation County Tax Year 2008 (Fiscal Year 2009)."

**City of Albuquerque
Assessed Valuation
(County Tax Year⁽¹⁾ 2008 - Fiscal Year 2009)**

Market Value of Property Assessed ⁽²⁾	\$41,857,923,804
(1/3 Market Value)	\$13,204,503,974
Less Exemptions	(1,997,560,798)
Plus Centrally Assessed (Corporate)	<u>374,068,647</u>
Certified Net Tax Base	\$11,581,011,823 ⁽³⁾

- (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.
- (3) This Certified Net Tax Base is based on information received from the County Assessor's Office. Taxable value is determined by dividing market value by three and subtracting exemptions.

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, 2009**

Gross G.O. Bonded Debt	\$217,995,000 ⁽¹⁾
Less G.O. Sinking Fund Balance (November 30, 2008)	<u>(13,575,100)⁽²⁾</u>
Net G.O. Bonded Debt	<u>\$204,419,900</u>

	G.O. Debt	Tax Year 2008 Assessed Valuation	% Applicable to City	Net Overlapping
City of Albuquerque	\$204,419,900	\$11,581,011,823	100.00%	\$204,419,900
Albuquerque Public Schools	337,995,000	14,163,284,689	81.77%	276,338,500
Albuquerque Metropolitan Arroyo Flood Control Authority	32,100,000	13,413,034,628	86.34%	27,715,613
Central New Mexico Community College	29,025,000	13,892,625,132	83.36%	24,195,490
Bernalillo County	88,580,000	13,976,092,003	82.86%	73,400,063
State of New Mexico	299,865,000	50,399,084,039	22.98%	<u>68,904,826</u>
Total Direct and Overlapping G.O. Debt				<u>\$674,974,392</u>

Ratios

Direct and Overlapping G.O. Debt as Percent of Taxable Assessed Valuation	5.83%
Direct and Overlapping G.O. Debt as Percent of Actual Market Valuation	1.61%
Assessed Valuation Per Capita (2008 Estimated Population 511,008) ⁽³⁾	\$22,663.07
Direct and Overlapping G.O. Debt Per Capita	\$1,320.87

- (1) Amount does not include any bonds which have been advance refunded and fully defeased by an escrow containing cash and securities.
- (2) The cash balance as of November 30, 2008 was \$15,785,000. The amount properly attributable to principal reduction is 86% of the cash balance.
- (3) Population estimated by City of Albuquerque Office of Management & Budget.
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

<u>Fiscal Year</u>	<u>Population⁽¹⁾</u>	<u>Taxable Value(000s)⁽²⁾</u>	<u>Total G.O. Debt (000s)</u>	<u>Debt Service Fund (000s)⁽³⁾</u>	<u>Net G.O. Debt (000s)</u>	<u>Ratio of Net G.O. Debt To Taxable Value</u>	<u>Net G. O. Debt Per Capita</u>
1999	421,384	\$5,656,901	\$169,165	\$12,114	\$157,051	2.78%	\$372.70
2000	449,140	6,856,281	152,825	24,832	127,993	1.87%	284.97
2001	454,291	6,900,667	138,180	10,707	127,473	1.85%	280.60
2002	464,011	7,423,666	117,440	18,230	99,210	1.34%	213.81
2003	472,814	7,623,843	160,055	45,493	114,562	1.50%	242.30
2004	483,249	7,887,551	126,810	46,158	80,652	1.02%	166.90
2005	494,477	8,285,493	239,205	19,487	219,718	2.65%	444.34
2006	504,949	9,307,581	276,205	9,977	266,228	2.86%	527.24
2007	511,008	9,858,169	236,765	8,139	227,626	2.31%	445.45
2008	511,008	10,949,766	292,620	87,565	205,055	1.87%	401.28

(1) Population is estimated for all years except for June 30, 2000 which is based on Bureau of Census data. Estimates provided by City of Albuquerque Planning Department.

(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, 2009

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2009	\$40,025,000	\$9,586,350	\$49,611,350
2010	38,025,000	7,845,750	45,870,750
2011	35,820,000	6,176,050	41,996,050
2012	28,805,000	4,564,063	33,369,063
2013	28,805,000	3,342,138	32,147,138
2014	21,475,000	1,988,513	23,463,513
2015	10,120,000	1,071,550	11,191,550
2016	10,120,000	637,175	10,757,175
2017	4,800,000	212,000	5,012,000
Total	<u>\$217,995,000</u>	<u>\$35,423,588</u>	<u>\$253,418,588</u>

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>	<u>Total General Fund Expenditures (Excluding G.O. Debt Service)⁽¹⁾</u>	<u>Debt Service as a % of Total General Fund Expenditures (Excluding G.O. Debt Service)</u>
1999	\$37,970,000	\$8,614,288	\$46,584,288	\$297,841,293	15.6%
2000	38,750,000	8,357,440	47,107,440	300,822,796	15.7%
2001	71,570,000	9,046,715	80,616,715	320,782,941	25.1%
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%

(1) Includes transfers and other financing uses.

Sources: City of Albuquerque Comprehensive Annual Financial Reports.

Current Ratings of the General Obligation Bonds. The City's outstanding general obligation bonds are currently rated "Aa2" by Moody's Investors Service, Inc. ("Moody's"), "AAA" by Standard & Poor's Ratings Service ("S&P") and "AA" by Fitch, Inc. ("Fitch"). The City's General Obligation Bonds, Series 2003B and Series 2003C 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, 2009**

<u>Issue</u>	<u>Principal Amt. of Original Issue</u>	<u>Outstanding Principal Amount</u>
Gross Receipts/Lodgers' Tax Refunding and Improvement Bonds, Series 1991B ⁽¹⁾⁽²⁾ (Old Lien Tax Obligation)	\$20,095,587	\$3,970,000
Gross Receipts Tax Refunding Revenue Bonds, Series 1996 ⁽³⁾ (Old Lien Tax Obligation)	18,315,000	2,045,000
Gross Receipts/Lodgers' Tax Refunding Revenue Bonds, Series 1999B ⁽²⁾	45,335,000	12,235,000
Gross Receipts Tax Refunding Revenue Bonds, Series 1999C	27,130,000	27,130,000
Taxable Golf Revenue/Gross Receipts Tax Bonds Series 2001 ⁽⁴⁾	2,420,000	910,000
New Mexico Finance Authority Stadium Loan #1 (2002) ⁽⁵⁾	6,000,000	5,243,700
New Mexico Finance Authority Stadium Loan #2 (2002) ⁽⁶⁾	9,000,000	7,734,933
Tax-Exempt Gross Receipts Tax/Lodgers' Tax Refunding Revenue Bonds, Series 2004A ⁽²⁾	31,965,000	31,965,000
Taxable Gross Receipts Tax/Lodgers' Tax Refunding Revenue Bonds, Series 2004B ⁽²⁾	28,915,000	28,165,000
Taxable Gross Receipts Tax Refunding Revenue Bonds, Series 2008A	16,655,000	16,655,000
Gross Receipts Tax Revenue Refunding Bonds (Beach, Bluewater and Manzano Vista Projects), Series 2008B ⁽⁷⁾	11,275,000	<u>11,275,000</u>
		<u>\$147,328,633</u>

- (1) These bonds were issued as capital appreciation bonds. The amount shown as outstanding is the projected accreted value of the bonds as of January 1, 2009.
- (2) These bonds are also payable from 50% of the City's Lodger's Tax revenues.
- (3) These bonds are also payable from certain allocated net revenues of the City's parking and airport systems.
- (4) These bonds are also payable from net revenues of the City's golf courses.
- (5) This loan is also payable from lease payments due to the City from the lessee of the baseball stadium.
- (6) This loan is also payable from surcharges imposed on ticket sales, concessions and other goods and services sold at the baseball stadium.
- (7) These Bonds are also payable from the net revenues of certain City housing projects.

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 Bonds
As of January 1, 2009**

<u>Issue</u>	<u>Principal Amt. Of Original Issue</u>	<u>Outstanding Principal Amt.</u>
Gross Receipts/ Lodgers' Tax Refunding and Improvement Bonds, Series 1991B ⁽¹⁾	\$20,095,587	\$3,970,000
Gross Receipts/ Lodgers' Tax Refunding Revenue Bonds, Series 1999B	45,335,000	12,235,000
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	<u>28,165,000</u>
Total Outstanding State Gross Receipts/Lodgers' Tax Obligations		<u>\$76,335,000</u>

(1) These bonds were issued as capital appreciation bonds. The amount shown as outstanding is the accreted value of the bonds as of January 1, 2009.

Outstanding Hospitality Fee Obligations. The City presently has outstanding the following special limited obligation secured by Hospitality Fee revenues received by the City as described in “FINANCIAL INFORMATION – Lodgers’ Tax and Hospitality Fee.”

**City of Albuquerque
Outstanding Hospitality Fee NMFA Loan**

<u>Issue</u>	<u>Project Financed</u>	<u>Principal Amount of Original Issue</u>	<u>Outstanding Principal Amount</u>	<u>Reserve Fund Balances</u>	<u>Optional Redemption Provisions</u>
New Mexico Finance Authority Hospitality Fee Loan (2004)	Convention Center Improvements	\$5,700,000	\$3,765,000	\$750,944	Callable on any interest payment date

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 Old Lien Tax Obligations (the Series 1991B Bonds and Series 1996 Bonds) is made as to the tax revenues produced by the 1% portion of the 1.225% tax applied to gross receipts in the City and distributed to the City by the State. The pledge securing the New Lien Tax Obligations is made as to state gross receipts tax revenues the City receives from the entire 1.225% distribution from the State. See “FINANCIAL INFORMATION - Gross Receipts Taxes - State Gross Receipts Taxes.”

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

Calendar Year	Series <u>1991B</u> ⁽¹⁾	Series <u>1996</u>	Series <u>1999B</u>	Series <u>1999C</u>	Series <u>2001</u>	NMFA Stadium Lease Loan	NMFA Surcharge Stadium Loan	Series <u>2004A</u>	Series <u>2004B</u>	Series <u>2008A</u>	Series <u>2008B</u>	Combined Debt Service Requirements
2009	-	\$702,250	\$609,005	\$1,355,213	\$345,460	\$504,011	\$690,350	\$1,575,635	\$1,745,444	\$3,259,147	\$476,360	\$11,262,875
2010	-	742,250	609,005	1,355,213	341,650	503,603	689,682	1,575,635	1,737,367	3,261,227	878,788	11,694,419
2011	-	813,750	609,005	1,355,213	346,775	503,174	688,986	1,575,635	1,723,839	3,260,674	880,988	11,758,037
2012	\$560,000	-	709,005	1,355,213	-	502,721	688,261	1,575,635	1,740,079	3,259,490	877,588	11,267,991
2013	590,000	-	764,405	1,355,213	-	502,245	687,504	1,575,635	1,714,796	3,260,868	878,788	11,329,452
2014	585,000	-	826,885	1,855,213	-	501,741	686,711	1,575,635	1,729,779	3,259,940	879,388	11,900,291
2015	600,000	-	885,960	3,956,463	-	501,209	685,881	1,575,635	1,728,264	-	880,638	10,814,049
2016	540,000	-	951,410	4,533,650	-	500,646	685,012	1,575,635	1,795,059	-	880,888	11,462,299
2017	545,000	-	1,012,790	4,538,300	-	500,051	684,100	1,575,635	1,802,541	-	880,138	11,538,554
2018	550,000	-	1,080,250	4,533,500	-	499,420	683,143	1,575,635	1,803,676	-	878,388	11,604,012
2019	-	-	1,692,750	4,593,500	-	498,751	682,138	1,575,635	1,818,733	-	880,638	11,827,145
2020	-	-	1,768,250	4,606,250	-	498,044	681,084	1,575,635	1,816,904	-	881,638	11,872,804
2021	-	-	1,847,000	4,543,888	-	497,293	679,976	1,575,635	1,818,996	-	881,388	11,844,175
2022	-	-	1,933,500	1,105,113	-	496,496	678,810	1,575,635	1,809,741	-	879,888	8,479,183
2023	-	-	662,000	-	-	495,650	677,584	1,575,635	1,864,678	-	877,138	6,152,684
2024	-	-	2,145,000	-	-	494,751	676,294	1,575,635	1,820,302	-	877,413	7,589,394
2025	-	-	2,157,750	-	-	493,796	674,934	1,575,635	1,891,735	-	880,388	7,674,238
2026	-	-	-	-	-	492,781	673,503	1,575,635	4,131,833	-	876,525	7,750,277
2027	-	-	-	-	-	-	-	1,575,635	4,220,896	-	881,088	6,677,619
2028	-	-	-	-	-	-	-	1,575,635	4,306,109	-	877,656	6,759,400
2029	-	-	-	-	-	-	-	1,575,635	4,396,918	-	877,344	6,849,897
2030	-	-	-	-	-	-	-	3,875,635	2,182,215	-	879,881	6,937,731
2031	-	-	-	-	-	-	-	5,747,535	403,866	-	-	6,151,401
2032	-	-	-	-	-	-	-	5,841,375	403,866	-	-	6,245,241
2033	-	-	-	-	-	-	-	5,937,625	403,866	-	-	6,341,491
2034	-	-	-	-	-	-	-	3,592,625	2,838,866	-	-	6,431,491
2035	-	-	-	-	-	-	-	6,257,625	268,967	-	-	6,526,592
2036	-	-	-	-	-	-	-	1,502,375	5,123,967	-	-	6,626,342
2037	-	-	-	-	-	-	-	6,690,875	-	-	-	6,690,875
Total	<u>\$3,970,000</u>	<u>\$2,258,250</u>	<u>\$20,263,971</u>	<u>\$41,041,938</u>	<u>\$1,033,885</u>	<u>\$8,986,384</u>	<u>\$12,293,953</u>	<u>\$72,534,005</u>	<u>\$59,043,299</u>	<u>\$19,561,345</u>	<u>\$18,942,929</u>	<u>\$259,929,957</u>

(1) Accreted values shown.

The State-Shared Gross Receipts Tax Revenues of the City attributable to the 1.225% levy for Fiscal Year 2008 were \$187,006,638 (unaudited). The maximum calendar year combined debt service requirements for the outstanding State-Shared Gross Receipts Tax Obligations of the City as shown in the preceding table are \$11,900,291 (occurring in calendar year 2014). The coverage ratio of the Fiscal Year 2008 State-Shared Gross Receipts Tax Revenues to such maximum calendar year combined debt service requirements is 15.71x.

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.

Municipal Gross Receipts Tax Bonds

Outstanding Municipal Gross Receipts Tax Bonds. The City presently has outstanding the following series of special limited obligations secured by certain of the municipal gross receipts tax revenues received by the City as described in "FINANCIAL INFORMATION - Gross Receipts Taxes - Municipal and Other Gross Receipts Tax."

**City of Albuquerque
Outstanding Municipal Gross Receipts Tax Bonds
As of January 1, 2009**

<u>Issue</u>	<u>Project Financed</u>	<u>Principal Amt. Of Original Issue</u>	<u>Outstanding Principal Amt.</u>	<u>Reserve Fund Balances</u>	<u>Optional Redemption Provisions</u>
Municipal Gross Receipts Tax Refunding Revenue Bonds, Series 1999A	Refunding	\$6,070,000	\$3,335,000	N/A	7/1/09 @ 100%

Debt Service and Coverage Ratio. The following schedule shows, for each calendar year, the total debt service to be payable for the outstanding municipal gross receipts tax bonds of the City.

**City of Albuquerque
Total Debt Service
Outstanding Municipal Gross Receipts Tax Bonds
As of January 1, 2009**

Calendar Year	Series 1999A Bonds
2009	\$571,388
2010	570,638
2011	566,498
2012	571,248
2013	569,398
2014	571,133
2015	<u>571,433</u>
Total	<u>\$3,991,736</u>

The municipal gross receipts tax revenues of the City for Fiscal Year 2008 pledged toward the outstanding municipal gross receipts tax bond (0.50%) were \$76,098,343 (unaudited). See “FINANCIAL INFORMATION - Gross Receipts Taxes - Municipal and Other Gross Receipts Taxes.” The maximum calendar year debt service requirements for the outstanding municipal gross receipts tax bonds of the City are scheduled to be \$571,433 (occurring in calendar year 2015). The coverage ratio of the Fiscal Year 2008 municipal gross receipts tax revenues (0.50% = \$76,098,343) to such maximum calendar year debt service requirements is 133.17x.

Current Ratings of Municipal Gross Receipts Tax Bonds. The City’s outstanding municipal gross receipts tax bonds are currently rated “A1” by Moody’s, “AA” by S&P, and “AA” by Fitch.

2008 Debt Calculations for Tax-Supported Obligations

The following table summarizes (i) the total outstanding obligations of the City as of January 1, 2009 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, 2009

<u>General Obligation Debt</u> ⁽²⁾	<u>Total Outstanding</u>	<u>Per Capita (Population of 511,008⁽¹⁾)</u>
Net Direct G.O. Debt	\$217,995,000	\$426.60
Overlapping Jurisdiction G.O. Debt	<u>470,554,492</u>	<u>920.84</u>
Total Direct and Overlapping G.O. Debt	<u>\$688,549,492</u>	<u>\$1,347.43</u>
<u>Special Tax Obligations</u>		
State Shared Gross Receipts Tax Bonds ⁽³⁾	\$70,993,633	\$138.93
Hospitality Fee Loan	3,765,000	7.37
State Gross Receipts/Lodgers' Tax Bonds ⁽⁴⁾	76,335,000	149.38
Municipal Gross Receipts Tax Bonds ⁽⁵⁾	<u>3,335,000</u>	<u>6.53</u>
Direct Special Tax Obligations	<u>\$154,428,633</u>	<u>\$302.20</u>
TOTAL OVERALL TAX-SUPPORTED OBLIGATIONS	<u>\$842,978,125</u>	<u>\$1,649.63</u>

(1) Estimates provided by City Planning Department.

(2) See table entitled "City of Albuquerque Direct and Overlapping General Obligation Debt as of January 1, 2009" under this caption.

(3) See table entitled "City of Albuquerque Outstanding State Gross Receipts Tax Obligations as of January 1, 2009" under this caption.

(4) See table entitled "City of Albuquerque Outstanding State Gross Receipts/Lodgers' Tax Bonds as of January 1, 2009" under this caption.

(5) See table entitled "City of Albuquerque Outstanding Municipal Gross Receipts Tax Bonds" 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, 2009

<u>Issue</u>	<u>Project Financed</u>	<u>Principal Amount of Original Issue</u>	<u>Outstanding Principal Amount</u>	<u>Reserve Fund Balances</u>	<u>Optional Redemption Provisions⁽¹⁾</u>
Airport Refunding Revenue Bonds, Series 1997 ⁽²⁾	Refunding	\$33,310,000	\$7,040,000	Ambac surety	7/1/07-6/30/08 @102% 7/1/08-6/30/09 @101% 7/1/09 and thereafter @100%
Airport Refunding Revenue Bonds, Series 1998 ⁽²⁾	Refunding	42,685,000	29,815,000	Ambac surety	Callable at any time at par
Airport Revenue Bonds, Series 2001 ⁽²⁾	Refunding	42,550,000	26,320,000	Ambac surety	7/1/11 @100%
Subordinate Lien Taxable Airport Refunding Revenue Bonds, Series 2004A ⁽³⁾ ⁽⁴⁾	Refunding	20,610,000	17,060,000	MBIA surety	7/1/13 @100%
Senior Lien Airport Improvement Revenue Bonds, Series 2004B ⁽⁴⁾	Fuel Facility, Terminal and Improvement	30,000,000	26,660,000	MBIA surety	7/1/13 @100%
Airport Refunding Revenue Bonds, Series 2008A ⁽⁵⁾	Refunding	13,640,000	13,640,000	FSA surety	N/A
Airport Refunding Revenue Bonds, Series 2008B-C ⁽⁵⁾	Refunding	21,290,000	21,290,000	FSA surety	7/1/19 @ 100%
Subordinate Lien Airport Refunding Revenue Bonds, Series 2008D-E ⁽³⁾	Refunding	34,540,000	<u>34,540,000</u>	\$3,454,000	N/A
Total Airport Revenue Bonds			<u>\$106,895,000</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 parity 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) 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.

The City has also authorized, but not issued \$55,000,000 of its Third Lien Airport Revenue Commercial Paper Notes Series A, B and C. It is anticipated that approximately \$10-\$15 million in notes will be issued in spring 2009.

Combined Debt Service and Coverage Ratio. 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	Senior Parity Obligations						Subordinate Parity Obligations				
	Series 1997 Bonds	Series 1998 Bonds	Series 2001 Bonds	Series 2004B Bonds	Series 2008A Bonds	Series 2008 B&C Bonds	Total Senior Parity Obligations	Series 2004A Bonds	Series 2008D-E Bonds	Total Subordinate Parity Obligations	Total Combined Requirements
2009	\$2,075,200	\$3,579,474	\$4,790,200	\$2,843,778	\$951,350	\$3,692,124	\$17,932,126	\$2,241,174	\$5,811,786	\$8,052,960	\$25,985,086
2010	2,067,200	3,568,399	4,994,040	2,798,688	951,750	3,518,542	17,898,619	2,213,614	6,779,048	8,992,662	26,891,281
2011	2,057,450	3,571,279	3,769,350	2,715,188	951,850	3,431,672	16,496,789	2,245,254	6,843,850	9,089,104	25,585,893
2012	2,065,613	3,568,748	3,770,463	2,665,088	949,950	3,619,617	16,639,479	2,208,474	6,882,850	9,091,324	25,730,803
2013	-	3,578,323	3,768,513	2,576,588	2,407,700	3,423,952	15,755,076	2,206,891	6,992,100	9,198,991	24,954,067
2014	-	3,575,683	3,768,231	2,493,338	2,414,000	3,614,926	15,866,178	2,214,338	6,814,500	9,028,838	24,895,016
2015	-	3,575,945	3,769,081	2,410,088	2,429,500	1,736,420	13,921,034	2,211,970	-	2,211,970	16,133,004
2016	-	3,573,500	3,760,525	2,326,838	2,429,500	493,213	12,583,576	2,173,466	-	2,173,466	14,757,042
2017	-	3,571,500	-	2,260,238	2,414,500	482,213	8,728,451	2,170,667	-	2,170,667	10,899,118
2018	-	3,572,250	-	2,193,638	2,415,000	556,013	8,736,901	1,881,469	-	1,881,469	10,618,370
2019	-	3,575,250	-	2,110,388	-	531,213	6,216,851	-	-	-	6,216,851
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	<u>\$8,265,463</u>	<u>\$39,310,349</u>	<u>\$32,390,403</u>	<u>\$36,817,753</u>	<u>\$18,315,100</u>	<u>\$25,600,902</u>	<u>\$160,699,968</u>	<u>\$21,767,316</u>	<u>\$40,124,134</u>	<u>\$61,891,450</u>	<u>\$222,591,418</u>

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 2008 were \$45,410,803 (unaudited). The maximum calendar year combined debt service requirements for all outstanding Senior Parity Obligations are \$17,932,126 (occurring in calendar year 2009). With respect to Test No. 1, the coverage ratio of the Net Revenues for the Airport for Fiscal Year 2008 (\$45,410,803) to such maximum estimated calendar year debt service requirements is 2.53x. The maximum calendar year combined debt service requirements for all Outstanding Airport Obligations are estimated to be \$26,891,281 (occurring in calendar year 2010). With respect to Test No. 2, the coverage ratio of the net revenues of the Airport for Fiscal Year 2008, plus investment income from debt service funds (which is not included in Test No. 1) (\$46,147,325) to such maximum estimated calendar year debt service requirements is 1.72x.

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

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Airport Revenues ⁽¹⁾	\$60,890	\$64,287	\$66,397	\$67,969	\$75,256
Less:					
Operation and Maintenance Expenses	24,288	24,616	25,601	27,618	29,846
Net Airport Revenues	<u>\$36,602</u>	<u>\$39,671</u>	<u>\$40,796</u>	<u>\$40,352</u>	<u>\$45,410</u>
Coverage Test One					
Senior Lien Debt Service Requirements ⁽²⁾	\$10,753	\$12,299	\$13,191	\$14,585	\$14,757
Test One debt coverage ratio (1.2x)	3.40	3.23	3.09	2.77	3.08
Coverage Test Two					
Interest income from Debt Service Funds	<u>\$334</u>	<u>\$547</u>	<u>\$706</u>	<u>\$825</u>	<u>\$736</u>
Net Airport Revenues plus interest income	<u>\$36,936</u>	<u>\$40,218</u>	<u>\$41,503</u>	<u>\$41,177</u>	<u>\$46,146</u>
Total Debt Service Requirements ⁽²⁾	\$16,091	\$18,750	\$21,166	\$25,257	\$25,875
Test Two debt coverage ratio (1.1x) ⁽³⁾	2.30	2.14	1.96	1.63	1.78

⁽¹⁾ Dollars in thousands.

⁽²⁾ Debt Service for the Series 1995 Bonds was calculated with an interest rate of 6.685% as provided under the Exchange Agreement.

⁽³⁾ 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 revenue bonds are credit enhanced. However, in certain circumstances the underlying ratings on the respective bonds are currently higher than the ratings on the applicable bond

insurer. 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: “Aa3” by Moody’s, “A+” by S&P and “A+” by Fitch. The following underlying ratings have been assigned to the Subordinate Parity Obligations: “A1” by Moody’s, “A” by S&P and “A” by Fitch.

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 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 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, 2009 on file with each NRMSIR.

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, 2009

<u>Issue</u>	<u>Project Financed</u>	<u>Principal Amt. Of Original Issue</u>	<u>Outstanding Principal Amt.</u>	<u>Reserve Fund Balances</u>	<u>Optional Redemption Provisions ⁽¹⁾</u>
Refuse Removal and Disposal Refunding Revenue Bonds, Series 1995 ⁽²⁾	Refunding	\$13,515,000	\$1,690,000	Ambac surety	Not callable
Refuse Removal and Disposal Revenue Bonds, Series 1998 ⁽³⁾	System improvements	10,170,000	4,155,000	Ambac surety	Callable at any time at par
Refuse Removal and Disposal Revenue Bonds, Series 2001A ⁽³⁾	System improvements and refunding	14,205,000	8,675,000	FSA surety	Not callable
NMFA – Refuse Removal and Disposal Loan (2004)	System Improvements	5,800,000	3,639,792	N/A	Callable on any interest payment date
NMFA – Refuse Removal and Disposal Loan (2008)	System Improvements	2,600,000	<u>2,600,000</u>	N/A	Callable on any date after one year from and after March 14, 2008
Total Refuse System Revenue Bonds			<u>\$20,759,792</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 system revenue bonds through their respective final maturity dates.

City of Albuquerque
Total Combined Debt Service
Outstanding Refuse System Revenue Bonds
As of January 1, 2009

Calendar Year	Series 1995 Bonds	Series 1998 Bonds	Series 2001A Bonds	NMFA Loan (2004)	NMFA Loan (2008)	Combined Debt Service Requirements
2009	<u>\$1,778,725</u>	\$947,443	\$1,150,338	\$677,762	\$454,271	\$5,008,539
2010	--	949,193	2,929,950	677,796	426,757	4,983,696
2011	--	949,213	2,933,700	677,837	426,787	4,987,537
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>\$1,778,725</u>	<u>\$4,739,568</u>	<u>\$9,939,938</u>	<u>\$4,067,196</u>	<u>\$3,015,294</u>	<u>\$23,540,721</u>

In the ordinances pursuant to which the City's refuse 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 system obligations. The unaudited net revenues of the City's solid waste and refuse disposal system for Fiscal Year 2008 were \$10,493,229. See "ENTERPRISE OPERATIONS - Refuse Removal and Disposal System." The maximum calendar year combined debt service requirements for the outstanding refuse system revenue bonds of the City (as shown above) are \$5,008,539 (occurring in calendar year 2009). The coverage ratio of the 2008 refuse system net revenues (\$10,493,229) to such maximum calendar year combined debt service requirements (\$5,008,539) is 2.10x. For Fiscal Year 2008, the ratio of net revenues (\$10,493,229) to actual debt service (\$5,090,415) was equal to 2.06x.

Current Ratings of the Refuse System Revenue Bonds. A portion of the City's outstanding refuse 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 system revenue bonds have underlying ratings of "A1" by Moody's, "AA-" by S&P, and "AA" by Fitch.

Golf Course Obligations

Outstanding Golf Course Bonds. The City presently has outstanding one series of special limited obligations secured by net revenues of the City's golf courses as well as by a pledge of the state gross receipts tax. See "ENTERPRISE OPERATIONS - Golf Courses."

City of Albuquerque Outstanding Golf Course Bonds As of January 1, 2009

<u>Issue</u>	<u>Project Financed</u>	<u>Principal Amount Of Original Issue</u>	<u>Outstanding Principal Amount</u>	<u>Reserve Fund Balances</u>	<u>Optional Redemption Provisions</u>
Taxable Golf Course Net Revenue/Gross Receipts Tax Revenue Bonds, Series 2001 ⁽¹⁾⁽²⁾	Golf Course Facilities	\$2,420,000	\$910,000	N/A	Callable at any time at par

- (1) MBIA Insurance Corporation has provided its municipal bond insurance in connection with these bonds. See "Credit Enhancement" under this caption.
- (2) These bonds are also 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. State gross receipts tax revenues will only be used to pay debt service on these bonds to the extent that net revenues from the City's golf courses are not available to pay such debt service. The coverage ratio of the maximum annual debt service on the bonds (\$346,775 in 2011) compared to the City's state gross receipts tax revenues in Fiscal Year 2008 (\$187,006,638) was 539.27x.

Debt Service and Coverage Ratio. The following schedule shows, for each calendar year, the total debt service requirements payable for the City's outstanding golf course bonds through their final maturity date.

City of Albuquerque Total Debt Service Outstanding Golf Course Bonds As of January 1, 2009

<u>Calendar Year</u>	<u>Series 2001 Bonds</u>
2009	\$345,460
2010	341,650
2011	<u>346,775</u>
Total	<u>\$1,033,885</u>

In the ordinance pursuant to which the City's golf course obligations have been issued, the City has agreed to charge users of the system reasonable rates sufficient to produce net revenues annually to pay (i) the annual operation and maintenance expenses of the City's golf courses, and (ii) 150% of the maximum calendar year principal and interest requirements for the Series 2001 Bonds and any additional golf course obligations (excluding the accumulation

of any reserves therefore but including any amounts coming due under mandatory sinking fund redemption provisions). The amount available in Fiscal Year 2008 that constituted the net revenues of the City's golf courses was \$141,863 (unaudited). The coverage ratio of Fiscal Year 2008 net revenues (\$141,863) to maximum annual debt service (\$346,775 in Fiscal Year 2011) is 0.41x. See "ENTERPRISE OPERATIONS - Golf Courses - Golf Course Financial Information." The coverage ratio of Fiscal Year 2008 state gross receipts tax, which is also pledged toward payment of the golf course bonds, (\$187,006,638 to such maximum fiscal year debt service requirements of \$346,775) is 539.27x.

The City is currently not in compliance with the 1.50x rate covenant for the golf course bonds. Due to the lack of sufficient golf course revenues, the City used state gross receipts tax revenues to pay a portion of debt service on the golf course bonds in Fiscal Year 2008.

Current Ratings of the Golf Course Revenue Bonds. The City's outstanding golf course bonds are credit enhanced. However, the underlying ratings on the bonds are currently higher than the ratings on the bond insurer. Consequently, the underlying ratings are applicable. See "Credit Enhancement" under this caption.

Special Assessment District Obligations

Special Assessment District ("SAD") Bonds are special and limited obligations of the City, payable from certain assessments levied against the property specially benefited by the improvements. The assessments constitute a lien on each parcel of land in the district as to the respective amounts relating to such parcel, which lien has a priority on the land equal to the lien thereon for general and ad valorem taxes and superior to all other liens, claims and taxes. The City currently has no special assessment district bonds outstanding but does have loans with a lien on special assessments from the New Mexico Finance Authority ("NMFA").

Outstanding Special Assessment District Loans. The NMFA has loaned funds to the City to finance improvements to certain special assessment districts. Such NMFA loans ("SAD NMFA Loans") are special and limited obligations of the City payable solely from certain assessments levied against the property specially benefited by the improvements. There are currently four SAD NMFA Loans outstanding in an aggregate principal amount of \$2,239,093.

City of Albuquerque
Outstanding Special Assessment District Obligations
As of January 1, 2009

<u>SAD NMFA Loans</u>	<u>Principal Amt. Of Original Issue</u>	<u>Outstanding Principal Amt.</u>	<u>Redemption Provisions</u>
SAD 222 (October 2001): NMFA Tax-Exempt Loan	\$2,605,539	\$50,072	Optional and special redemption
SAD 216 (May 2002): NMFA Tax-Exempt Loan	1,314,322	253,256	Optional and special redemption
SAD 227 (February 2004): NMFA Tax-Exempt Loan	8,170,888	1,771,054	Optional and special redemption
Taxable Loan	404,255	<u>164,711</u>	
Total Special Assessment District Obligations		<u>\$2,239,093</u>	

Current Ratings of the Special Assessment District Bonds. The City's outstanding SAD NMFA Loans are unrated.

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, 2009 in the aggregate principal amount of \$5,000,000. 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 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 by 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-Shared 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 December 16, 2008, had a balance of \$500,000. Also in connection with the refunding, a Repair and Replacement Fund was established for the benefit of the three projects which, as of December 16, 2008, had a balance of \$500,000.

Transit-Related Obligations

On July 25, 2006, the City entered into a Lease-Purchase Agreement with BOSC, Inc. for the purchase of transit 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, 2009**

<u>Date</u>	<u>Payment</u>	<u>Prepayment Option</u>
1/1/2009	\$1,348,748	\$17,169,449
7/1/2009	1,348,748	16,185,551
1/1/2010	1,348,748	15,180,746
7/1/2010	1,348,748	14,154,588
1/1/2011	1,348,748	13,106,625
7/1/2011	1,348,748	12,036,393
1/1/2012	1,348,748	10,943,418
7/1/2012	1,348,748	9,827,217
1/1/2013	1,348,748	8,687,297
7/1/2013	1,348,748	7,523,154
1/1/2014	1,348,748	6,334,272
7/1/2014	1,348,748	5,120,127
1/1/2015	1,348,748	3,880,182
7/1/2015	1,348,748	2,613,887
1/1/2016	1,348,748	1,320,684
7/1/2016	1,348,748	0

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. All of the municipal bond insurers were downgraded in 2008. Consequently, certain City bonds with municipal bond insurance have underlying ratings which are higher than the ratings of the municipal bond insurer. In those instances, the underlying rating on the bonds is applicable. **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**

<u>Name of Credit Provider</u>	<u>Outstanding Aggregate Principal Amount of Obligations Supported</u>	<u>Present Ratings of Credit Provider ⁽¹⁾</u>	<u>Credit Enhanced Obligations</u>
Ambac Assurance Corporation	\$61,980,000	S&P: A Moody's: Baa1	· Refuse Removal and Disposal Revenue Bonds, Series 1995 and 1998⁽²⁾ · Airport Refunding Revenue Bonds, Series 1998⁽²⁾ · Airport Refunding Revenue Bonds, Series 2001⁽²⁾
Financial Guaranty Insurance Corporation	14,440,000	S & P: CCC Moody's: Caa1	· Municipal Refunding Collateralized Mortgage Obligations, Series 1988 · General Obligation Bonds, Series 2003C⁽²⁾
Financial Security Assurance	107,705,000	S & P: AAA Moody's: Aa3	· Gross Receipts/Lodgers' Tax Refunding and Improvement Revenue Bonds, Series 1991B · Refuse Removal and Disposal Improvement Revenue Bonds, Series 2001 A · 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
MBIA Insurance Corporation	73,910,000	S & P: AA Moody's: Baa1	· Gross Receipts Tax Refunding Revenue Bonds, Series 1996⁽²⁾ · Taxable Golf Course Net Revenue/ Gross Receipts Tax Revenue Bonds, Series 2001⁽²⁾ · General Obligation Bonds, Series 2003B⁽²⁾ · Subordinate Lien Taxable Airport Refunding Revenue Bonds, Series 2004A⁽³⁾ · Senior Lien Airport Improvement Revenue Bonds, Series 2004B⁽³⁾

(1) To the City's knowledge as of January 1, 2009.

(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.

(3) Denotes bonds which have underlying ratings higher than the current Moody's rating of the municipal bond insurer of that series of bonds.

ECONOMIC AND DEMOGRAPHIC INFORMATION

The City and Metropolitan Area

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

City of Albuquerque Area in Square Miles

	<u>Square Miles</u>
December 31, 1885	0.36
December 31, 1940	11.15
December 31, 1950	48.81
December 31, 1960	61.94
December 31, 1970	82.72
December 31, 1980	100.31
December 31, 1990	137.46
June 30, 2000	181.70
June 30, 2001	184.80
June 30, 2002	187.00
June 30, 2003	187.50
June 30, 2004	188.50
June 30, 2005	188.70
June 30, 2006	188.80
June 30, 2007	188.80
June 30, 2008	188.80

Source: City of Albuquerque Planning Department

Population

The Albuquerque Metropolitan Statistical Area (“MSA”) was re-defined in January 1994 to include Bernalillo, Sandoval and Valencia Counties. The Census added Torrance County to the estimate of the MSA in the 2000 census.

Population

<u>Year</u>	<u>City</u>	<u>Bernalillo County</u>	<u>Albuquerque MSA</u>	<u>State</u>
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 April ⁽²⁾	448,607	556,678	729,649	1,819,046
2000 ⁽³⁾	449,106	556,870	731,611	1,821,526
2001 ⁽³⁾	454,233	561,881	739,463	1,832,608
2002 ⁽³⁾	463,995	572,195	753,410	1,855,400
2003 ⁽³⁾	473,221	581,663	766,806	1,879,252
2004 ⁽³⁾	483,844	592,538	781,380	1,903,006
2005 ⁽³⁾	494,236	603,562	797,940	1,928,384
2006 ⁽³⁾	503,500	615,059	816,811	1,954,599
2007 ⁽⁴⁾	511,008	623,095	829,880	1,969,915

- (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) 2000 through 2006 data: U.S. Dept. of Commerce, Bureau of the Census, Population Division. Date Released June 21, 2006.
- (4) Estimates provided by the City of Albuquerque Planning Department.

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 and 1.55% during the 1990s. 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 and 24.7% in 2000.

Employment

General

The Albuquerque economy in the period Fiscal Year 1999 to 2008 grew at an average of 1.6% a year. This growth was limited due, in part, to the decline in employment experienced in 2002 and nominal employment growth in 2003. After strong growth in 2006 and 2007, in Fiscal Year 2008 annual employment growth was only 0.5%.

The information on nonagricultural employment for the State and the Albuquerque MSA reported in the following table represents estimates by the New Mexico Department of Labor. More detailed information on nonagricultural employment can be found in the table

entitled “Estimated Nonagricultural Wage and Salary Employment for the Albuquerque MSA Fiscal Years 1999-2008” under the heading “Major Industries” under this caption.

**Nonagricultural Employment
(000s Omitted)**

Calendar Year	<u>Albuquerque MSA</u>		<u>New Mexico</u>		<u>United States</u>	
	<u>Employment</u>	%	<u>Employment</u>	%	<u>Employment</u>	%
		<u>Chg.</u>		<u>Chg.</u>		<u>Chg.</u>
1998	342.2	1.5%	720.0	1.6%	125,930	2.6%
1999	347.0	1.4%	729.7	1.4%	128,993	2.4%
2000	357.4	3.0%	744.8	2.1%	131,785	2.2%
2001	362.2	1.3%	757.2	1.7%	131,832	0.0%
2002	361.7	(0.1)%	766.1	1.2%	130,347	(1.1)%
2003	363.1	0.4%	775.6	1.2%	129,990	(0.3)%
2004	370.2	1.9%	790.4	1.9%	131,423	1.1%
2005	377.9	2.1%	808.7	2.3%	133,696	1.7%
2006	391.7	3.7%	833.3	3.0%	136,175	1.9%
2007	397.9	1.6%	847.2	1.7%	137,994	1.3%

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

Civilian Employment/Unemployment Rates

Calendar Year	<u>Albuquerque MSA</u>			<u>Unemployment Rates</u>		
	Civilian Labor Force	Number Employed	Number Unemployed	Albuquerque MSA	New Mexico	United States
1998	369,579	352,489	17,090	4.60%	6.20%	4.50%
1999	373,258	358,687	14,571	3.90%	5.60%	4.20%
2000	370,857	355,580	15,277	4.12%	5.00%	4.00%
2001	376,382	360,240	16,142	4.29%	4.90%	4.70%
2002	378,031	358,841	19,190	5.12%	5.50%	5.80%
2003	382,397	361,686	20,711	5.49%	5.90%	6.00%
2004	391,190	370,654	20,536	5.35%	5.80%	5.50%
2005	399,956	380,354	19,602	4.98%	5.30%	5.10%
2006	403,978	387,797	16,181	4.01%	4.20%	4.60%
2007	407,809	393,468	14,341	3.52%	3.59%	4.61%

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 2008.

Major Employers in the Albuquerque Area⁽¹⁾
By Number of Employees – 2008

<u>Organization</u>	<u>Employees</u>	<u>Description</u>
Kirtland Air Force Base (Civilian) includes Sandia National Labs 8,730	35,690	Air Force Material Command
University of New Mexico	15,435	Educational Institution
Albuquerque Public Schools	14,000	Public School District
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 System	1,805	Hospital/Medical Services
Sandia Resort & Casino	1,755	Resort & Casino
T-Mobile	1,700	Customer Service Center
US Post Office	1,600	Government
PNM Electric & Gas Services	1,585	Utilities Provider
Los Lunas Public Schools	1,365	Educational Institution
Heritage Home Healthcare	1,250	Home-Based Healthcare Services

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

Source: Albuquerque Economic Development, 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 2008 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 Nonagricultural Wage and Salary Employment for the Albuquerque MSA, Fiscal Years 1999-2008” 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 the employment increased by an annual average of 0.57% from Fiscal Year 1999 to 2008. Wholesale trade lost employment and utilities had limited growth of 0.71%. In the same period retail trade grew by approximately 1.04%. Retail is an important sector for the City and retail trade makes up approximately 40% of gross receipts tax revenues. Despite this slow growth in employment in the Albuquerque MSA, gross receipts tax revenues for the retail trade sector grew strongly in the past several years. Given the current economic

recession, there have been several recent layoffs in this sector with closures of several chain stores.

Educational and Health Services. Albuquerque is a major regional medical center. Presbyterian Healthcare Services is one of the largest employers in the area. This is one of the fastest growing categories in the Albuquerque MSA economy. From Fiscal Year 1999 to 2008 the average annual growth was 3.8%. The sector now makes up 12.6% 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.

Leisure and Hospitality. This category includes eating and drinking establishments as well as hotels and other tourist related facilities. Albuquerque has benefited from the interest in the Southwest and from efforts to promote the City and to attract major conventions to the City's convention center. The hotel stock in the City of Albuquerque has increased substantially in the past few years. From 1995 to June 2003, construction permits for 4,088 hotel rooms were issued. From June 2003 to June 2006, ten hotels with a total of 1,073 rooms were permitted. Occupancy at Albuquerque hotels continues to be a problem. Occupancy has averaged around 60% for the past five years. In Fiscal Year 2005 there was growth in lodgers' tax revenues of 3.3%, 10.7% in Fiscal Year 2006, 7.3% in Fiscal Year 2007 and 7.4% in Fiscal Year 2008. However, lodgers' tax revenues in the first four months of Fiscal Year 2009 show a decline of 2.4% compared to the first four months of Fiscal Year 2008.

Professional and Business Services. This category includes temporary employment agencies and some of Albuquerque's back-office operations, Sandia National Labs ("SNL") and other scientific and research facilities. This sector had average annual growth of approximately 1.8% from Fiscal Year 1999 to Fiscal Year 2008. After three fiscal years of growth over 3%, in Fiscal Year 2008 growth was only 1.3%. In Fiscal Year 2007 SNL reported a total employment of 8,600 at all SNL facilities (SNL has primary facilities in New Mexico and California.) The size of the budget for SNL has remained about \$2.2 billion for the past three fiscal years. According to the Albuquerque Journal, Sandia is expected to continue to operate at current levels for the next few years. While the primary mission of SNL is to design and maintain nuclear weapons components, they have expanded their work for other federal agencies. The first phase of a \$450 million project called Microsystems and Engineering Sciences Applications facility ("MESA") was started in the summer of 2003. This is the largest project ever at SNL and met its goal to be fully functional in 2008. The project has the basic purpose of helping modernize safety, security, and reliability functions of the United States nuclear deterrent and contributes to other national security missions. The Center for Integrated Nanotechnologies ("CINT") officially opened its doors in August 2006 at SNL. 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 SNL science and technology park is an effort to house research facilities and/or manufacturing that benefit from the expertise available from SNL. The park, as of October 2008, has 22 tenants.

Manufacturing. This sector accounted for 8.6% of City employment in Fiscal Year 1996, declining to 5.8% in Fiscal Year 2008. Employment in this sector peaked in Fiscal Year

1998 at 28,342, declining to 22,967 in Fiscal Year 2008, a loss of 5,400 jobs. In Fiscal year 2008 there was a loss of 1,158 jobs. Since these figures were reported, there have been additional layoffs at Eclipse Aviation and Advent Solar. The manufacturing sector has held up better in Albuquerque than it has in the United States economy. Intel, after expanding in 1995 and 2002, laid off an estimated 1,500 employees in the second half of calendar year 2007 from its Rio Rancho, New Mexico plant.

Eclipse Aviation Corporation (“Eclipse”) has set up headquarters in the City to manufacture small two-engine jets. The City issued industrial revenue bonds in 2004 for the benefit of Eclipse totaling \$45 million for buildings, equipment, and machinery at Eclipse’s current facilities at the Albuquerque Airport and at the Double Eagle II Airport. Eclipse announced a reduction of 650 employees on August 22, 2008 which will impact the Albuquerque workforce as well as operations in Gainesville, Florida and Albany, New York. On November 16, 2009 Eclipse filed for federal bankruptcy protection under Chapter 11 as a reorganization. Eclipse Aviation Corporation has been purchased out of bankruptcy by Eclipsejet Aviation International Incorporated. The airport is currently in negotiations with Eclipsejet to assume the leases of Eclipse Aviation Corporation. There is no assurance that Eclipse will continue to operate at the ABQ Airport or Double Eagle II Airport.

The City has provided the basic infrastructure for an aerospace tech park of 300 acres near the City’s Double Eagle II Airport. Eclipse uses approximately 150 of the 300 available acres in the aerospace tech park. The bulk of the major infrastructure for the project has been completed with roadway and storm drainage improvements completed in 2007-2008.

Tempur-Pedic Inc., a mattress company, is estimated to employ approximately 300 workers.

Information. This sector includes businesses in publishing, broadcasting, telecommunications and internet service establishments. The sector had an average annual decline of 0.4% from Fiscal Year 1999 to Fiscal Year 2008. The film industry is also included in this sector and there has been significant activity in this sector due to tax credits given by the State to the film industry. In addition to movies being filmed in Albuquerque, a large sound studio (Albuquerque Studios) has been built at Mesa del Sol. The studio that Sony Imageworks planned to build adjacent to Albuquerque Studios has been put on hold due to current economic conditions.

Government. Over the past ten years government employment (comprised of federal, state and local employees) has had a relatively constant share of employment. “Government” (as defined by the New Mexico Department of Labor for purposes of reporting nonagricultural employment) does not include military employment; military employment in the Albuquerque MSA represents approximately 5,100 jobs. In addition, “government” does not include employment at SNL. SNL is operated by a private contractor, although funded by the federal government (primarily the Department of Energy) and its approximately 8,700 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 (“Kirtland AFB”), and the City.

Kirtland AFB is a major military installation and home to over 150 different operations. Including private contractors, the largest of which is SNL, military and civilian employment on the base is approximately 35,690. The 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 2008. 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 increased by approximately 408 jobs from Fiscal Year 1999 to Fiscal Year 2008. Local government employment increased by 8,000 jobs. In large part this is due to 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 0.14% from Fiscal Year 1999 to Fiscal Year 2008. This is despite consolidations in the banking industry and a 2.7% decline in Fiscal Year 2002. In Fiscal Year 2007, employment in this sector declined by a net of 250 jobs but only lost an additional 9 jobs in Fiscal Year 2008, despite the slowdown in home sales.

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, an increase of 7,600 jobs from Fiscal Year 2003. In Fiscal year 2008 the sector lost 1,460 jobs in large part due to the slowdown in single family housing.

In 2006 single family housing in the City declined by nearly 29%. The number of single family permits in 2007 was 36.7% below the same period in 2006 and this slowdown continued in 2008. In 2008 single family permits were 66.7% below the same period in 2007. Single family construction in Rio Rancho has gone down a similar amount. In 2008, there were 344 multifamily units permitted, 335 units below the 679 multifamily units permitted in 2007.

The commercial and public sectors have offset some of this slowdown. The value of new commercial permits increased by 24.6% in 2007 and has posted a 11.2% increase in 2008. Public construction, while weak in 2007, increased nearly eight times in 2008 to a record level of construction. Much of this increase is due to construction of new school facilities by Albuquerque Public Schools. Also the value of additions and alterations, which are predominated by non-residential construction, increased by 6.8% in 2007 and 12.5% in 2008. Even so, the total value of permits issued in 2007 was 20.7% below 2006. The total value of permits in 2008 is 16.5% below the same period in 2007.

Construction Building Permits Issued in Albuquerque

<u>Single Residential⁽¹⁾</u>			<u>Multi-Residential</u>			<u>Commercial Buildings</u>		<u>Public Buildings</u>			
<u>Year</u>	<u># of Permits</u>	<u>\$ Value</u>	<u># of Units</u>	<u># of Permits</u>	<u>\$ Value</u>	<u># of Permits</u>	<u>\$ Value</u>	<u># of Permits</u>	<u>\$ Value</u>	<u>Additions & Alterations \$ Value</u>	<u>Total Permits \$ Value</u>
1998	3,449	316,741,579	367	13	12,984,822	129	113,526,149	5	4,150,517	141,112,977	588,516,044
1999	3,601	341,061,779	390	21	18,144,931	102	88,001,238	9	31,258,900	126,411,527	604,878,375
2000	3,367	318,777,857	210	14	10,513,303	123	133,839,520	10	45,144,700	176,202,823	684,812,517
2001	4,138	389,087,259	792	47	36,509,058	121	113,707,767	11	9,848,356	149,130,782	698,283,222
2002	4,434	451,295,687	1,212	24	50,570,538	102	91,737,800	2	2,900,000	206,841,623	803,345,648
2003	5,034	554,888,261	720	35	46,232,739	118	95,467,862	7	33,258,787	163,555,378	893,403,027
2004	4,975	629,042,637	462	15	24,637,800	117	117,591,103	12	21,439,556	137,816,901	930,527,997
2005	4,686	741,415,158	469	10	25,052,416	148	179,734,320	15	80,658,927	150,691,562	1,177,552,383
2006	3,347	584,012,539	884	20	77,119,478	124	157,948,170	6	63,901,069	195,999,123	1,078,980,379
2007	2,090	384,299,882	654	18	52,105,765	129	196,784,533	7	12,861,230	209,368,074	855,419,484
2008	658	120,946,205	344	10	25,859,413	137	218,765,317	18	113,345,272	235,580,565	714,496,772
Growth 07-08	(68.5%)	(68.5%)	(47.4%)	(44.4%)	(50.4%)	6.2%	11.2%	157.1%	781.3%	12.5%	(16.5%)

(1) Figures do not include manufactured housing.

<u>Total Housing Units in the City of Albuquerque:</u>	<u>Total Units</u>	<u>Single Family</u>	<u>Multi Family</u>	<u>Mobile Homes & Other</u>
As of 1990 Census	166,870	101,780	55,931	9,159
As of 2000 Census	198,714	126,643	63,285	8,786
1990-2000 housing units added	31,844	24,863	7,354	(373)
Units Permitted (2001-2007)	33,825	28,637	5,188	N/A
Estimated Units as of October 2007	232,539	155,280	68,473	8,786
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 1999-2008
(\$000 omitted)

Category	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2007 to 2008	Annual Average Growth 1999 to 2008
Total Nonagricultural	343,508	352,008	361,783	361,150	362,417	366,058	373,467	385,225	394,375	396,392	0.51%	1.60%
Natural Resources and Mining and Construction	21,025	22,267	24,875	24,058	23,500	24,783	27,200	30,408	31,150	29,692	(4.68%)	3.91%
Manufacturing	26,808	26,892	28,058	25,567	24,133	22,783	22,742	23,425	24,125	22,967	(4.80%)	(1.70%)
Computer and Electronics Manufacturing	11,525	11,450	12,350	11,258	10,408	9,592	9,267	9,350	N/A	N/A	N/A	N/A
Trade Transportation and Utilities	65,950	65,608	66,500	65,642	65,924	65,858	66,425	67,209	68,184	69,417	1.81%	0.57%
Wholesale Trade	14,533	14,133	14,075	13,592	13,233	12,908	12,808	13,100	13,292	13,325	0.25%	(0.96%)
Retail Trade	41,050	40,925	41,800	41,492	42,083	42,425	43,225	43,692	44,175	45,042	1.96%	1.04%
Transportation, Warehousing and Utilities	10,367	10,550	10,625	10,558	10,608	10,525	10,392	10,417	10,717	11,050	3.11%	0.71%
Information	9,617	10,875	11,233	11,400	10,542	9,900	8,992	9,008	9,375	9,250	(1.33%)	(0.43%)
Financial Activities	19,400	19,483	19,625	19,117	18,850	18,950	19,192	19,417	19,167	19,158	(0.05%)	(0.14%)
Professional, Scientific and Technical Services	25,917	26,592	26,858	26,958	27,767	28,242	29,292	29,842	63,475 ⁽¹⁾	64,325 ⁽¹⁾	1.34%	1.77%
Management/Administration/Support	29,033	31,142	32,225	31,000	29,892	29,825	30,675	31,292	N/A	N/A	N/A	N/A
Educational and Health Services	35,667	36,983	38,025	40,392	42,042	43,758	45,708	47,092	48,575	49,800	2.52%	3.78%
Leisure and Hospitality	32,225	32,900	34,025	34,392	35,308	36,200	36,017	36,933	39,133	39,583	1.15%	2.31%
Food Services and Drinking Places	24,667	25,375	26,225	26,675	27,383	28,125	27,708	28,317	N/A	N/A	N/A	N/A
Other Services	10,750	10,792	11,050	11,242	11,608	11,733	11,808	12,000	12,183	12,358	1.44%	1.56%
Government	67,117	68,475	69,308	71,383	72,850	74,025	75,392	77,283	79,008	79,842	1.06%	1.95%
Federal Government	31,808	32,433	33,175	34,792	35,567	36,133	37,067	38,075	39,083	39,808	1.86%	2.52%
State Government	21,308	21,917	22,333	22,658	23,133	23,850	24,258	24,800	25,375	25,625	0.99%	2.07%
Local Government	14,000	14,125	13,800	13,933	14,150	14,042	14,067	14,408	14,550	14,408	(0.98%)	0.32%

(1) Represents total from the Professional and Business Services category and is not broken down between Professional, Scientific and Technical Services and Management/Administration/Support as disclosed in Fiscal Years 1999-2006.

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⁽¹⁾

Calendar Year	Albuquerque MSA	New Mexico	United States
1998	\$23,894	\$20,656	\$26,883
1999	24,412	21,042	27,939
2000	25,844	22,143	29,845
2001	27,979	24,132	30,574
2002	27,836	24,310	30,821
2003	28,243	24,945	31,504
2004	29,443	26,326	33,123
2005	31,061	27,854	34,650
2006	32,727	29,275	36,744
2007	34,109	30,604	38,564

(1) The Bureau of Economic Analysis revised the definition of personal income in 2000 and all historical data was revised accordingly.

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 the local-option gross receipts tax, except that an election to impose the local-option gross receipts tax 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 defray 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. The Council is required to hold at least three public hearings and must adopt a budget within 60 days after it is proposed by the Mayor or the Mayor's proposed budget is deemed adopted. The annual City operating budget determines departmental appropriations by program. Expenditures may not legally exceed appropriations. The financial officers and staff of each department are responsible for monitoring and controlling the expenditures of their departments to ensure that budgeted appropriations for their departments are not exceeded. The City's Office of Management and Budget monitors expenditures and revenues quarterly.

Budget 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 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 experts 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 2008-2012 was presented to the Council in January 2008. This forecast was used to help develop the Fiscal Year 2009 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 60 days after the submission date. The Mayor may change the amount designated for a specific capital project in a CIP budget without Council approval, if the total change does not exceed 20% of the original amount designated for the project.

The General Fund

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 approved Fiscal Year 2008 budget was built on the assumption that total revenues would increase 5.4% over the Fiscal Year 2007 budgeted revenues. This anticipated growth in revenues supported the total growth of expenditures in the budget of 4.3% above the original budget level for Fiscal Year 2007. The Fiscal Year 2008 Budget represented primarily maintenance of effort, with salary increases for employees which are a continuance of the increases negotiated in Fiscal Year 2007. New or expanded programs included: enhancement of 911 services, added hours at City libraries, and a family advocacy center. Total recurring revenues exceeded recurring appropriations by \$977,000 in the Fiscal Year 2008 approved budget. The revenue and expenditure outlook for Fiscal Year 2008 changed since the Approved Fiscal Year 2008 Budget was prepared. Gross receipts tax revenue that was expected to increase at 4.3% in Fiscal Year 2008 only increased 0.4% for the first half of the fiscal year compared to the same period in Fiscal Year 2007. The decline in revenues was in large part related to the slowdown in construction and also by layoffs at Intel locally and the general economic slowdown nationally. With the slowdown in revenues, the City Administration took measures to limit expenditure growth in Fiscal Year 2008. By mid-year, appropriations for Fiscal Year 2008 were up \$12 million, though \$8.4 million of this was from encumbrances rolled forward from the Fiscal Year 2007 fund balance. With limitations in expenditures, primarily not filling vacant positions, the City expected that General Fund spending will be \$3.8 million below the approved Fiscal Year 2008 budget.

In the five-year forecast, revenues for Fiscal Year 2008 were adjusted down \$11.4 million. As the proposed Fiscal Year 2009 budget was being prepared, revenues continued slowing and revenues were revised downward a total of \$17.7 million from the approved Fiscal Year 2008 budget. This represented a decline of over 3% from the Fiscal Year 2008 budget.

Gross Receipts Taxes. The tax base declined 1.2% in the first eight months of Fiscal Year 2008 compared to the same period in Fiscal Year 2007. The decline was accelerated as the full 12 months of the 1/8th cent tax cut that was effective January 1, 2007 was absorbed. The growth in the base shows 0% growth and remains at Fiscal Year 2007 levels. In total, gross receipts tax revenues declined 3.2%.

Local Taxes other than Gross Receipts. Property tax revenues were stronger than anticipated in the Fiscal Year 2008 budget. The tax base increased 11% and the related revenue from property tax increased by \$3.5 million.

Licenses and Permits. Building permits in the first seven months of Fiscal Year 2008 declined by 27%. Revenues from permits were adjusted downward by \$3 million from the Fiscal Year 2008 budget to reflect this decline.

Charges for Services. These revenues were reduced by \$1.9 from the Fiscal Year 2008 budget. This is primarily the result of a slowdown in revenues related to construction.

Miscellaneous Revenues. This category was adjusted downward by \$5 million. This reduction was due to the creation of the Photo Enforcement Fund and the transfer of certain General Fund moneys to this new Fund. Revenues from this program, along with the cost of it, were moved out of the General Fund.

Fiscal Year 2009 Approved Budget

The Fiscal Year 2009 approved budget decreases total expenditures by \$16.1 million or 3% below the Fiscal Year 2008 estimated actual expenditure level. If compared to the Fiscal Year 2007 expenditure level, there is a decrease of \$1.9 million. The significant decreases from Fiscal Year 2008 are the reduction in basic services transfers of \$6.7 million, the reduction in the transfer to the Vehicle and Equipment Replacement Fund of \$3.8 million and the elimination of the one-time transfer of \$9 million to the County for jail operations. Even though there are significant wage increases for fire fighters and police, the increases were primarily absorbed by Public Safety Quarter Cent Tax revenues. The slowdown in Fiscal Year 2008 affects the balances moving forward and the economy is expected to show some continued weakness. There is also a reduction in gross receipts tax of 1/8th cent that took effect on July 1, 2008. Total General Fund revenues are 1.8% above the Fiscal Year 2008 revised budget.

Gross Receipts Taxes. Tax base growth is expected to be 2%; however, coupled with the 1/8th cent cut in the gross receipts tax rate, total gross receipts tax revenue, combined local option gross receipts tax revenues and state shared gross receipts tax revenues, is expected to decline by 3.2% in Fiscal Year 2009. Gross receipts tax revenues are a significant source of the City's operating budget.

Local Tax Revenues. To offset some of the decline in revenue in the proposed Fiscal Year 2009 Budget, one mill, or approximately \$11 million, of property tax revenue was shifted from the Debt Program to Operations.

Licenses and Permits. Building permits are expected to remain at the level of Fiscal Year 2008.

Charges for Services. These revenues are expected to remain near Fiscal Year 2008 levels.

Other Transfers. Transfers from other funds are expected to increase by \$7.3 million. These one-time transfers include a \$3.5 million transfer from the Vehicle/Computer Project Fund, \$1.3 million transfer of evidence money, \$1.6 million transfer from the Capital Acquisition Fund, and \$750,000 transfer from the Gas Tax Road Fund.

General Fund

(\$000's)	Original Budget FY/08	Revised Budget FY/08	Change Original FY/08 & Est. FY/08	% Change	Approved Budget FY/09	Change Estimated FY/08 & FY/09	% Change Est. FY/08 & FY/09
Revenue:							
Recurring	\$453,106	\$437,681	(\$15,425)	(3.40%)	\$455,827	\$18,146	4.15%
Nonrecurring	<u>22,192</u>	<u>19,907</u>	<u>(2,285)</u>	(10.30%)	<u>10,150</u>	<u>(9,757)</u>	(49.01%)
TOTAL	<u>\$475,298</u>	<u>\$457,588</u>	<u>(\$17,710)</u>	(3.73%)	<u>\$465,977</u>	<u>\$8,389</u>	1.83%
Appropriations:							
Recurring	\$452,129	\$436,087	(\$15,586)	(3.50%)	\$456,870	\$23,783	4.80%
Nonrecurring	<u>44,832</u>	<u>54,689</u>	<u>11,737</u>	21.98%	<u>17,813</u>	<u>36,873</u>	(67.40%)
TOTAL	<u>\$496,961</u>	<u>\$490,766</u>	<u>(\$3,849)</u>	(0.78%)	<u>\$474,683</u>	<u>(\$13,093)</u>	(2.70%)
Recurring Balance	\$977	\$1,138			(\$1,043)		

Details on the City's budgets through the Fiscal Year 2009 approved budget are available on the City website at <http://www.cabq.gov/budget/>

Update to Fiscal Year 2009 Approved Budget. Although no official changes have been made to the Fiscal Year 2009 Approved Budget, in light of slowdowns in the economy, the City Administration continues to monitor revenues and expenses carefully. In the first three months of Fiscal Year 2009, the base gross receipts tax revenue is down approximately 2.7%. Expenses are being controlled and will be limited and reduced to meet the reductions in revenues.

General Fund Balances

The following table shows actual revenues, expenditures and fund balances for the General Fund in Fiscal Years 2004-2008, and approved budget for Fiscal Year 2009.

General Fund Revenues, Expenditures and Fund Balances Fiscal Years 2004-2009 (\$000)

	Actual	Actual	Actual	Actual	Unaudited	Approved Budget	Annual Chg	Compound Annual Chg
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>08 – 09</u>	<u>03 – 09</u>
REVENUES								
Taxes:								
Property Tax	\$24,734	\$26,153	\$28,605	\$30,883	\$34,232	\$46,109	34.5%	15.8%
Gross Receipts Tax	101,663	134,936	147,742	152,823	142,001	127,446	(10.1%)	4.6%
Other Taxes	17,695	17,953	18,752	18,909	19,508	20,133	3.4%	2.1%
Water Authority								
PILOT/Franchise	5,111	4,770	5,203	5,112	4,999	5,195	0.0%	1.2%
Payment in lieu of taxes	925	1,122	1,465	1,609	1,679	1,533	(2.4%)	9.1%
Total Taxes	150,128	184,934	201,766	209,337	202,419	200,416	(1.0%)	6.1%
Licenses & Permits	13,716	15,026	15,203	13,253	10,769	10,424	0.2%	(2.3%)
Intergovernmental Revenue:								
State and Federal Grants	370	145	1,060	216	583	25	(94.5%)	(8.2%)
State Shared Revenue:								
Gross Receipts Tax	156,138	162,583	173,955	188,323	188,208	192,089	2.0%	4.3%
Other State Shared	4,256	4,791	4,868	4,747	5,043	4,828	(3.0%)	1.9%
County	201	332	562	385	314	258	(0.0%)	0.9%
Total Intergovernmental Revenue	160,965	167,851	180,444	193,671	194,147	197,200	1.6%	4.2%
Charges for Services	40,429	41,287	41,680	39,591	40,319	42,613	0.3%	1.7%
Miscellaneous	3,898	2,598	6,059	14,118	4,556	4,266	(6.5%)	19.2%
Other Transfers	1,927	2,112	2,140	3,024	3,615	11,058	192.6%	32.9%
TOTAL REVENUES	371,063	413,807	447,293	472,993	455,824	465,977	1.8%	4.9%
Beginning Fund Balance	43,124	64,786	85,424	87,350	84,646	51,459		
TOTAL RESOURCES	414,188	478,593	532,718	560,343	540,470	515,100	(4.6%)	6.8%
								7.3%
								5.6%
EXPENDITURES								
General government	59,417	58,613	62,600	70,772	70,126	69,600		
Public safety	139,621	163,130	203,897	207,679	210,509	213,187		
Cultural and recreation	49,171	57,242	65,591	67,767	59,788	71,196		
Public works	8,037	8,444	-	-	N/A	N/A		
Municipal Development ⁽¹⁾	-	-	24,800	27,314	26,788	29,662		
Highways and Streets	8,107	9,817	-	-	N/A	N/A		
Health	6,906	8,699	9,951	12,751	14,032	13,762		11.2%
Human services	27,385	31,903	28,409	31,047	40,426	34,583		3.5%
Other transfers out	50,757	55,320	50,118	58,367	60,116	42,693		(2.7%)
TOTAL EXPENDITURES	349,401	393,168	445,3670	475,697	481,785	474,683	3.3%	5.5%
ENDING FUND BALANCE	64,786	85,424	87,350	84,646	58,685	42,753		
TOTAL ADJUSTMENTS⁽²⁾	(1,197)	(3,935)	(5,645)	(8,368)	(4,797)	(9)		
Reserves	29,477	38,239	47,411	49,084	46,668	41,883		
AVAILABLE FUND BALANCE	34,112	43,250	34,294	27,194	7,220	861		
Ending fund balance as percent of total expenditure ⁽³⁾	18.5%	21.7%	19.6%	17.8%	12.2%	9.0		
Recurring revenues	360,542	400,827	438,531	454,756	435,917	455,827	4.1%	4.7%
Recurring expenditures	341,032	372,032	413,212	414,704	426,297	456,870	4.7%	5.0%

(1) Beginning in Fiscal Year 2006, the categories Public Works and Highways and Streets were included in Municipal Development.

(2) Adjustments reflect changes in reserves for encumbrances and other accounting adjustments. The adjustments for the designation for future appropriations are not made following the change in reserve policy in Fiscal Year 2003.

(3) The reserve policy change is, as of Fiscal Year 2003, 8.33% of total expenditures. In prior years the reserve policy was 5% of recurring revenues.

Revenues

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, 2009 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 0.5% for a public transit system or 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 2006 and Fiscal Year 2007, 3.012 mills were imposed on residential property and 3.544 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, 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.

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. In addition to the 1.225% gross receipts tax distribution, State receipts include distributions of gasoline and cigarette taxes and of motor vehicle fees.

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 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 no 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 general obligation debt service levy.

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. 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. After reassessment for Tax Year 2002, the City exceeded the 85% ratio of assessment to market value and the limitation on new valuation increases was applied for Tax Year 2003. Section 7-36-21.3 NMSA 1978, as amended, freezes the property tax valuation for single family dwellings owned and occupied by persons 65 or older and whose taxable gross income does not exceed \$18,000. The valuation is frozen at the level of the 2001 Tax Year, if the person was then 65, or frozen in the subsequent year in which the person has his or her 65th birthday. Section 7-36-21.3 NMSA 1978, freezes the property tax valuation for single family dwellings owned and occupied by persons who are disabled and whose taxable gross income does not exceed \$18,000. The valuation is frozen at the level of the 2003 Tax Year, if the person was then determined to be disabled, or in the subsequent year in which the person is determined to be disabled.

Rates

The total rates for City property taxes in effect for Tax Year 2008 (Fiscal Year 2009) are 10.946 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 2007 (Fiscal Year 2008) is 6.976 mills and the operational levy is 3.971 mills residential and 4.544 mills non-residential (3.544 mills before statutory yield control formula is applied) on residential property and 3.544 mills on commercial property.

<u>Purpose of Property Tax</u>	<u>Total Taxing Authority</u>	<u>Levy Imposed</u>	<u>Unused Authority</u>
Operations:	7.650 mills		
Residential		3.971 mills	3.679 mills
Commercial		4.544 mills	3.106 mills
Debt Service: ⁽¹⁾	12.000 mills ⁽²⁾		
Residential		6.976 mills	5.024 mills
Commercial		6.976 mills	5.024 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.

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 will continue the policy of biennial reassessments to maintain valuation at current and correct value, as required by statute. The debt service levy has varied over the last 20 years and the close to 17% increase in valuation due to the 1995 reassessment made possible a reduction in the debt service levy to 9.468 mills for Fiscal Year 1996. In Fiscal Year 2004 the debt service levy was decreased to 7.976 mills. In Fiscal Year 2009, the debt service levy was decreased to 6.976 mills.

Limits Regarding General Obligation Indebtedness

The aggregate amount of general obligation indebtedness of the City under the State Constitution is limited for general purposes 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. The only special purpose district overlapping the City is the Albuquerque Metropolitan Arroyo Flood Control Authority (“AMAFCA”), which is limited by State statute as to the amount of bonded debt which can be issued which is currently \$80,000,000.

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**

<u>Tax Year</u> ⁽¹⁾	<u>Real Property</u>	<u>Corporate Property</u>	<u>Personal Property</u>	<u>Net Taxable Valuation</u>	<u>Percent (%) Growth Per Year</u>
1999 ⁽²⁾	\$5,047,988,793	\$263,165,055	\$345,747,000	\$5,656,900,848	3.42%
2000	6,234,946,669	281,059,652	340,275,027	6,856,281,348	21.20%
2001	6,657,462,354	347,858,674	413,809,882	7,419,130,910	8.21%
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%

(1) Tax Year begins November 1 and ends October 31

(2) As of October in each year.

Source: Bernalillo County Treasurer's Office.

Top 15 Ad Valorem Taxpayers for Tax Year 2008 (Fiscal Year 2009)⁽¹⁾

<u>Name of Taxpayer</u>	<u>Taxable Value⁽²⁾ 2008 Assessed</u>	<u>Tax Amount⁽³⁾</u>	<u>Percentage of Total City Assessed Valuation</u>
Qwest	\$83,386,020	\$4,312,058	0.720%
PNM Electric	83,585,450	4,037,081	0.722
PNM Gas Services	26,148,288	1,257,613	0.226
Southwest Airlines	23,890,766	1,116,941	0.206
Mesa Del Sol LLC	23,040,098	1,077,171	0.199
Comcast Cablevision of New Mexico	17,498,511	818,090	0.151
Simon Property Group Ltd (Cottonwood Mall)	15,960,737	746,196	0.138
HUB Albuquerque LLC/HRPT Properties	14,261,573	701,639	0.123
Verizon Wireless (VAW) LLC	14,771,926	690,028	0.128
Coronado Center LLC	13,946,530	652,028	0.120
Ardent Health Service Inc.	13,823,319	646,268	0.119
T-Mobile Texas LP	13,622,457	645,098	0.118
Pacifica Mesa Studios LLC	12,147,972	567,942	0.105
AHS Albuquerque Regional Medical Center	12,049,803	563,352	0.104
GEM Lobos LLC	<u>10,932,490</u>	<u>555,591</u>	<u>0.094</u>
	<u>\$379,065,940</u>	<u>\$18,387,098</u>	<u>3.273%</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 15 taxpayers for Tax Year 2008 represents only 3.3% of the total net taxable value of the City for 2008. See the following table entitled "City of Albuquerque History of Property (Ad Valorem) Tax Levy and Collection."
- (3) The tax amounts shown include assessments by jurisdictions other than the City.

Source: Bernalillo County Treasurer's Office.

City of Albuquerque History of Property (Ad Valorem) Tax Levy and Collection

<u>Fiscal Year</u>	<u>Total Current Tax Levy⁽¹⁾</u>	<u>Current Tax Collections</u>	<u>Percent of Levy Collected</u>	<u>Delinquent Tax Collections</u>	<u>Total Tax Collections</u>	<u>Total Collections as Percent of Current Levy</u>	<u>City Debt Service Collections</u>	<u>Percent of Total City Levy</u>
1998	\$61,648,597	\$58,799,367	95.38%	\$2,747,266	\$61,546,632	99.83%	\$47,993,016	77.8%
1999	64,226,020	60,900,748	94.82%	4,384,879	65,285,627	101.6 %	49,873,027	77.7%
2000	73,887,459	68,707,63	92.99%	1,164,751	69,872,383	94.57%	58,518,340	79.2%
2001	76,929,102	72,563,755	94.33%	4,365,348	76,929,102	100.00%	63,496,146	82.5%
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%

- (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.

Sources: Bernalillo County Treasurer's Office; City of Albuquerque Comprehensive Annual Financial Reports.

**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	Schools	Central NM Community College	Flood Control Authority	Hospital	Conservancy District
1999	46.752	11.357	9.066	1.438	11.013	2.945	1.050	4.103	5.780
2000	42.499	11.080	8.270	1.482	8.505	2.578	0.939	4.016	5.629
2001	43.701	11.166	8.558	1.529	8.527	3.179	0.962	4.184	5.596
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

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 5.00% of taxable gross receipts. Of the 5.00 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, 2009 is 6.75%.

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 of 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-Shared Gross Receipts Tax Revenues
(1.225% Received by the City from State Gross Receipts Tax)**

<u>Fiscal Year</u>	<u>Revenues</u>
2004	\$156,137,731
2005	162,583,140
2006	172,886,999
2007	187,099,929
2008	187,006,638 ⁽¹⁾

⁽¹⁾ Unaudited

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

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-13 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 and the revenues are deposited into a fund pledged to secure certain outstanding municipal gross receipts tax bonds of the City. 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. 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 construction of public infrastructure within the Districts. 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. 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. The state began collecting tax revenues for the Districts in January 2008. Through eleven months of collection the Districts have received \$2,734,507 in tax revenues.

On October 6, 2008, the City formed tax increment 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.

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**

<u>Fiscal Year</u>	<u>Revenues</u>
2004	\$131,273,446
2005	165,642,182
2006	180,818,933
2007	188,585,429
2008	177,868,928

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 2008 Gross Receipts Tax Paid (as of January 1, 2009)

Type of Tax & Purpose	Percentage Imposed
Municipal GRT	1.0000%
Municipal Infrastructure GRT	0.0625
Bernalillo County GRT	0.6875
State-Shared GRT	1.2250
State GRT	<u>3.7750</u>
Total	<u>6.7500%</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 2008 Taxing Authority and Gross Receipts Tax Imposed
For the Benefit of the City of Albuquerque (as of January 1, 2009)**

<u>Type of Tax & Purpose</u>	<u>Total Taxing Authority</u>	<u>Percentage Imposed</u>	<u>Unused Authority</u>
Municipal GRT			
General Purposes ⁽¹⁾	0.5000%	0.5000%	
General Purposes	0.5000%	0.0000%	0.5000%
Transportation ⁽²⁾	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%
Regional Transit GRT	<u>0.5000%</u>	<u>0.0000%</u>	<u>0.5000%</u>
<i>Total Other GRT</i>	<u>1.0625%</u>	<u>0.0625%</u>	<u>1.0000%</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.

(2) The Transportation gross receipts tax is scheduled to expire on December 31, 2009.

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 1999.

City of Albuquerque
Taxable Gross Receipts by Sector and Total Gross Receipts ⁽¹⁾
Fiscal Years 1999-2008 (\$000,000s omitted)

	<u>Selected Sectors by Standard Industrial Classification</u>										<u>% of Total Shares by Sector</u>	<u>% of Total Shares by Sector</u>
	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004⁽³⁾</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>1999</u>	<u>2008</u>
Construction	\$1,001.40	\$1,098.70	\$1,307.60	\$1,250.60	\$1,213.50	\$1,354.50	\$1,555.74	\$1,888.23	\$1,934	\$1,563.99	9.93%	10.32%
Manufacturing	324.20	319.40	308.60	283.70	233.70	275.00	265.80	282.48	319.00	311.80	3.22%	2.06%
Wholesale Trade	535.60	604.80	608.00	630.50	738.00	855.45	902.63	930.10	857.04	664.26	5.31%	4.38%
Retail Trade	3,963.10	4,158.70	4,367.60	4,345.00	4,652.60	5,036.70	4,915.43	5,510.35	5,901.94	6,291.05	39.32%	41.51%
Fin, Insur., & Real Estate	286.30	292.20	292.70	270.40	269.40	284.75	289.02	340.13	387.00	368.78	2.84%	2.43%
All Other Sectors	<u>3,969.10</u>	<u>4,075.00</u>	<u>4,131.60</u>	<u>4,189.80</u>	<u>4,365.80</u>	<u>4,696.13</u>	<u>5,192.52</u>	<u>5,181.22</u>	<u>5,696.54</u>	<u>5,954.77</u>	<u>39.38%</u>	<u>39.29%</u>
Total Taxable Gross Receipts ⁽²⁾	<u>\$10,079.70</u>	<u>\$10,548.80</u>	<u>\$11,016.10</u>	<u>\$10,970.00</u>	<u>\$11,473.00</u>	<u>\$12,502.52</u>	<u>\$13,121.14</u>	<u>\$14,132.51</u>	<u>\$15,095.52</u>	<u>\$15,154.66</u>	<u>100.00%</u>	<u>100.00%</u>
Total Gross Receipts Reported	\$17,317.90	\$18,294.20	\$20,836.90	\$20,708.30	\$20,153.40	\$22,406.90	\$24,666.20	\$27,088.36	\$28,110.23	\$28,742.25		

- (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.
- (3) The groupings by Standard Industrial Classification are not available after Fiscal Year 2003 with the exception of Construction and Retail Trade.

Source: New Mexico Taxation and Revenue Department.

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 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 1999-2008.

**City of Albuquerque
Historical State Gasoline Tax Receipts**

<u>Fiscal Year</u>	<u>State Gasoline Tax Receipts</u>
1999	\$4,514,428
2000	4,604,981
2001	4,661,581
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

Sources: City of Albuquerque Comprehensive Annual Financial Reports for 1999 to 2008.

Lodgers' Tax and Hospitality Fee

Generally

The lodgers’ tax is levied pursuant to the Lodgers’ Tax Act (Sections 3-38-13 through 3-38-24 NMSA 1978, as amended) and is imposed, with certain limited exceptions, on all revenues derived from the furnishing of lodging within the City. The tax rate imposed by the City is 5% and is imposed on the gross taxable rent paid for lodging (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.

Historical Lodgers' Tax 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

<u>Fiscal Year</u>	<u>Gross Taxable Rent⁽¹⁾</u>	<u>Lodgers' Tax Revenues</u>
2004	\$174,606,940	\$8,739,899
2005	180,207,820	9,019,206
2006	199,914,580	9,995,729
2007	215,953,560	10,797,678
2008	230,047,005	11,502,350

(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.

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 Hospitality Fee New Mexico Finance Authority loan dated September 9, 2004 in the principal amount of \$4,270,000. Fees collected under the Hospitality Fee Act were \$2,162,060 in Fiscal Year 2007 and \$2,300,470 in Fiscal Year 2008.

Employee Contracts

There were 6,236 full-time employment positions funded by the City for Fiscal Year 2009. As of January 1, 2009, of the filled positions, approximately 83% 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; 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). None of the City's union contracts expire in Fiscal Year 2009.

Retirement Plan

The employees of the City are members of the State Public Employees Retirement Association. The City contributes to the plan amounts which vary from 7.0% to 33.475% of eligible employees' salaries.

The last actuarial valuation attesting to the availability of funds to cover the obligations of the plan is as of June 30, 2008. A copy of the certification letter prepared by Gabriel, Roeder, Smith & Company, Actuaries and Consultants, is on file and is available from the State Public Employees Retirement Association, upon request. The City has no unfunded liabilities with respect to the availability of funds to cover the obligations of the retirement plan.

Capital Implementation Program

General

The City finances a substantial portion of its traditional municipal capital improvements with general obligation bonds. 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.

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

<u>Fiscal Year</u>	<u>Total Collected</u>
2006	\$3,791,949
2007	8,210,661
2008	11,409,977

Source: City of Albuquerque, Planning Department.

Financial Statements

The audited financial statements of the City at June 30, 2008 and for the year then ended will be attached hereto in Appendix A upon release from the State Auditor. See Appendix A, Audited Financial Statements for Fiscal Year 2008.

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, about six miles from the City's center of population and is adjacent to Kirtland Air Force Base, an active United States Air Force ("USAF") installation.

"Airport" is defined as 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, Subordinate Parity Obligations and Junior Lien Obligations, including Third Lien 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.

In 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. According to the Airports Council International-North America records, in calendar years 2006 and 2007, ABQ Airport ranked as the 57th largest passenger airport in the United States and 62nd and 65th for cargo traffic in 2007 and 2006. ABQ Airport serves primarily an “origination/destination” (“O&D”) air traffic market. In Fiscal Year 2008, O&D comprised 78% of the total domestic enplaned passengers at ABQ Airport. See “Airport Service Area” under this caption. In addition to ABQ Airport, the City also owns and operates Double Eagle II Airport, a general aviation reliever airport.

ABQ Airport has three principal runways for air carrier use: Runway 8-26, the primary air carrier/military runway, is 13,793 feet long and 150 feet wide; Runway 3-21, an air carrier runway, is 10,000 feet long and 150 feet wide; and Runway 17-35, a crosswind runway, is 10,000 feet long and 150 feet wide and is currently undergoing an environmental assessment. Runway 12-30 is a crosswind runway used by general aviation traffic and is 6,000 feet in length and 150 feet in width.

ABQ Airport is served by eight major national airlines as well as regional and commuter airlines. Southwest Airlines, American Airlines, Delta Airlines, US Airways, United Airlines and Continental, accounted for 50.6%, 11.1%, 5.8%, 5.5%, 4.9% and 4.0%, respectively, of the enplaned passengers at ABQ Airport in Fiscal Year 2008. See “Airlines Serving ABQ Airport” below.

Terminal Complex

The major carrier passenger facilities at ABQ Airport include the 543,000 square foot main terminal complex (the “Terminal Complex”) with 23 air carrier aircraft gates. In addition, there is one commuter gate, serving two commuter airlines with six aircraft parking positions. The 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 airfield, 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 reverter 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 that the USAF provide aircraft rescue and fire fighting services at ABQ Airport.

The present Terminal Complex 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.

Airport Service Area

The ABQ Airport Service Area includes the Albuquerque MSA (Bernalillo, Sandoval, Valencia and Torrance Counties) and the Santa Fe MSA (Santa Fe and Los Alamos Counties).

The ABQ Airport also serves a secondary area consisting of the remainder of the State. The limits of a secondary area are generally defined by the range and quality of airline service at other air carrier airports. There are seven air carrier airports in the surrounding states of Arizona, Colorado, Texas and Utah that provide airline service and together define the limits of the secondary area, including Amarillo International Airport to the east, Denver International Airport to the north, El Paso International Airport to the south, Lubbock International Airport to the southeast, Dallas/Ft. Worth International Airport to the southeast, Phoenix Sky Harbor International Airport to the southwest and Salt Lake City International Airport to the northwest. There are also seven other airports in the State that provided scheduled commuter airline service during Fiscal Year 2008.

Airlines Serving the ABQ Airport

ABQ Airport is served by the following major carriers (the “Signatory Airlines”):

American Airlines	Northwest Airlines
Continental Airlines	Southwest Airlines
Delta Air Lines	United Airlines
Frontier Airlines	US Airways
ExpressJet ¹	

Each of the major carriers 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, 2006 (the “Airline Agreements”). Collectively, the Signatory Airlines lease approximately 75% of the available exclusive and preferential use space in the Terminal Complex.

¹ ExpressJet ceased operations at ABQ Airport, as a Signatory Airline, on September 2, 2008. ExpressJet currently has an agreement to use two gates at ABQ Airport and offers six non-stop flights from Albuquerque. ExpressJet will continue to operate as an Affiliate Airline for certain Continental Airline flights at ABQ Airport.

In addition to these major national airlines and their affiliate regional carriers, Great Lakes Airlines and New Mexico Airlines provide commuter flights throughout New Mexico, West Texas and Southern Colorado. Three Air Cargo Airlines, DHL/ABX, Federal Express and UPS (the “Air Cargo Airlines”), provide air cargo service at ABQ Airport. It is the City’s understanding that DHL may terminate services to ABQ Airport in 2009. The Air Cargo Airlines have all entered into a scheduled Air Cargo Airline Operating Agreement and Air Cargo Building Lease with the City (the “Air Cargo Airline Agreements”) and all operate as signatory Air Cargo Airlines. See “Agreements with the Airlines - Agreements with Air Cargo Airlines” under this caption.

Additional Baggage Screening Requirements

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

Even though the City is in compliance with the ATSA requirements for baggage screening, it has installed an in-line EDS for Southwest Airlines, which has been the largest carrier at the ABQ Airport in terms of passengers for over fifteen fiscal years. The in-line baggage system for Southwest Airlines is necessary to mitigate existing operational inefficiencies in the processing of checked baggage, and provide additional space and equipment to meet future needs. The other airlines at the ABQ Airport, which mostly operate from ticket counter and baggage rooms on the west side of the Terminal Complex, have checked baggage screening systems, which includes EDS and explosive trace detection equipment, that are adequate to meet existing and future demand. The City has performed various studies on integrating an in-line EDS on the west side of the Terminal Complex which may be needed in the future, if warranted by demand and substantial funding through federal grants is received for the ABQ Airport. An expansion of the in-line EDS at the ABQ Airport beyond Southwest Airlines has been classified by the City as a demand responsive project.

Security Checkpoint Reconfiguration and Meeter/Greeter Area Addition

Due to congestion and delay resulting from heightened security at the ABQ Airport and new restrictions on public access to the concourses, a new security checkpoint was constructed as well as a new area for the “meeters and greeters” of arriving passengers. Development of the meeter/greeter area was done in conjunction with, and adjacent to, the expanded and reconfigured security checkpoint area, which includes explosive detection equipment.

Historical Airline Traffic

During Fiscal Year 2008, there were approximately 201,557 aircraft operations (landings and takeoffs) at the ABQ Airport, which represents a nominal increase from 200,220 in Fiscal Year 2007. The increased aircraft operations are due primarily to increased activity from Southwest Airlines and ExpressJet. 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 1999 through Fiscal Year 2008.

Historical Airline Traffic Activity ABQ Airport

Enplaned Passengers

<u>Fiscal Year</u>	<u>Number</u>	<u>Percent Increase (Decrease)</u>
1999	3,093,853	(0.5)
2000	3,160,245	2.1
2001	3,151,608	(0.3)
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

Source: City of Albuquerque, Department of Aviation.

The total number of enplaned passengers at the ABQ Airport increased at an average annual rate of 1.3% per year between Fiscal Years 1999 and 2008. For the nation as a whole, the number of enplaned passengers increased at an average annual rate of 1.8% between calendar years 1999 and 2007 (the most recent year for which national data is available).

Notwithstanding a downturn in the national economy, in Fiscal Year 2008 the number of enplaned passengers increased by 4.7% primarily as a result of an increase in connecting activity at the ABQ Airport from Dallas Love Field. Southwest Airlines has continued to increase service at the ABQ Airport, but ExpressJet ended branded operations from the ABQ Airport in September 2008. All markets served by ExpressJet from the ABQ Airport will be served with single connection service by Southwest Airlines and other airlines.

Airline Market Shares. In Fiscal Years 2004 through 2008, Southwest Airlines and American Airlines combined, accounted for at least 61.7% of enplanements at ABQ Airport. In Fiscal Year 2008, Southwest Airlines ranked first in number of enplaned passengers at ABQ Airport (50.6%) with American Airlines, Delta Airlines, US Airways, United Airlines and Continental Airlines ranked second, third, fourth, fifth and sixth, respectively, comprising 31.3%.

The market share of enplaned passengers by affiliate regional and commuter airlines at ABQ Airport increased from 5.8% in Fiscal Year 2003 to 9.8% in Fiscal Year 2008. The number of passengers enplaned by regional and commuter airlines has shown a steady increase from 174,427 in Fiscal Year 2003 to 336,559 in Fiscal Year 2008.

The following table presents the percentage shares of enplaned passengers for the airlines serving the ABQ Airport in Fiscal Years 2004 through 2008:

**ABQ Airport
Airline Market Shares**

Fiscal Years 2004-2008	<u>FY2004</u>	<u>FY2005</u>	<u>FY2006</u>	<u>FY2007</u>	<u>FY2008</u>
	% Share Enplaned Passengers	% Share Enplaned Passengers	% Share Enplaned Passengers	% Share Enplaned Passengers	% Share Enplaned Passengers
Major/National:					
Southwest Airlines	53.2	51.6	51.4	51.6	50.6
American Airlines	11.2	11.6	12.3	12.0	11.1
Delta Airlines	7.6	8.1	7.4	6.3	5.8
US Airways(America West)	5.8	6.1	6.4	6.3	5.5
United Airlines	6.0	5.6	4.3	4.3	4.9
Continental Airlines	4.9	4.9	5.1	5.6	4.0
ExpressJet ⁽¹⁾	-	-	-	0.3	3.4
Northwest Airlines	2.8	2.8	2.6	2.5	2.5
Frontier Airlines ⁽²⁾	<u>1.5</u>	<u>0.3</u>	<u>1.8</u>	<u>1.6</u>	<u>2.3</u>
Subtotal	<u>93.0</u>	<u>91.0</u>	<u>91.3</u>	<u>90.5</u>	<u>90.1</u>
Regional and Commuter:					
Mesa Airlines	1.9	1.4	0.9	0.6	0.2
Skywest	4.1	4.5	5.5	6.1	4.9
Other	<u>1.0</u>	<u>3.1</u>	<u>2.3</u>	<u>2.8</u>	<u>4.8</u>
Subtotal	<u>7.0</u>	<u>9.0</u>	<u>8.7</u>	<u>9.5</u>	<u>9.9</u>
TOTAL	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.00%</u>

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

⁽²⁾ Filed for bankruptcy protection on April 10, 2008. Frontier Airlines has announced that it expects to continue to operate while in bankruptcy proceedings and it has not altered its flight schedule at ABQ Airport since filing for bankruptcy.

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

Source: City of Albuquerque, Department of Aviation.

Airport Administration

Mr. Nick Bakas is the Director of Aviation. Mr. Bakas was appointed to this position by Mayor Martin Chavez on August 6, 2007. He is a career civil servant, and has served as Cabinet Secretary of the Department of Public Safety for the State of New Mexico. Prior to the Aviation Director appointment, he was the Chief Public Safety Officer for the City of Albuquerque, overseeing the Police Department, Fire Department, Corrections Department and Emergency Management.

Mr. N. David Norman is the Director of Operations, responsible for the Operations Division, including Airfield Operations, Airport Communications Center, Facilities Maintenance, Custodial Services, Aviation Police, Airfield Maintenance and the Double Eagle II Airport. Following retirement from the United States Air Force in 1996, Mr. Norman joined the City's Aviation Department as an Airfield Operations Duty Officer until 2005, at which time he was employed as an Airport Operations Duty Manager with Metropolitan Washington Airports Authority. Mr. Norman assumed his current position in November 2006.

Ms. Pam White is the Director of Finance and is responsible for the Finance and Administration Division, including Contract Administration, Public Relations, Landside Operations, and Business Development. Ms. White has sixteen years experience in finance, administration and government accounting. Ms. White was employed with the New Mexico Department of Transportation where she worked in accounting and finance and during her latter six years she worked for the Aviation Division as the Finance and Business Manager. She has a Bachelor of Science in Business Administration/Accounting, is a member of Cambridge Who's Who, is enrolled in the American Association of Airport Executives program, and is pursuing an MBA.

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 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⁽¹⁾
(Fiscal Year 2004-2008)
(\$000)

	2004		2005		2006		2007		2008	
Airline Revenues	\$26,165	42.8%	\$28,181	43.8%	\$29,303	44.1%	\$26,352	38.6%	\$28,887	38.3%
Non-Airline Revenues:										
Terminal Complex	12,379	20.2	12,534	19.3	11,855	19.1	13,771	20.2	15,337	20.4
PFCs	7,899	12.9	7,929	12.3	8,230	12.3	8,303	12.1	8,559	11.4
CFCs	3,795	6.2	4,100	6.4	4,354	6.5	5,375	7.9	6,308	8.4
Parking Area	6,540	10.7	7,059	11.0	7,694	11.6	7,997	11.7	8,272	11.0
Passengers										
Miscellaneous	4,422	7.2	4,527	7.2	5,106	6.4	6,399	9.5	7,994	10.5
TOTAL	<u>\$61,200</u>	<u>100.0</u>	<u>\$64,330</u>	<u>100.0</u>	<u>\$66,542</u>	<u>100.0</u>	<u>\$68,197</u>	<u>100.0</u>	<u>\$75,357</u>	<u>100.0</u>

⁽¹⁾ These revenue figures differ from those in the Historical Debt Service Coverage table herein in that this table includes only the Airport System's Operating Fund whereas the Historical Debt Service Coverage table includes the Capital Fund and the Debt Service Fund.

Source: City of Albuquerque General Ledgers (unaudited).

Airline Revenues. Airline revenues include revenues from the Signatory Airlines, Affiliate Airlines, Commuter Airlines and Air Cargo Airlines. Components of airline revenues include Terminal Complex space rentals, loading bridge fees, baggage claim device charges, landing fees and, at the option of the City, Passenger Facility Charges ("PFCs"). Air Cargo Airlines are required to pay landing fees, ramp use fees and cargo building space rental fees, as appropriate. 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. In the aggregate, according to estimates of the City, the Signatory Airlines represented approximately 90.1% of commercial enplaned passengers at ABQ Airport in Fiscal Year 2008. For Fiscal Year 2007, payments

from Signatory Airlines represented approximately 38.6%, and was 38.8% for Fiscal Year 2008 (unaudited), of the total Gross Airport Revenues.

Passenger Facility Charges (PFC). In March 1996 the FAA approved the City's application to collect a total of \$49,638,000 over a period of approximately six years by imposing a \$3.00 PFC on each enplaning revenue passenger at ABQ Airport. An amendment to the original amount of PFCs authorized to be collected allowed the collection of an additional \$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 over a period of approximately five and a half years. The City's second PFC application was amended in February 2008. The PFC collection process under the second application is concluding in that the City has collected the majority of PFC revenues. The FAA has approved a third PFC application in the amount of \$66,066,726, to run through May 2015. PFCs collected under the third application will be used to finance the costs of the terminal expansion, the terminal apron reconstruction, communication upgrades, passenger screening checkpoint reimbursement, and roadway projects. PFC revenues are included by the City as part of Gross Airport Revenues to the extent directed by a designated officer of the City. 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.

The following table sets forth the annual collections of PFCs from Fiscal Year 2004 through Fiscal Year 2008.

**City Annual Collections of PFCs
(2004 – 2008)
(\$000s)**

<u>Fiscal Year</u>	<u>PFCs Collected⁽¹⁾</u>
2004	\$7,899
2005	7,929
2006	8,230
2007	8,303
2008 ⁽²⁾	8,458

(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.

(2) Unaudited.

Source: City of Albuquerque Department of Aviation.

The actual amount of PFC revenues received each Fiscal Year will vary depending on the number of qualifying passenger enplanements at the ABQ Airport. Reduction in the number of enplaned passengers will cause a corresponding reduction in PFC revenues.

The FAA may terminate the City's authority to impose the PFCs under certain circumstances. Also, with respect to an airline operating at the ABQ Airport which is involved in bankruptcy proceedings, it is unclear whether the City would be afforded the status of a secured creditor with regard to PFC fees collected or accrued with respect to that airline.

For certain classes of airports, which includes the ABQ Airport, Federal Airport Improvement Program (AIP) entitlement funds have been reduced by 50% following the imposition of a PFC of \$3.00 or less and are to be reduced by 75% following the imposition of a PFC greater than \$3.00.

Non-Airline Revenues. Non-airline Terminal Complex revenues include revenues from concessions, fees and non-airline space rentals. Terminal Complex concessions include rental car companies, food and beverage concessions, news/gift stores and other concessions. The largest component of non-airline Terminal Complex revenues has historically been generated by rental car privilege fees.

Rental Car Facility Revenues. In connection with the March 2001 opening of the Rental Car Facility, the eight On-Airport Rental Car Companies entered into five-year lease agreements, which have been extended an additional five years, with the City for use and lease of counter space at the customer service building and parking spaces in the ready/return parking area.² Pursuant to these agreements, the City receives: (a) privilege fees in the amount of 9% of gross revenues against a minimum annual guarantee; (b) a monthly fee for use of the ready/return parking space; and (c) reimbursement for any Airport operating expenses allocated to the customer service building. In addition, the City has executed 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. Revenues from the CFCs and all rentals, fees and charges imposed by the City and collected from the rental car companies accounted for approximately 23.1% of Gross Airport Revenues in Fiscal Year 2007 and 23.8% in Fiscal Year 2008.

Terminal Complex Concession Revenues. Non-airline Terminal Complex concession revenues are generated under agreements with three food and beverage operators (the “Food and Beverage Concession Agreements”); JDDA Concessions of New Mexico, Fresquez Concessions, Inc., and Black Mesa Coffee Company (Delaware North Companies Travel Hospitality Services, Inc. is on a month-to-month contract for the next few months) to provide food and beverage services within the Terminal Complex, and 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 guaranteed (“MAG”) amount. The MAG amount is to be adjusted each year to equal 85% of the prior year’s percentage rent payable to the City, but the MAG amount in any year will not be less than the first full contract year. The Food and Beverage Concession Agreements expired in May 2007 and all concessionaires are currently on month to month agreements. The City has issued a

² Advantage Rent-A-Car filed for Chapter 11 Bankruptcy on December 8, 2008. On December 26, 2008 they provided notice of rejection of the three leases with the City. The City estimates that the lost lease revenues will be approximately \$40,000 per month.

Request for Proposal for food and beverage operators, and is reviewing those responses with an anticipated award date in Fall 2008. The Retail Concession Agreements expire January 1, 2010 with two one-year options to extend, upon the mutual agreement of the operators and the City.

Parking Area Revenues. The Aviation Department operates the parking facilities at ABQ Airport. 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 Aviation Department anticipates opening an additional parking lot in the fourth quarter of Fiscal Year 2009 with approximately 400 parking spaces. Parking facilities at ABQ Airport also include three employee lots, which together provide approximately 600 spaces. Public parking rates are as follows: \$1.00 for the first half-hour (increasing to a maximum rate of \$7.00 per day, \$10.00 per day after 72 hours) in the short-term lot and \$6.00/day (\$8.00/day after 72 hours) in the long-term lot. The public parking facilities generated a total of \$7,997,467 plus \$82,609 in employee parking, totaling \$8,080,076 in Fiscal Year 2007 and increased to \$8,270,913 plus \$96,061 in employee parking, totaling \$8,366,974 in Fiscal Year 2008. The City also receives revenues from commercial vehicle lane fees and taxicab permits.

Double Eagle II Airport. The City has two agreements with a fixed base operator to provide general aviation services at the Double Eagle II Airport. Currently, Eclipse Aviation Corporation ("Eclipse") owns 150 acres at Double Eagle II Airport and has, until recently operated a pilot training program in a 50,000 square foot facility. Eclipse has ceased operations at the Pilot Training Facility pending resolution of its bankruptcy proceedings and has listed the facility for sale. Eclipse Aviation Corporation has been purchased out of bankruptcy by Eclipsejet Aviation International Incorporated. The airport is currently in negotiations with Eclipsejet to assume the leases of Eclipse Aviation Corporation. There is no assurance that Eclipse will continue to operate at the ABQ Airport or Double Eagle II Airport. In Fiscal Year 2008, Eclipse paid the City approximately \$1.2 million in rents and fees for its facilities at the ABQ Airport and the Double Eagle II Airport. Utilicraft leases 30 acres plus a hangar for a prototype cargo plane.

Additional Airfield Revenue. In addition to the revenue sources previously discussed, the ABQ Airport also collects revenue from the Airfield use by the military (including Kirtland Air Force Base under its agreement), nonscheduled airlines and charter airlines.

Revenues from Other Areas. These revenues principally include leased site and building rentals which are part of Gross Airport Revenues. Included are other governmental agency facility leases, and various other Aviation Department property leases. The major sources of leased site rental revenues are the Albuquerque Grand Airport Hotel, rental car service facilities, rental car ready/return lot space rentals, general aviation fixed base operators and air cargo building rentals. The Albuquerque Grand Airport Hotel, located at ABQ Airport, pays a percentage of gross revenues for food, alcoholic beverages, room rentals and other miscellaneous categories against minimum annual guarantees. The Albuquerque Grand Airport Hotel lease runs through March 31, 2063 and the Hotel has begun a \$6.5 million renovation which is anticipated to take 6-9 months. The City does not anticipate a material adverse impact on revenues paid to the City from the Albuquerque Grand Airport Hotel due to the renovation.

The Transportation Security Administration (“TSA”) began leasing the refurbished, historic terminal building to the west of the main Terminal Complex in October 2002. Under the lease agreement, TSA is leasing approximately 11,000 square feet for a term of ten years.

Federal Grants. The City receives federal grant moneys from the FAA each year through the Airport Improvement Program (“AIP”). These funds are not part of Gross Airport Revenues. Although the amount of funding available under the AIP on a national basis had been reduced in recent years, pursuant to the requirements of federal law, funding levels are now on the increase. There can be no assurance as to the amount of such funding the Airport will receive in future years.

FAA funding includes entitlements and discretionary monies to be used for the AIP grants. Between Fiscal Year 1996 and Fiscal Year 2008, the City received a total of \$56,293,171 in AIP grants and entitlement/discretionary funds. In Fiscal Year 2009, the ABQ Airport received \$5.5 million for the rehabilitation of Taxiway E and \$9.4 million for Terminal Apron – Phase 2/Taxiway E Centerline Lights. In 2008, Double Eagle II Airport received \$520,000 in AIP Grants for security fencing, reconstruction of Runway 4/22 (design only) and extension of Taxiway B (design only). In addition, a \$12.1 million project is currently underway to reconstruct and widen the highway (2-lane to 4-lane) from Interstate 40 to Double Eagle II Airport. The road project is funded primarily by the Federal Highway Administration.

The City’s financial plan for funding its Capital Implementation Program assumes that the AIP grants and the entitlement discretionary funds will be available to fund the eligible portions of certain projects. In the event that AIP grants to the Airport System are lower than those made in recent years, the City would either elect to delay or cancel certain projects or seek alternative sources of funding, including the possible issuance of additional debt.

Agreements with the Airlines

Signatory Airline Agreements. The Signatory Airlines have each entered into a Signatory Airline Agreement 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 Airline Agreements.

The term of the Airline Agreements extends five (5) years, from July 1, 2006 to June 30, 2011. Under the Airline Agreements, rental rates are calculated according to a commercial compensatory method, after allowing credit for a portion of the net concession revenues generated in the Terminal Complex. A portion of the profits from Terminal Complex concession revenues is credited against airline Terminal Complex rentals based on the ratio of Signatory Airline rented space to total rentable space in the Terminal Complex. Ticket counter, hold room and certain other space is leased to Signatory Airlines on a per square foot basis while the costs of passenger circulation areas are to be recovered under a joint use formula. Under the Airline Agreement, the cost of the terminal apron is included in the Airfield cost center and recovered through monthly landing fees. PFC revenues are allocated to the Airfield cost center to fully mitigate the cost of the terminal apron. Loading bridge charges are a combination of a fixed charge per gate to recover debt service requirements and amortization charges on investments made from the Capital Fund and a variable charge per flight is to recover operating costs.

Signatory Airlines also pay the City monthly landing fees for use of the Airfield by multiplying the number of 1,000-pound units of total landed weight for an Airline during the month by the then-current landing fee rate. The landing fee rate under the Airline Agreements is calculated according to a “cost center residual” method, whereby the City recovers 100% of the costs associated with the Airfield.

Rentals, fees and charges are to be reviewed at least annually and recalculated as necessary, effective July 1 of each Fiscal Year. Rentals, fees and charges are determined by the City based upon its proposed annual budget for ABQ Airport for the upcoming Fiscal Year.

If at any time during a Fiscal Year, any of the components of the calculation of Terminal Complex rental fees or Airfield costs or the aggregate total landed weight of all Signatory Airlines is estimated by the City to vary 10% or more from the estimates used in setting the Terminal Complex rental rates or landing fee rates, such rates may be adjusted either up or down for the balance of that Fiscal Year. However, adjustments may not be made unless the City determines that adequate revenues will be available from such fees to cover the estimated rental requirements for the Terminal Complex or Airfield costs for the Fiscal Year.

If in any given Fiscal Year, the City decides to fund additional improvements to the ABQ Airport from the proceeds of additional Airport revenue bonds or the Capital Fund, and if the funding would cause a projected increase in airline rental rates or landing fees of more than 10%, the City is required to notify the Signatory Airlines. Within 60 days of the City’s notice, the Signatory Airlines are required to meet and provide the City with concurrence or non-concurrence with respect to the proposed capital improvement. Concurrence will be deemed to have been received unless concurrence is specifically withheld by the Signatory Airlines. If concurrence is specifically withheld by Signatory Airlines representing a two-thirds interest (66.7% or more of the rents or landing fees paid to the City), then the City shall not include additional annual debt service for bonds nor include amortization for such capital improvement in the recalculation of Signatory Airline rents, fees and charges.

Each Signatory Airline will have priority in using gates assigned to it on a preferential basis to accommodate its scheduled flights as long as such airline maintains four flights per day on each gate leased from the City. However, the City may assign any preferential gate for use by others in periods when not in use by the preferred Signatory Airline, as long as the preferential gate is scheduled to be vacated to accommodate such Signatory Airline’s scheduled flights. The City reserves the right to reassign one or more of each Signatory Airline’s preferentially assigned gates to another Signatory Airline(s), if such Signatory Airline’s scheduled average 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(s) by another Signatory Airline(s).

The Airline Agreements are subordinate to any revenue bond ordinances relating to the Airport Facilities.

Agreements with Affiliate Airlines. Passenger airlines, which do not qualify as Signatory Airlines, but instead operate under an Affiliate Airline Agreement with the City, include Skywest Airlines, Republic Airways, ExpressJet and Shuttle America. These Affiliate Airline Agreements are on a continuing month-to-month basis and commit the airlines to pay certain fees in connection with their use of the Airport Facilities.

Agreements with Commuter Airlines. Great Lakes Airline and New Mexico Airlines have agreements with the City on a continuing month-to-month basis. They provide commuter service throughout New Mexico, as well as West Texas and Southern Colorado.

Agreements with Air Cargo Airlines. The Air Cargo Airlines (i.e. DHL/ABX, Federal Express and UPS), which serve ABQ Airport, have each entered into an Air Cargo Airline Agreement with the City concerning their use of the air cargo facilities at ABQ Airport. The City understands that DHL may terminate services to ABQ Airport in 2009. The term of the Agreement extends five (5) years, from July 1, 2006 to June 30, 2011. Under the current Air Cargo Airline Agreements, each of the signatory Air Cargo Airlines leases exclusive-use space in ABQ Airport's air cargo building and receives preferential-use apron parking spaces at the air cargo apron.

Rental Car Facility - Customer Facility Charges

The Rental Car Facility is located on approximately 76 acres of ABQ Airport property southwest of the Terminal Complex. The Rental Car Facility accommodates seven rental car companies. For most of 2008 ABQ Airport had eight rental car companies until the bankruptcy of Advantage Rent-A-Car in December 2008. All rental car companies serving the ABQ Airport are required to transport their customers between the customer service building and the Terminal Complex on a common rental car shuttle bus system. There are 1,269 ready/return spaces at ABQ Airport.

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 Complex and Rental Car Facility; (ii) debt service requirements on bonds 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 the customer service building, passenger pick-up and drop-off areas and canopies at the customer service building, and roadways used by the shuttle buses. The City may recalculate the fee at least annually based on the projected number of rental car contract days and costs associated with the elements of the Rental Car Facility discussed above. The CFC is currently \$3.90 per contract day.

In the event that the projected revenues from the CFC in any year are less than the costs associated with the common rental car shuttle bus system and the areas described above, the On-Airport Rental Car Companies will be 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 in the following year to pay shuttle bus and other costs, as well as reduce the amount of the CFC in that year.

Airport System Capital Program

The Capital Program for the Airport System for Fiscal Years 2009 through 2012 includes approximately \$136 million of planned projects and another \$77.4 million of demand-responsive projects. Demand-responsive projects are those which will be undertaken if predetermined thresholds of passenger activity are met and the City receives Airline support.

The City at this time does not anticipate the need to provide funding for the demand-responsive projects during the period 2009 to 2012.

The Aviation Department, as part of a City-wide effort, is in the process of developing a sustainability program for the Airport System which will put the Airport System on the leading edge of the effort to make the Airport System carbon neutral by the year 2030. The program will incorporate LEED certification for sites and buildings, “green” practices and policy making and pursuit of innovative technologies related to water, energy, construction and the indoor and outdoor environments. This is a long-term planning and implementation effort, which will require additional capital expenditure in the near term but will be offset by reduced operating and maintenance costs in the future.

Planned improvements to the terminal and concourses include extensive refurbishment to ABQ Airport, including the communication center, fire safety upgrades, lighting modernization, signage modernization and restroom upgrades, as well as expansion and renovation to public areas to accommodate increased passenger dwell times in the terminal. This will optimize the terminal operations in the short term (5 year period) and delay the need to build a new Terminal Complex, which is anticipated in the master plan. Demand-responsive projects include the implementation of a centralized in-line explosives detection system (EDS), screening for all checked baggage and expansion of the existing terminal to provide additional gates on Concourse B.

The City completed the Terminal Apron – Phase I and Taxiway E at ABQ Airport in Fiscal Year 2008. The planned projects for the Airfield at ABQ Airport are the rehabilitation of the South General Aviation Apron, Terminal Apron – Phase II which will begin in Fiscal Year 2010, and the expansion of the long-term parking lot. The demand-responsive projects for the Airfield are air cargo development, belly freight and construction of a new airfield maintenance complex and terminal.

Planned projects for Double Eagle II Airport are to make various infrastructure investments between Fiscal Years 2009 and 2012 to support planned commercial and industrial development at Double Eagle II Airport. The control tower was completed in Fiscal Year 2008 and will be commissioned by the FAA during Fiscal Year 2009. Planned projects for Fiscal Year 2009 and Fiscal Year 2010 include completion of reconstruction of Runway 4/22 and Taxiway A, extension of Taxiway B, construction of a security fence and maintenance building and the continuation of an environmental assessment for extension of the runways and reconfiguration of the roadways. The City also anticipates construction of a fire station at Double Eagle II Airport during calendar years 2010 and 2011.

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, 2009 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 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.

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 will reach capacity in 2037. However, it is the stated goal of the City to close the landfill by 2030 and move toward an energy producing waste solution. 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 five cells of the Cerro Colorado landfill.

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 refuse route equipment consists of 59 automated refuse vehicles and 13 recycling vehicles. 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 Solid Waste 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 will be collected and then transported to the Cerro Colorado Landfill composting site from the three Solid Waste Department Convenience Centers and Green Waste Curb Side Program. Primary materials include leaves, grass clippings, tree trimmings and other assorted yard trimmings. Collected manures will be used as an amendment with the primary materials for the composting process. The department is researching and working to establish markets for the compost or mulch products.

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 12% of the total annual tonnage disposed of at the Cerro Colorado landfill. The current fee at the convenience centers is \$3.47 per load for individuals and \$9.08 per load for small commercial haulers, not including tax.

Recycling Programs

The City provides curbside recycling service for approximately 168,000 residential households every week. Due to the varying levels of participation across the City, there are

twelve routes operating Monday through Wednesday and eight routes operating on Thursday and Friday. Manual side-loader vehicles are utilized to service each household. This requires the driver to exit the vehicle at every stop, pick up the material by hand and place it into the truck. The City collects corrugated cardboard, plastic, tin, aluminum, newspaper, mixed paper and junk mail at the curb. The City also provides 18 recycle drop-off sites conveniently located across the city in which citizens can drop-off their recyclables.

In March 2007, the City implemented the new 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 green recycle carts based upon the level of need. The service charge for collection is \$1.89 per unit.

The City's pilot recycling program began in November 2007 and currently consists of just over 10,000 households who receive weekly curbside recycling collection service using a 64-gallon recycle cart. The City also offers an incentive program wherein residents earn points for recycling efforts that can be used for discounts on products and services with participating merchants.

All of the recyclables collected are processed and prepared for market at the City's recycling processing facility, referred to as the Intermediate Processing Facility. Materials are then sold to various vendors for recycling. Currently the market for recyclable goods is down and prices are low. The level of projected revenues from the sale of recyclables and the \$1.89 per resident charge for recycling services covers approximately 25% of providing the service. The Curbside Recycle Cart Pilot Program participants are currently not being charged any additional fees for service.

Weeds, Litter and Graffiti Removal and Community Outreach

As part of the Solid Waste Management 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. Revenues produced from this mission are expected by the City to be at a minimal level compared to budgeted expenses for such responsibilities.

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 is currently utilizing six principle programs; the Weed & Litter Program, Community Support Program, Large Items Pick up Program, Interstate Highway Litter Program, City of Albuquerque Office Paper Recycling Program, and the City-wide Drop Off Recycling Program.

The Weed & Litter Program has divided approximately 188 square miles in the City into four major sections and provides safe removal of weeds and litter from major thoroughfares along curb lines and medians on a scheduled basis throughout the year. The Clean City Division removes illegal dumping from public and private properties 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

Mr. Leonard E. Garcia is the Director of the Solid Waste Management Department of the City. Mr. Garcia brings to the City over 22 years of public sector service and experience. Prior to joining the Mayor's Staff, Mr. Garcia served as the Associate Director for the City's Transit Department. Mr. Garcia brings a customer service background to the position. Mr. Garcia was appointed to serve as Acting Director to the Albuquerque Convention Center from December 2001 to February 2004. Mr. Garcia also has a background in information technology. He once served as the Albuquerque Police Department's director of Management Information Systems. Mr. Garcia holds a bachelors degree in economics and has completed numerous graduate courses in public administration.

Ms. Jill Holbert is the Deputy Director of the Solid Waste 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 18 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 20 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 24 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 24 years, and has worked for the City for the last 14 years.

Ms. Natalie Y. Howard is the Superintendent of Administrative Services for the Solid Waste Management Department. Ms. Howard has over 19 years of private and public sector experience and has been serving the City for approximately 15 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 Safety and Training, Billing, Code Enforcement, Asset Management, Graffiti Removal Services, Keep Albuquerque Beautiful and Communications. Ms. Howard received her bachelor's degree from the University of New Mexico in Sociology and earned a Master's Degree in Public Administration.

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 1999 through 2008.

**City of Albuquerque
Refuse System Operational Data
Fiscal Years 1999-2008 Collections**

<u>Fiscal Year</u>	<u>Residential/ Recycling Units</u>	<u>Routes</u>	<u>Commercial Units</u>	<u>Routes</u>	<u>Refuse Employees</u>	<u>Collection Vehicles</u>
1999	135,415	51	14,700	55	412	140
2000	138,726	52	14,710	54	410	137
2001	141,300	52	14,710	56	409	137
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

Source: City of Albuquerque, Solid Waste Management Department.

**City of Albuquerque
Solid Waste Tonnage History
Fiscal Years 1999-2008**

<u>Fiscal Year</u>	<u>Commercial</u>	<u>Residential</u>	<u>Convenience Center, Private Haul, Other</u>	<u>Total Department</u>
1999	225,472	139,286	73,836	438,594
2000	212,555	170,750	112,523	495,828
2001	220,326	190,004	91,446	501,776
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	527,990
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

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 March 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 (2009-2018) calls for expenditures of approximately \$56 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 current rate for residential collection is \$10.75 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 \$7.14 for up to 500 pounds, \$14.28 for 501 to 1,000 pounds, \$21.41 for 1,001 to 1,500 pounds, and \$28.55 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 \$3.47 per load for individuals and \$9.08 per load for small 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 \$1.11 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 based on findings in the Integrated Waste Planning Study (the “Study”) the Department is in the process of completing. The Study seeks, in part, to modernize recycling, encourage commercial recycling and implement a rate structure that encourages more residential recycling. The Department anticipates the City Council will consider the Study in the next few months and, if adopted, will require a rate increase to offset

the costs of additional capital needs. If the Study is not adopted the Department anticipates that rate increases will still be necessary to address the costs of replacing outdated equipment.

**City of Albuquerque
Refuse System
Residential Collection Fee Adjustments**

<u>Month</u>	<u>Year</u>	<u>Monthly Rate</u>	<u>% Increase</u>
June	1999	9.38	0.0
June	2000	9.91	5.7
June	2001	9.94	0.0
June	2002	9.94	0.0
June	2003	10.24	3.0
June	2004	10.24	0.0
June	2005	10.24	0.0
June	2006	10.75	5.0
June	2007	10.75	0.0
June	2008	10.75	0.0

Source: City of Albuquerque, Solid Waste Management Department.

Landfill Fee Adjustment

<u>Month</u>	<u>Year</u>	<u>Rate</u>	<u>% Increase</u>
June	1999	\$100.00/ton (tires)	0.0
June	2000	\$125.00/ton (tires)	25.0
June	2001	\$105.65/ton (tires)	(-15.0)
June	2002	\$105.65/ton (tires)	0.0
June	2003	\$105.65/ton (tires)	0.0
June	2004	\$105.65/ton (tires)	0.0
June	2005	\$105.65/ton (tires)	0.0
June	2006	\$110.93/ton (tires)	5.0
June	2007	\$110.93/ton (tires)	0.0
June	2008	\$110.93/ton (tires)	0.0

Source: City of Albuquerque, Solid Waste Management Department.

Convenience Center Fee Adjustments

<u>Month</u>	<u>Year</u>	<u>Rate</u>	<u>% Increase</u>
June	2000	\$3.15/load (residential)	5.0
		\$8.28/load (commercial)	4.0
June	2001	\$3.25/load (residential)	4.0
		\$8.40/load (commercial)	2.0
June	2002	\$3.25/load (residential)	0.0
		\$8.40/load (commercial)	0.0
June	2003	\$3.30/load (residential)	2.0
		\$8.65/load (commercial)	3.0
June	2004	\$3.30/load (residential)	0.0
		\$8.65/load (commercial)	0.0
June	2005	\$3.30/load (residential)	0.0
		\$8.65/load (commercial)	0.0
June	2006	\$3.47/load (residential)	5.0
		\$9.08/load (commercial)	5.0
June	2007	\$3.47/load (residential)	0.0
		\$9.08/load (commercial)	0.0
June	2008	\$3.47/load (residential)	0.0
		\$9.08/load (commercial)	0.0

Source: City of Albuquerque, Solid Waste Management Department.

Refuse System Billing and Collections. The City's Solid Waste Management 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 to utilize the Customer Information System (CIS) and pay a portion of all associated expenses. The Water Utility Authority also manages collections of delinquent accounts for the Solid Waste Management Department with the exception of accounts that only incur refuse or landfill charges and are absent of water charges.

The Solid Waste Management Department has been implementing a new billing system entitled Customer Care and Billing (CC&B). The conversion has been taking place over the last eight months and the system is expected to be operational in April of 2009. This new billing system will not have a direct effect on Solid Waste Management Department customers as the bill that they receive will remain materially unchanged.

The current bill, as well as the new CC&B utility bill, indicates the current amount due and if the account is 30, 60 or 90 days delinquent. After 90 days, the customer receives a 15-day trial shut-off notice. If no response is received by the City from the customer, the City, for health and safety reasons, will continue to collect the customer's refuse, but has the authority to shut off the customer's water and to leave a notice on the door. The City may require the customer to provide a deposit. When partial payments are received, these payments are applied to the customer's total account balance and not prorated to the individual charges for water, sewer or refuse. 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 2004-2008
(\$000)**

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008⁽¹⁾</u>
Total operating revenues	\$43,544	\$45,537	\$46,541	\$50,447	\$52,511
Non-operating revenues					
(expenses):					
Interest ⁽²⁾	345	579	484	695	631
Other	156	9	(229)	286	123
Gain (loss) on disposition of property & equipment	0	(1,187)	(74)	(125)	(168)
Fuel Surcharge	--	--	1,332	2,041	2,691
Transfers in/(out)	<u>(524)</u>	<u>(576)</u>	<u>700</u>	<u>800</u>	<u>1,300</u>
Total adjusted revenues	<u>\$43,521</u>	<u>\$44,362</u>	<u>\$48,754</u>	<u>\$54,144</u>	<u>\$57,088</u>
Total operating expenses (excluding interest expense)	\$39,109	41,129	45,763	49,106	54,493
Less:					
Payments in lieu of taxes	(535)	(676)	(986)	(1,058)	(1,052)
Depreciation	(5,113)	(6,032)	(6,378)	(6,017)	(6,796)
Amortization	(198)	(202)	(22)	(13)	(4)
				(4)	(48)
Total adjusted operating expenses	<u>\$33,263</u>	<u>\$34,219</u>	<u>\$38,377</u>	<u>\$42,014</u>	<u>\$46,593</u>
Net revenues available for debt service	<u>\$10,258</u>	<u>\$10,143</u>	<u>\$10,377</u>	<u>\$12,130</u>	<u>\$10,495</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 arises from commercial customers who have reduced waste. Commercial waste correlates to overall economic patterns and drops as businesses see a decrease in business.

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

Golf Courses

Generally

The City currently owns and operates four municipal golf courses: Arroyo del Oso, Ladera, Los Altos and Puerto del Sol (collectively, the “Golf Courses”). Each of the Golf Courses offers a pro shop and food and banquet services to varying degrees.

The City presently has outstanding one series of special limited obligations secured by net revenues of the City’s golf courses, which bonds also have a lien on the City’s state shared gross receipts tax revenues. The Taxable Golf Revenue/Gross Receipts Tax Bonds, Series 2001 are currently outstanding in the principal amount of \$910,000.

All four golf courses are maintained by the City’s Golf Management Division. The City has contracted with certain third parties (collectively, the “Concessionaires”) to manage the pro shop operations, concessions and certain other operations at each Golf Course. New Mexico Golf, Ltd., a New Mexico corporation, has operated the pro shop and concessions at Arroyo del Oso and Puerto del Sol since their openings. Los Altos Golf Course Concessions, Inc., a New Mexico corporation, has operated the pro shop and concessions at Los Altos Golf Courses since its opening in 1960. Westside Golf, Inc., a New Mexico corporation, has operated the pro shop and concessions at Ladera Golf Course since 1995. In 2008, the City renegotiated the contracts with the three Concessionaires. The contracts have been signed pending City Council approval which is expected by the end of Fiscal Year 2009. In exchange for renegotiating key terms of their respective contracts, the expiration date for the Concessionaires’ contracts for the Golf Courses are now December 31, 2018, which is an extension of multiple years for each Concessionaire.

Pursuant to their respective agreements with the City, the Concessionaires are obligated to operate the pro shop and food service areas (including the provision of staff), collect greens fees on behalf of the City, and prepare daily cash reports and annual audits. In exchange for the exclusive right to run such operations at the Golf Courses, Concessionaires pay to the City a percentage of all gross receipts received, exclusive of green fees, as a result of such operations (which percentage varies among the Golf Courses) and guarantee a minimum annual payment to the City. The City receives 100% of the green fees collected. The Concessionaires and the City each have the right to terminate the agreements for cause upon 30 days’ notice.

Market and Usage

All four Golf Courses are open year round, only closing for Christmas Day and severely inclement weather. The majority of rounds are played by local residents, with estimated 5% of play coming from tourism and outside tournaments. The table below sets forth the estimated number of nine and eighteen-hole rounds played at each Golf Course over the past five fiscal years. The Parks and Recreation Department is developing a full golf program to increase golf awareness and increase junior golf participation. Additionally, the Golf Courses will begin utilizing an on-line program for pre-registering for tee times to simplify the process for patrons.

Rounds Played at City of Albuquerque Golf Courses Fiscal Years 2004-2008

<u>Golf Course</u>	<u>2004⁽¹⁾</u>	<u>% Change</u>	<u>2005</u>	<u>% Change</u>	<u>2006</u>	<u>% Change</u>	<u>2007⁽²⁾</u>	<u>% Change</u>	<u>2008</u>	<u>% Change</u>
Arroyo Del Oso	114,896	(1.17)%	116,180	1.12%	123,766	6.53%	109,131	(11.82)%	107,146	(1.82)%
Ladera	64,964	(6.21)%	69,198	6.52%	65,766	(4.96)%	45,490	(30.83)%	59,771	31.39%
Los Altos	82,526	(8.89)%	76,401	(7.42)%	86,424	13.12%	79,877	(7.58)%	75,363	(5.65)%
Puerto Del Sol	51,278	(7.00)%	49,468	(3.53)%	52,481	6.09%	49,106	(6.43)%	47,362	(3.55)%

- (1) The Golf Management Division believes the reduction in rounds played in 2004 is consistent with national and regional trends for daily fee courses and occurred, in part, because of unusually hot summer weather and general economic conditions.
- (2) Rounds and revenues declined in Fiscal Year 2007 due to unusually heavy rains in August 2006 along with low temperatures and heavy snowfalls in December 2006 and January 2007. In addition, Ladera's Executive Nine was closed, renovated and reopened for play which negatively impacted the number of rounds played at Ladera.

Source: City of Albuquerque, Parks and Recreation Department.

The present management of the Parks and Recreation Department of the City, including the Golf Management Division, is as follows:

Jay Lee Evans, Acting Director, Parks and Recreation Department. Mr. Evans was appointed Director – Acting of the City of Albuquerque Parks & Recreation Department in November 2008. Mr. Evans has served over fourteen years with the City, and eleven of those years with the Parks and Recreation Department. Prior to his appointment as Acting Director, Mr. Evans served as Deputy Director. Mr. Evans also worked with the Open Space Division for eight years. Mr. Evans was educated at the University of New Mexico and at the San Francisco State University. Prior to entering public service he was the sole-proprietor of a small business.

Colleen K. Frenz, Acting Deputy Director, Parks and Recreation Department. Mrs. Frenz has more than 29 years experience in landscape architecture design and construction, project management, and supervision both in the private and public sectors. Mrs. Frenz has served the citizens of Albuquerque since July 1987, working in both the Parks and

Recreation Department and Department of Municipal Development (DMD). She was appointed Acting Deputy Director of the City of Albuquerque Parks and Recreation Department November 2008. Prior to her appointment as Acting Deputy Director, Mrs. Frenz served as Division Manager in the Department of Municipal Development. She was responsible for the design and construction of parks and recreation facilities implementing millions of dollars in capital projects annually, and managing designers, planners, project coordinators, and construction staff. For nine years prior to entering public service, Mrs. Frenz was employed by various professional landscape architectural design firms, irrigation, and landscape design and construction companies. Mrs. Frenz earned a Bachelor degree in Environmental Design from the School of Architecture and Planning at The University of New Mexico. She has been a registered Landscape Architect in the state of New Mexico since August 1986, and is a member of the American Society of Landscape Architects and the New Mexico Recreation and Parks Association.

Leonard Berg, CGCS, Division Manager, Golf Management, Parks and Recreation Department. Mr. Berg joined the City golf staff in June of 2008. He has more than 40 years experience in the golf course industry which includes 29 years as a Certified Golf Course Superintendent. Mr. Berg has worked and/or managed golf operations at private and public golf facilities. Mr. Berg attended Pennsylvania State University where he successfully completed the Turfgrass Management Program. In order to maintain his Certification status in the golf industry, he has attained over 100 hours of continuing education credits from the Golf Course Superintendents Association of America. He has been president of two golf associations, the Midwest Association of Golf Course Superintendents and the Chicagoland Association of Golf Course Superintendents.

Andres Garcia, Fiscal Manager, Parks and Recreation Department. Mr. Garcia has been with the City for 23 years. He has worked for the Parks and Recreation Department for the last 14 years. In 2007, he was promoted to Fiscal Manager for the Department. Mr. Garcia received a BA in Business Administration (with a concentration of study in Accounting and Management) from the College of Santa Fe.

Golf Course Financial Information

Historical Financial Information. The table below compares revenues, expenses, and amounts available for debt service over the past five Fiscal Years.

City of Albuquerque-Golf Course Historical Financial Information - Fiscal Years 2004-2008

					(unaudited)	% Increase (Decrease) Between '04 & '08
<u>Operating Revenues</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	
Charges for Services ⁽¹⁾	\$3,718,624	\$3,823,904	\$4,122,256	\$3,860,049	\$4,221,394	13.5%
<u>Operating Expenses</u>						
Salaries and Fringe Benefits	\$1,901,482	\$1,936,607	\$1,760,218	\$1,956,318	\$1,976,021	3.9%
Professional Services	13,603	3,406	-	1,968	8,028	
Utilities	848,172	745,904	824,147	933,251	1,098,238	29.5%
Supplies	79,779	83,582	74,020	92,504	90,836	13.9%
Travel	1,971	342	902	4,829	2,879	46.1%
Fuel, Repairs and Maintenance	429,362	381,117	361,731	437,956	412,579	(3.9)%
Contractual Services	66,823	84,134	63,260	67,990	49,335	(26.2)%
Indirect Overhead	173,622	174,000	291,590	387,759	398,551	129.6%
Other Operating Expenses	79,680	90,345	108,107	117,510	104,691	32.6%
Depreciation	332,246	288,994	295,622	276,787	286,215	(13.9)%
Total Operating Expenses	<u>3,926,740</u>	<u>3,788,431</u>	<u>3,779,597</u>	<u>4,276,872</u>	<u>4,428,373</u>	<u>12.8%</u>
Operating Income	<u>(208,116)</u>	<u>35,473</u>	<u>342,659</u>	<u>(416,823)</u>	<u>(206,979)</u>	<u>(0.5)%</u>
<u>Non-Operating Revenues/ Expenses</u>						
Interest on Investments	19,599	44,627	22,977	25,279	2,579	(86.8)%
Bond Issue Costs (Amortization)	(31,950)	(12,749)	(10,801)	(9,056)	(7,357)	(77.0)%
Gain (Loss) on Sale of Property	423	(809)	0	0	0	
Interest Expense	(134,685)	(92,122)	(29,659)	(94,824)	(78,617)	17.1%
Other	<u>63,434</u>	<u>89,161</u>	<u>101,069</u>	<u>101,479</u>	<u>46,129</u>	<u>(27.3)%</u>
Total Non-Operating Revenue	<u>(83,179)</u>	<u>28,108</u>	<u>83,586</u>	<u>22,878</u>	<u>(37,266)</u>	<u>(55.2)%</u>
<u>Income (Loss) Before Transfers</u>	(291,295)	63,581	426,245	(400,817)	(262,649)	(9.8)%
Operating Transfers Out	<u>(53,735)</u>	<u>(62,643)</u>	<u>(92,973)</u>	<u>(87,085)</u>	<u>(95,606)</u>	77.9%
<u>Change in Net Assets</u>	<u>\$(345,030)</u>	<u>\$ 938</u>	<u>\$333,272</u>	<u>(\$487,902)</u>	<u>(\$358,255)</u>	<u>3.8%</u>
<u>Amount Available for Debt Service</u>						
Net Income	\$(345,030)	\$ 938	\$333,272	\$487,902	\$338,113	(198.0)%
Add: Depreciation	332,246	288,994	295,622	276,787	286,215	(13.9)%
Interest Expense	134,685	92,122	29,337	94,824	78,617	(41.6)%
Payment in Lieu of Taxes	53,735	62,643	92,973	87,085	95,719	78.1%
Amortization	31,950	12,749	10,801	9,056	7,357	(77.0)%
Change in Market Value of Investments	17,873	(8,471)	(2,364)	(1,276)	(399)	(102.2)%
Less Gain (Loss) on Sale of Assets	<u>(423)</u>	<u>809</u>	<u>0</u>	<u>(186)</u>	<u>0</u>	
Less contributed capital	0	(10,069)	(10,410)	-	(20,142)	
<u>Amount Available for Debt Service</u>	<u>\$ 225,036</u>	<u>\$ 439,715</u>	<u>\$ 749,231</u>	<u>\$(21,612)</u>	<u>\$122,166</u>	<u>(46.0)%</u>

(1) Charges for Services are comprised of revenues from greens fees and concessions. See "Fee Structure and Revenues."
Source: City of Albuquerque, Parks and Recreation Department.

Structure and Revenues. Golf Course revenues consist primarily of green fees and concessions. Rates at the Golf Courses are evaluated annually and were increased effective January 2008. Regular fees for 18 holes at all Golf Courses are \$22.00 for weekdays, \$28.50 for weekends, \$24.50 for weekday tournaments and \$28.50 for weekend and holiday tournaments. Reduced rates are offered for seniors, juniors and seasonal special play and annual passes are offered. In 2008, the City passed an ordinance that allows the Parks and Recreation Department to increase rates on an as needed basis. The Parks and Recreation Department is evaluating the need for a rate increase in 2009.

The table below sets forth revenues for the Golf Courses for the past five fiscal years.

**City of Albuquerque Golf Course Revenues
Fiscal Years 2004-2008**

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	(unaudited) <u>2008</u>
Greens Fees					
Los Altos	\$ 809,260	\$754,663	\$879,745	\$853,651	\$897,076
Arroyo	1,267,705	1,325,678	1,431,389	1,333,197	1,390,366
Puerto	457,077	458,416	499,773	517,023	520,108
Ladera	678,239	761,229	711,637	619,125	716,595
Annual					
Passes	<u>179,925</u>	<u>183,317</u>	<u>187,848</u>	<u>137,198</u>	<u>285,460</u>
Total	<u>3,392,206</u>	<u>3,483,303</u>	<u>3,710,392</u>	<u>3,460,194</u>	<u>3,809,605</u>
Concessions					
Los Altos	70,187	39,758	78,201	99,303	95,038
Arroyo	158,444	176,772	206,619	204,119	185,937
Puerto	23,286	30,822	25,351	45,725	34,082
Ladera	<u>74,501</u>	<u>93,249</u>	<u>101,693</u>	<u>50,708</u>	<u>96,732</u>
Total	<u>326,418</u>	<u>340,551</u>	<u>411,864</u>	<u>399,855</u>	<u>411,789</u>
Total Greens					
Fees and	<u>3,718,624</u>	<u>3,823,854</u>	<u>4,122,256</u>	<u>3,860,049</u>	<u>4,221,394</u>
Concessions					
Other					
Revenues					
Interest	19,599	44,627	20,242	17,570	(2,532)
Rentals	36,038	44,848	51,977	56,818	14,813
Misc.	<u>27,819</u>	<u>44,587</u>	<u>51,693</u>	<u>45,661</u>	<u>30,307</u>
Total	<u>83,456</u>	<u>134,062</u>	<u>123,912</u>	<u>120,049</u>	<u>42,588</u>
Total Revenue	<u>\$3,802,080</u>	<u>\$ 3,957,916</u>	<u>\$4,246,168</u>	<u>\$3,980,098</u>	<u>\$4,263,982</u>

Source: City of Albuquerque, Parks and Recreation Department.

Net revenues in Fiscal Year 2008 from the City's golf courses were insufficient, standing alone, to meet the 150% debt service coverage ratio required for the outstanding Taxable Golf Course Net Revenue/Gross Receipts Tax Revenue Bonds, Series 2001. The bonds are also payable with state shared gross receipts taxes. Due to the lack of sufficient golf course revenues, the City used state shared gross receipts tax revenues to pay a portion of the debt service on the outstanding golf course bonds.

OTHER PROJECTS OF THE CITY

Special Assessment Districts

The City first began its Special Assessment District Program (the “SAD Program”) in 1919 and used available statutory procedures at that time for creation of paving programs and paving districts until 1965. The Council adopted the Albuquerque Special Assessment District Policy Ordinance (the “SAD Policy Ordinance”) on October 21, 1996 which consolidates and updates policies and procedures. The SAD Policy Ordinance provides that the City may pledge certain supplemental revenues to bonds for SADs where (a) the City owns the improvements; (b) the SAD is contiguous to existing urban facilities or services; and (c) the SAD is for the benefit of the central urban or established urban areas of the City and certain developing urban areas. A minimum property value/lien ratio of 3:1 is required if an owner of property within a SAD will be responsible for 20% or more of the total proposed special assessment liens in the SAD. In addition to the City policy, Sections 3-33-1 through 3-33-43 NMSA 1978, as amended and supplemented, govern the creation of special assessment districts.

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 91.7% and 97.2% during 2003 to 2008. For Fiscal Year 2008 (unaudited), the Beach Apartments Project generated total revenues of \$478,343 and incurred \$326,597 in operating and other expenses, resulting in net income of \$151,746 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 84.9% and 98.0% during 2003 to 2008. For Fiscal Year 2008 (unaudited), the Manzano Vista Apartments Project generated total revenues of \$1,255,657 and incurred

\$858,018 in operating and other expenses, resulting in a net income of \$397,639 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 82.6% and 97.0% during 2003 to 2008. For Fiscal Year 2008 (unaudited), the Bluewater Village Apartments Project generated total revenues of \$1,442,548 and incurred \$703,078 in operating and other expenses, resulting in net income of \$739,470 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. According to the Investment Policy, all the City’s investments should be made in accordance with the “Prudent Person” rule,* and the City invests all its funds on the basis of competitive bids and/or offers.

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

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

* The “Prudent Person” rule provides that all investments should be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.

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

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 or obligations the principal of and interest on which are unconditionally guaranteed by the United States of America, or in certain certificates or receipts established by the United States Government or its agencies or instrumentalities; (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) certificates of deposit, time deposits and bankers acceptances of any qualifying bank or savings and loan association located outside the City; (e) bonds or securities of the State of New Mexico, its agencies, or certain of its subdivisions; (f) certain stripped securities; (g) certain specified repurchase agreements; (h) specified short-term investment and other funds maintained by the State of New Mexico; (i) money market instruments and other securities of commercial banks, brokers-dealers and other specified financial investors; and (j) 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.

Conversely, because some investments are deemed unsuitable or too risky for the City, the Investment Policy prohibits the City from making investments in (a) collateralized mortgage obligations and other hybrid mortgage-backed, pass-through securities, because of

their complexity and prepayment rate uncertainty; (b) inverse floaters, leveraged floaters, capped and range floaters, dual index floaters, and floating rate notes whose index is tied to a long-term interest rate or lagging index, e.g., Cost of Funds Index; (c) Government National Mortgage Association (“GNMA”) - Guaranteed mortgage-backed securities and GNMA-guaranteed participation certificates, General Services Administration participation certificates, U.S. Department of Housing and Urban Development-local authority bonds, and U.S. Export-Import Bank obligations; (d) investment purchases on margin or short sales; and (e) leveraging the portfolio and lending City-owned securities with an agreement to buy them back after a stated period of time (reverse repurchase agreements from the perspective of the City).

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

Based on historical data, the City believes the Risk Management Fund (an internal service fund) is adequately funded. During Fiscal Year 2007, 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. The cash balance grew by \$9,448,436 during Fiscal Year 2008 and the City’s Risk Management Fund is no longer in deficit. In Fiscal Year 2009, a comprehensive actuarial study will be initiated to again validate the fund's adequacy. 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. Finally, the City has reserve amounts created by the City’s policy to reserve one-twelfth of the General Fund budgeted amount.

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/ Tanda Meadors

Approved by:

Chief Administrative Officer

/s/ Ed Adams

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, 2008

The City's financial statements for Fiscal Year 2008 are required to be audited by Moss Adams LLP, independent certified public accountants and submitted to the New Mexico State Auditor for review. The financial statements for Fiscal Year 2008 are not completed and will be provided upon their completion and approval of the State Auditor.

APPENDIX B

CUSIP Numbers for Outstanding City Bonds

<u>Bond Issue name</u>	<u>D/S Month & Year</u>	<u>Cusip</u>	<u>Principal</u>
Airport 2004 A	July 2009	013538GS6	\$1,460,000
Airport 2004 A	July 2010	013538GT4	1,485,000
Airport 2004 A	July 2011	013538GU1	1,575,000
Airport 2004 A	July 2012	013538GV9	1,605,000
Airport 2004 A	July 2013	013538GW7	1,675,000
Airport 2004 A	July 2014	013538GX5	1,760,000
Airport 2004 A	July 2015	013538GY3	1,840,000
Airport 2004 A	July 2016	013538GZ0	1,890,000
Airport 2004 A	July 2017	013538HA4	1,980,000
Airport 2004 A	July 2018	013538HB2	1,790,000
Airport 2004 B	July 2009	013538HE6	\$1,670,000
Airport 2004 B	July 2010	013538HF3	1,670,000
Airport 2004 B	July 2011	013538HG1	1,670,000
Airport 2004 B	July 2012	013538HH9	1,670,000
Airport 2004 B	July 2013	013538HJ5	1,665,000
Airport 2004 B	July 2014	013538HK2	1,665,000
Airport 2004 B	July 2015	013538HL0	1,665,000
Airport 2004 B	July 2016	013538HM8	1,665,000
Airport 2004 B	July 2017	013538HN6	1,665,000
Airport 2004 B	July 2018	013538HP1	1,665,000
Airport 2004 B	July 2019	013538HQ9	1,665,000
Airport 2004 B	July 2020	013538HR7	1,665,000
Airport 2004 B	July 2021	013538HS5	1,665,000
Airport 2004 B	July 2022	013538HT3	1,665,000
Airport 2004 B	July 2023	013538HU0	1,665,000
Airport 2004 B	July 2024	013538HV8	1,665,000
Airport Refunding 1997	July 2009	013538EU3	\$1,600,000
Airport Refunding 1997	July 2010	013538EV1	1,700,000
Airport Refunding 1997	July 2011	013538EW9	1,805,000
Airport Refunding 1997	July 2012	013538EX7	1,935,000
Airport Refunding 1998	July 2009	013538FK4	\$2,135,000
Airport Refunding 1998	July 2010	013538FL2	2,220,000
Airport Refunding 1998	July 2011	013538FM0	2,325,000
Airport Refunding 1998	July 2012	013538FN8	2,430,000
Airport Refunding 1998	July 2013	013538FP3	2,555,000
Airport Refunding 1998	July 2014	013538FQ1	2,675,000
Airport Refunding 1998	July 2015	013538FR9	2,805,000
Airport Refunding 1998	July 2016	013538FS7	2,940,000
Airport Refunding 1998	July 2017	013538FS7	3,085,000
Airport Refunding 1998	July 2018	013538FS7	3,240,000
Airport Refunding 1998	July 2019	013538FS7	3,405,000
Airport Refunding 2001	July 2009	013538GE7	\$3,480,000
Airport Refunding 2001	July 2010	013538GF4	3,830,000
Airport Refunding 2001	July 2011	013538GG2	2,770,000

<u>Bond Issue name</u>	<u>D/S Month & Year</u>	<u>Cusip</u>	<u>Principal</u>
Airport Refunding 2001	July 2012	013538GH0	\$2,920,000
Airport Refunding 2001	July 2013	013538GJ6	3,075,000
Airport Refunding 2001	July 2014	013538GK3	3,240,000
Airport Refunding 2001	July 2015	013538GL1	3,415,000
Airport Refunding 2001	July 2016	013538GM9	3,590,000
Airport Refunding Revenue Bonds 2008	July 2009	013538HW6	\$320,000
Airport Refunding Revenue Bonds 2008	July 2010	013538HX4	330,000
Airport Refunding Revenue Bonds 2008	July 2011	013538HY2	340,000
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 2009	013538JG9	\$2,350,000
Airport Refunding Revenue Bonds 2008B	July 2010	013538JH7	2,300,000
Airport Refunding Revenue Bonds 2008B	July 2011	013538JJ3	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 2009	013538JP9	\$340,000
Airport Refunding Revenue Bonds 2008C	July 2010	013538JQ7	425,000
Airport Refunding Revenue Bonds 2008C	July 2011	013538JR5	435,000
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 2008D	July 2009	013538 KB8	\$3,650,000
Sub-Lien Airport Refunding Revenue Bonds 2008D	July 2010	013538 KC6	4,210,000
Sub-Lien Airport Refunding Revenue Bonds 2008E	July 2009	013538 KD4	\$1,160,000
Sub-Lien Airport Refunding Revenue Bonds 2008E	July 2010	013538 KE2	1,145,000
Sub-Lien Airport Refunding Revenue Bonds 2008E	July 2011	013538 KF9	5,650,000
Sub-Lien Airport Refunding Revenue Bonds 2008E	July 2012	013538 KG7	5,915,000
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

<u>Bond Issue name</u>	<u>D/S Month & Year</u>	<u>Cusip</u>	<u>Principal</u>
General Obligation General Purpose 1999C	July 2009	013518L86	\$2,000,000
General Obligation General Purpose 2001A	July 2009	013518P33	\$4,310,000
General Obligation General Purpose 2001A	July 2010	013518P41	4,110,000
General Obligation General Purpose 2002B	July 2009	013518R80	\$2,500,000
General Obligation General Purpose 2005 A	July 2009	013518U52	\$11,355,000
General Obligation General Purpose 2005 A	July 2010	013518U60	11,355,000
General Obligation General Purpose 2005 A	July 2011	013518U78	11,350,000
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 2003B	July 2009	013518T21	\$7,335,000
General Obligation General Purpose 2003B	July 2010	013518T39	7,335,000
General Obligation General Purpose 2003B	July 2011	013518T47	7,335,000
General Obligation General Purpose 2003B	July 2012	013518T54	5,230,000
General Obligation Stadium 2001 C	July 2009	013518Q65	\$1,000,000
General Obligation Stadium 2001 C	July 2010	013518Q73	1,000,000
General Obligation Storm Sewer 2000B	July 2009	013518M93	\$1,200,000
General Obligation Storm Sewer 2000B	July 2010	013518N27	1,200,000
General Obligation Storm Sewer 2001B	July 2010	013518P58	\$ 200,000
General Obligation Storm Sewer 2001B	July 2011	013518P66	4,310,000
General Obligation Storm Sewer 2002C	July 2009	013518R98	\$ 200,000
General Obligation Storm Sewer 2002C	July 2010	013518S22	2,700,000
General Obligation Storm Sewer 2002C	July 2011	013518S30	2,700,000
General Obligation Storm Sewer 2005 B	July 2013	013518V28	\$ 220,000
General Obligation Storm Sewer 2005 B	July 2014	013518V36	11,355,000
General Obligation Storm Sewer Bonds 2003C	July 2012	013518T62	\$2,105,000
General Obligation Storm Sewer Bonds 2003C	July 2013	013518T70	7,335,000
General Obligation General Purpose 2007B	July 2009	013518V51	\$5,350,000
General Obligation General Purpose 2007B	July 2010	013518V69	5,350,000
General Obligation General Purpose 2007B	July 2011	013518V77	5,350,000
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 Storm Sewer 2007C	July 2015	013518W50	\$2,540,000
General Obligation Storm Sewer 2007C	July 2015	013518W68	2,540,000

<u>Bond Issue name</u>	<u>D/S Month & Year</u>	<u>Cusip</u>	<u>Principal</u>
General Obligation General Purpose 2008A	July 2009	013518W76	\$4,775,000
General Obligation General Purpose 2008A	July 2010	013518W84	4,775,000
General Obligation General Purpose 2008A	July 2011	013518W92	4,775,000
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 Storm Sewer 2008B	July 2017	013518X83	\$4,000,000
Golf Course Net Revenue/GRT Series 2001	July 2009	01354T AH9	\$285,000
Golf Course Net Revenue/GRT Series 2001	July 2010	01354T AJ5	300,000
Golf Course Net Revenue/GRT Series 2001	July 2011	01354T AK2	325,000
Gross Receipts Tax Refunding 1996	July 2009	01354HEP3	\$600,000
Gross Receipts Tax Refunding 1996	July 2010	01354HEQ1	670,000
Gross Receipts Tax Refunding 1996	July 2011	01354HER9	775,000
Gross Receipts Tax Refunding 1999C	July 2014	01354PBB9	\$500,000
Gross Receipts Tax Refunding 1999C	July 2015	01354PBC7	2,625,000
Gross Receipts Tax Refunding 1999C	July 2016	01354PBD5	3,340,000
Gross Receipts Tax Refunding 1999C	July 2017	01354PBE3	3,520,000
Gross Receipts Tax Refunding 1999C	July 2018	01354PBF0	3,700,000
Gross Receipts Tax Refunding 1999C	July 2019	01354PBG8	3,945,000
Gross Receipts Tax Refunding 1999C	July 2020	01354BBH6	4,155,000
Gross Receipts Tax Refunding 1999C	July 2021	01354PBH6	4,290,000
Gross Receipts Tax Refunding 1999C	July 2022	01354PBH6	1,055,000
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 2009	01354MDK4	\$205,000
Gross Receipts Tax/Lodger Refunding 2004 B	July 2010	01354MDL2	205,000
Gross Receipts Tax/Lodger Refunding 2004 B	July 2011	01354MDM0	200,000
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
Gross Receipts Tax/Lodger Refunding 2004 B	July 2015	01354MDR9	245,000
Gross Receipts Tax/Lodger Refunding 2004 B	July 2016	01354MDR9	325,000

<u>Bond Issue name</u>	<u>D/S Month & Year</u>	<u>Cusip</u>	<u>Principal</u>
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 1991B	July 2012	01354MCT6	\$135,744.00
Gross Receipts/Lodgers 1991B	July 2013	01354MCU3	132,118.70
Gross Receipts/Lodgers 1991B	July 2014	01354MCV1	120,908.80
Gross Receipts/Lodgers 1991B	July 2015	01354MCW9	115,650.00
Gross Receipts/Lodgers 1991B	July 2016	01354MCX7	97,070.40
Gross Receipts/Lodgers 1991B	July 2017	01354MCY5	91,363.80
Gross Receipts/Lodgers 1991B	July 2018	01354MCZ2	85,992.50
Gross Receipts/Lodgers 1999B	July 2012	01354PBW3	\$100,000
Gross Receipts/Lodgers 1999B	July 2013	01354PBX1	160,000
Gross Receipts/Lodgers 1999B	July 2014	01354PBY9	230,000
Gross Receipts/Lodgers 1999B	July 2015	01354PBZ6	300,000
Gross Receipts/Lodgers 1999B	July 2016	01354PCA0	380,000
Gross Receipts/Lodgers 1999B	July 2017	01354PCB8	460,000
Gross Receipts/Lodgers 1999B	July 2018	01354PCC6	550,000
Gross Receipts/Lodgers 1999B	July 2019	01354PCD4	1,190,000
Gross Receipts/Lodgers 1999B	July 2020	01354PCE2	1,325,000
Gross Receipts/Lodgers 1999B	July 2021	01354PCF9	1,470,000
Gross Receipts/Lodgers 1999B	July 2022	01354PCF9	1,630,000
Gross Receipts/Lodgers 1999B	July 2023	01354PCF9	440,000
Gross Receipts/Lodgers 1999B	July 2024	01354PCF9	1,945,000
Gross Receipts/Lodgers 1999B	July 2025	01354PCF9	2,055,000
Gross Receipts Tax Refunding 2008A	July 2009	01354PCJ1	\$2,455,000
Gross Receipts Tax Refunding 2008A	July 2010	01354PCK8	2,605,000
Gross Receipts Tax Refunding 2008A	July 2011	01354PCL6	2,705,000
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 2009	01354PCQ5	\$170,000

<u>Bond Issue name</u>	<u>D/S Month & Year</u>	<u>Cusip</u>	<u>Principal</u>
Gross Receipts Tax Refunding 2008B	July 2010	01354PCR3	\$320,000
Gross Receipts Tax Refunding 2008B	July 2011	01354PCS1	335,000
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
Municipal Gross Receipts Tax 1999A	July 2009	01354PAJ3	\$415,000
Municipal Gross Receipts Tax 1999A	July 2010	01354PAK0	435,000
Municipal Gross Receipts Tax 1999A	July 2011	01354PAL8	450,000
Municipal Gross Receipts Tax 1999A	July 2012	01354PAM6	475,000
Municipal Gross Receipts Tax 1999A	July 2013	01354PAN4	495,000
Municipal Gross Receipts Tax 1999A	July 2014	01354PAP9	520,000
Municipal Gross Receipts Tax 1999A	July 2015	01354PAQ7	545,000
Joint Water and Sewer 1997	July 2009	013554NJ5	\$5,720,000
Joint Water and Sewer 1999A	July 2009	013554NV8	\$10,750,000
Joint Water and Sewer 1999A	July 2010	013554NW6	11,320,000
Joint Water and Sewer 1999A	July 2011	013554NX4	11,910,000
Joint Water and Sewer 2001	July 2009	013554PM6	\$3,275,000
Joint Water and Sewer 2001	July 2010	013554PN4	3,435,000
Joint Water and Sewer 2001	July 2011	013554PP9	3,610,000
Joint Water and Sewer 2001	July 2012	013554PQ7	3,790,000
Joint Water and Sewer 2001	July 2013	013554PR5	3,980,000
Refuse Removal and Disposal 1995	July 2009	013630CJ5	\$1,690,000
Refuse Removal and Disposal 1998	July 2009	013630CV8	\$760,000
Refuse Removal and Disposal 1998	July 2010	013630CW6	795,000
Refuse Removal and Disposal 1998	July 2011	013630CX4	830,000
Refuse Removal and Disposal 1998	July 2012	013630CY2	865,000
Refuse Removal and Disposal 1998	July 2013	013630CZ9	905,000
Refuse Removal and Disposal 2001A	July 2009	013630DP0	\$715,000
Refuse Removal and Disposal 2001A	July 2010	013630DQ8	2,525,000
Refuse Removal and Disposal 2001A	July 2011	013630DR6	2,655,000

<u>Bond Issue name</u>	<u>D/S Month & Year</u>	<u>Cusip</u>	<u>Principal</u>
Refuse Removal and Disposal 2001A	July 2012	013630DS4	\$2,780,000

K:\DOX\CLIENT\80159\149\W0926516.DOC