

CITY OF ALBUQUERQUE

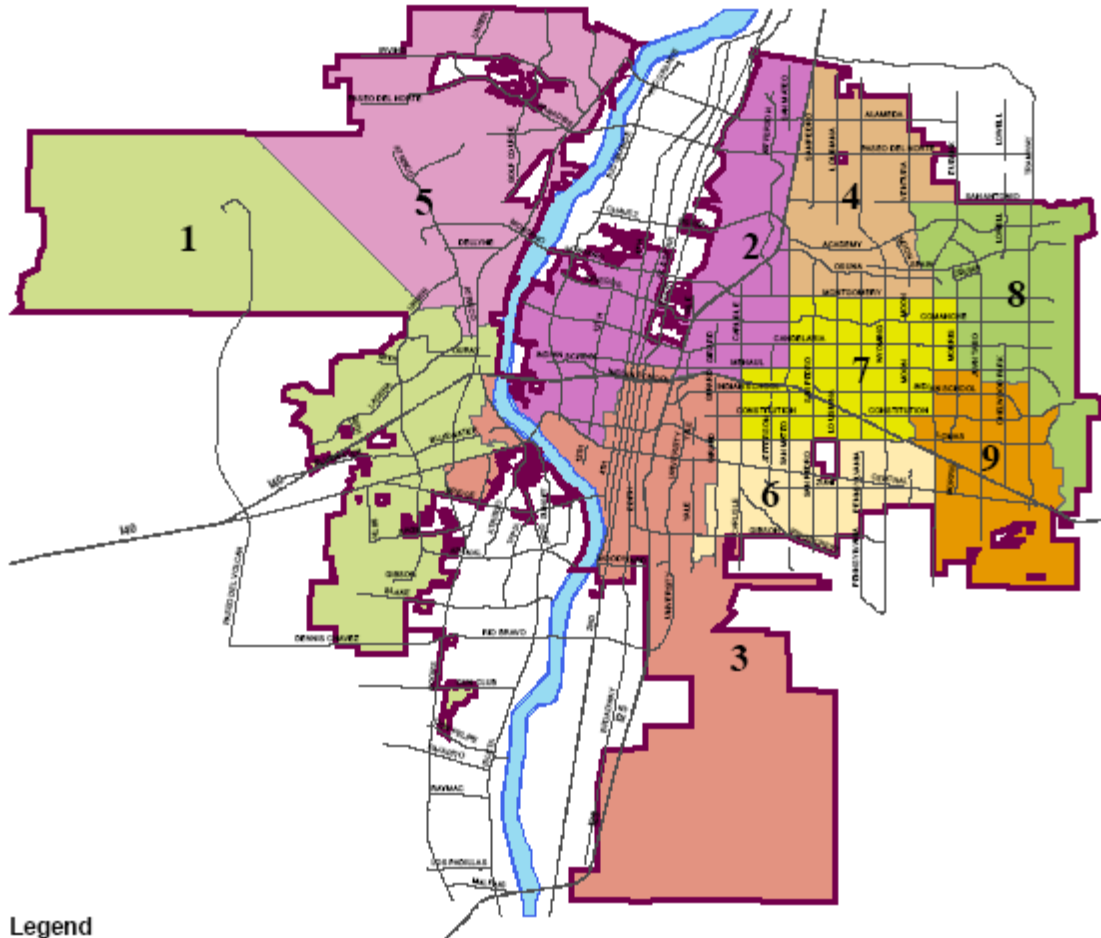


ANNUAL INFORMATION STATEMENT



DATED JANUARY 25, 2007

**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: Martin Heinrich |
|  2: Debbie O'Malley |  7: Sally Mayer |
|  3: Isaac Benton |  8: Craig Loy |
|  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, 2006
by City of Albuquerque City Council Services.

CITY OF ALBUQUERQUE

MAYOR

Martin J. Chavez

CITY COUNCIL

Ken Sanchez	District 1
M. Debbie O'Malley (President)	District 2
Isaac Benton	District 3
Brad Winter	District 4
Michael Cadigan	District 5
Martin T. Heinrich	District 6
Sally Mayer	District 7
Craig E. Loy	District 8
Don Harris	District 9

ADMINISTRATION

Bruce J. Perlman, PhD., Chief Administrative Officer
Gail D. Reese, Chief Financial Officer
Ed Adams, Chief Operations Officer
Nicholas Bakas, Chief Public Safety Officer
Millie Santillanes, City Clerk

DEPARTMENT OF FINANCE AND ADMINISTRATIVE SERVICES

Tanda Meadors, CMA, Director
Cilia Aglialoro, Assistant Treasurer-Debt
Christopher Daniel, Assistant Treasurer- Investment

OFFICE OF MANAGEMENT AND BUDGET

Anna Lamberson, PhD., Budget Officer
Jacques Blair, PhD., City Economist
Greg Stricklin, Accounting Officer

LEGAL DEPARTMENT

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

BOND COUNSEL

Brownstein Hyatt Farber Schreck, P.C., Albuquerque, New Mexico

DISCLOSURE COUNSEL

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

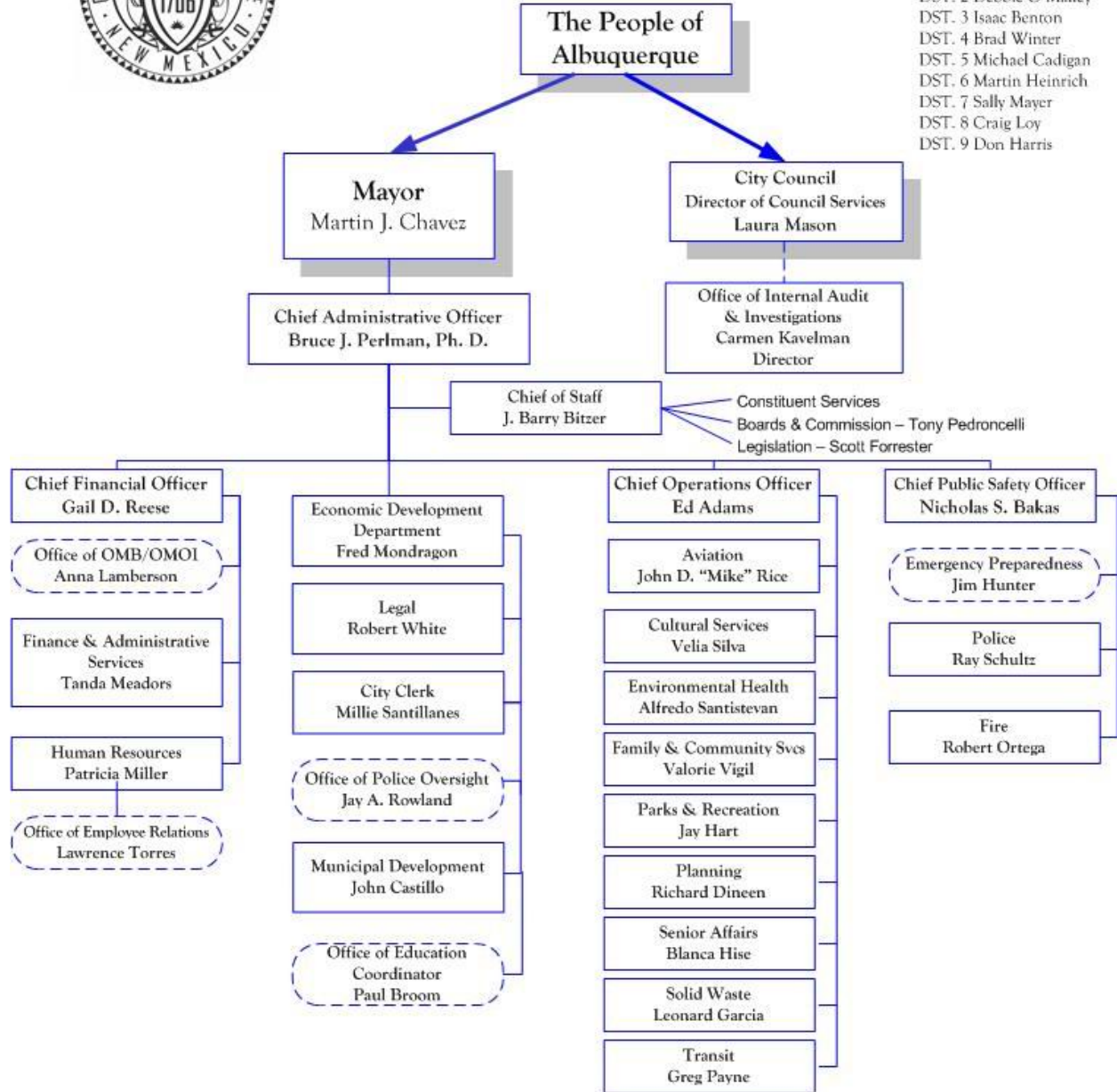
SPECIAL TAX COUNSEL

Kutak Rock LLP, Denver, Colorado



City of Albuquerque

- DST. 1 Ken Sanchez
- DST. 2 Debbie O'Malley
- DST. 3 Isaac Benton
- DST. 4 Brad Winter
- DST. 5 Michael Cadigan
- DST. 6 Martin Heinrich
- DST. 7 Sally Mayer
- DST. 8 Craig Loy
- DST. 9 Don Harris



Signature: _____ Date: _____

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INTRODUCTION

This “Annual Information Statement Dated January 25, 2007 in Connection with Bonds and Other Obligations” (the “Annual Statement”) has been prepared by the City of Albuquerque (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, 2007, including information relating to bonds, notes or other obligations of the City issued or incurred after that date, is not included in the Annual Statement. Other information contained in the Annual Statement is current as of January 1, 2007, 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. Audited financial statements of the City will be filed when available to the City. See “FISCAL YEAR 2006 FINANCIAL INFORMATION UNAUDITED.” 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, Assistant Treasurer-Debt, 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) 768-3396, Fax (505) 768-3447. Information about the City may also be obtained through the City’s World Wide 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) Joint Water and Sewer System Revenue Bonds, Series 1995;
- (3) Gross Receipts Tax Refunding Revenue Bonds, Series 1996;
- (4) Gross Receipts Tax Adjustable Tender Revenue Bonds, Series 1997;
- (5) Joint Water and Sewer System Revenue Bonds, Series 1997;
- (6) General Obligation Bonds, Series 1998B;
- (7) Refuse Removal and Disposal Revenue Bonds, Series 1998;
- (8) Governmental Purpose Airport Refunding Revenue Bonds, Series 1998;
- (9) General Obligation Bonds, Series 1999 C;
- (10) Joint Water and System Refunding and Improvement Revenue Bonds, Series 1999A;
- (11) Special Assessment District No. 224 Bonds, Issue of February 1, 1999;
- (12) Municipal Gross Receipts Tax Refunding Revenue Bonds, Series 1999A;
- (13) Gross Receipts Tax/Lodgers' Tax Refunding Revenue Bonds, Series 1999B;
- (14) Gross Receipts Tax Refunding Revenue Bonds, Series 1999C;
- (15) General Obligation Bonds, Series 2000B;
- (16) Taxable Golf Course Net Revenue/Gross Receipts Tax Revenue Bonds, Series 2001;
- (17) Refuse Removal and Disposal Revenue Bonds, Series 2001 A and B;
- (18) General Obligation Bonds, Series 2001A and B;
- (19) Airport Refunding Revenue Bonds, Series 2001;
- (20) Joint Water and Sewer System Revenue Bonds, Series 2001;
- (21) General Obligation Taxable Baseball Stadium Bonds, Series 2001C;
- (22) General Obligation General Purpose Bonds, Series 2002B;
- (23) General Obligation Storm Sewer Bonds, Series 2002C;
- (24) General Obligation Bonds, Series 2003B, and C;
- (25) Airport Refunding and Improvement Revenue Bonds, Series 2004A and Taxable Series 2004B;
- (26) Gross Receipts/Lodgers' Tax Refunding Revenue Bonds, Series 2004A and Taxable Series 2004B;
- (27) General Obligation General Purpose Bonds, Series 2005A; and
- (28) General Obligation Storm Sewer Bonds, Series 2005B.

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 would satisfy 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 and in 2006, key personnel changes within the City's accounting division, together with significant changes in the software used by the City in the preparation of its annual audit, have resulted in delays in the filing of the City's audited financial statements for Fiscal Year 2006. 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 2006 FINANCIAL INFORMATION UNAUDITED

In calendar year 2006, the City experienced retirement and other key personnel changes within its accounting division. There were also significant changes in 2006 in the software used by the City in the preparation of its annual audit. The personnel changes and changes in software have resulted in delays in the completion of the City's audited financial statements for Fiscal Year 2006. Therefore the financial information for Fiscal Year 2006 in this Annual Statement is unaudited. As soon as the audit is complete and approved by the State Auditor, the City will attach audited financial information to this Annual Statement and file its Audited Financial Statement for Fiscal Year 2006 with each Nationally Recognized Municipal Securities Information Repository.

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 some of which are further secured by pledged revenues, and certain single family and multifamily housing programs. These outstanding obligations are generally described below and certain terms of such obligations will be 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, 2006 ("CAFR"); a portion of which will be attached hereto as Appendix A when received. Other information relating to the City's outstanding obligations, including information about debt service coverage ratios, can be obtained from the CAFR when filed; it is anticipated that the CAFR will be able to be viewed at and downloaded from the City's website, www.cabq.gov as soon as the audit is complete and approved by the State Auditor. See "FISCAL YEAR 2006 FINANCIAL INFORMATION UNAUDITED." 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 and Interest Rate Risk Management" under this caption.

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; short-term ratings of bonds bearing short-term interest rates are based upon the short-term rating of the liquidity provider. Some City bonds are credit enhanced and therefore 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 and Interest Rate Risk Management" 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 \$156,080,000, and storm sewer system general obligation bonds, in an outstanding aggregate principal amount of \$43,685,000.

In a regular municipal election held October 4, 2006, the issuance of \$113,045,000 general purpose general obligation bonds and \$8,080,000 storm sewer system general obligation bonds was approved. On June 30, 2006 the City issued \$34,000,000 in general purpose bonds and \$3,000,000 in storm sewer bonds. These bonds were repaid in July 2006 and are no longer outstanding. It is expected that the City will issue the remaining \$84,125,000 general obligation bonds in Spring/Summer 2007.

City of Albuquerque Outstanding General Obligation Bonds As of December 31, 2006

<u>Issue⁽¹⁾</u>	<u>Principal Amount Of Original Issue</u>	<u>Currently Outstanding</u>
<u>General Purpose G.O. Bonds:</u>		
August 1999	\$24,105,000	\$6,000,000
September 2001	46,315,000	17,040,000
October 2001 – Taxable Stadium	10,000,000	4,000,000
February 2002	20,000,000	7,900,000
July 2003	81,805,000	41,895,000
June 2005	<u>90,595,000</u>	<u>79,245,000</u>
Total	<u>\$272,820,000</u>	<u>\$156,080,000</u>
<u>Water, Sewer and Storm Sewer G.O. Bonds:</u>		
February 1998	\$6,350,000	\$3,000,000
February 1999	4,760,000	4,760,000
July 2000	6,750,000	4,800,000
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	<u>11,575,000</u>	<u>11,575,000</u>
Total	<u>\$48,985,000</u>	<u>\$43,685,000</u>
<u>Total General Obligation Bonds</u>	<u>\$321,805,000</u>	<u>\$199,765,000</u>

(1) The CUSIP numbers for each maturity are listed on Appendix B hereto.

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 \$9,858,168,778, as shown below, the City may issue \$238,246,751 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 \$9,858,168,778	\$394,326,751
Outstanding (General Purpose subject to 4% limitation):	156,080,000
Available for Future Issues	<u>\$238,246,751</u>

* See the table below entitled "Assessed Valuation County Tax Year 2005 (Fiscal Year 2006)."

**City of Albuquerque
Assessed Valuation
(County Tax Year⁽¹⁾ 2006 - Fiscal Year 2007)**

Market Value of Property Assessed	\$35,375,529,342
(1/3 Market Value)	\$11,791,843,114
Less Exemptions	(1,591,273,028)
Less Centrally Assessed (Corporate)	<u>(342,401,308)</u>
Certified Net Tax Base ⁽²⁾	\$9,858,168,778 ⁽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 December 31, 2006**

Gross G.O. Bonded Debt	\$199,765,000 ⁽¹⁾
Less G.O. Sinking Fund Balance (November 30, 2006)	<u>6,145,806⁽²⁾</u>
Net G.O. Bonded Debt	<u>\$193,619,194</u>

	G.O. Debt	Tax Year 2006 Assessed Valuation	% Applicable to City	Net Overlapping
City of Albuquerque	\$193,619,194	\$9,858,168,778	100.00%	\$193,619,194
Albuquerque Public Schools	120,745,000	11,193,299,206	88.07%	106,342,604
Albuquerque Metropolitan Arroyo Flood Control Authority	22,250,000	10,814,430,353	91.16%	20,282,553
Central New Mexico Community College	16,600,000	11,203,726,789	87.99%	14,606,354
Bernalillo County	93,475,000	11,260,432,703	87.55%	81,834,540
State of New Mexico	299,295,000	32,194,252,218	30.62%	<u>91,646,813</u>
Total Direct and Overlapping G.O. Debt				<u>\$508,332,058</u>

Ratios

Direct and Overlapping G.O. Debt as Percent of Taxable Assessed Valuation	5.16%
Direct and Overlapping G.O. Debt as Percent of Actual Market Valuation	1.44%
Assessed Valuation Per Capita (2006 Estimated Population 500,661) ⁽³⁾	\$19,690.31
Direct and Overlapping G.O. Debt Per Capita	\$ 1,015.32

- (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, 2006 was \$7,404,585. The amount properly attributable to principal reduction is 83% 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
(Fiscal Year 2006, County Tax Year 2005)

General Obligation Debt

Fiscal Year	Population⁽¹⁾	Taxable Value(000s)⁽²⁾	Total G.O. Debt (000s)	Debt Service Fund(000s)⁽³⁾	Net G.O. Debt (000s)	Ratio of Net G.O. Debt To Taxable Value	Net G. O. Debt Per Capita
1997	420,907	\$5,184,693	\$168,170	\$7,742	\$160,428	3.09%	\$381.15
1998	421,384	5,469,636	172,155	7,834	164,321	3.00%	389.96
1999	420,578	5,656,901	169,165	12,114	157,051	2.78%	373.42
2000	448,607 ⁽⁴⁾	6,856,281	152,825	24,832	127,993	1.87%	285.31
2001	454,015 ⁽⁴⁾	6,900,667	138,180	10,707	127,473	1.85%	280.77
2002	460,464 ⁽⁴⁾	7,423,666	117,440	18,230	99,210	1.34%	215.46
2003	473,849	7,623,843	160,055	45,493	114,562	1.50%	241.77
2004	479,061	7,887,551	126,810	46,158	80,652	1.02%	168.35
2005	490,541	8,285,493	239,205	19,487	219,718	2.65%	447.91
2006	500,661	9,307,581	276,205	9,977	266,228	2.86%	531.75

- (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.
- (4) Full accrual basis.

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 December 31, 2006

Fiscal Year	Principal	Interest	Total Debt Service
2007	\$35,270,000	\$8,827,865	\$44,097,865
2008	32,275,000	7,286,715	39,561,715
2009	29,900,000	5,883,925	35,783,925
2010	27,900,000	4,601,825	32,501,825
2011	25,695,000	3,354,813	29,049,813
2012	18,685,000	2,165,513	20,850,513
2013	18,685,000	1,377,963	20,062,963
2014	<u>11,355,000</u>	<u>482,588</u>	<u>11,837,588</u>
	<u>\$199,765,000</u>	<u>\$33,981,205</u>	<u>\$233,746,205</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 GO Debt Service)⁽¹⁾</u>	<u>Debt Service as a % of Total General Fund Expenditures (Excluding GO Debt Service)</u>
1997	\$47,335,000	\$9,323,348	\$56,658,348	\$286,735,538	19.8%
1998	47,370,000	9,241,602	56,611,602	303,158,434	18.7%
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	320,852,941	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 ⁽²⁾	19.5%

(1) Includes transfers and other financing uses.

(2) Unaudited.

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 "Aa3" by Moody's Investors Service, Inc. ("Moody's"), "AA" by Standard & Poor's Ratings Service ("S&P") and "AA" by Fitch, Inc. ("Fitch"). Certain of these bonds are credit enhanced and therefore have a different rating which is based on the rating of the credit enhancer rather than the rating of the City for such bonds. See "Credit Enhancement and Interest Rate Risk Management" 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 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 December 31, 2006

<u>Issue⁽¹⁾</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>
Gross Receipts Tax Refunding Revenue Bonds, Series 1996 ⁽²⁾	Refunding	\$18,315,000	\$2,995,000	N/A	7/01/08 @ 100%
Gross Receipts Tax Refunding Revenue Bonds, Series 1999C	Refunding	27,130,000	27,130,000	N/A	7/01/09 @ 100%
Taxable Gross Receipts Tax Adjustable Tender Revenue Bonds, Series 2000A	Parking Structures	25,600,000	20,300,000	MBIA Surety	Callable on any interest payment date at 100%
Taxable Golf Revenue/Gross Receipts Tax Bonds Series 2001 ⁽³⁾	Golf Course	2,420,000	1,425,000	N/A	7/01/06 @ 100%
New Mexico Finance Authority Stadium Loan #1 ⁽⁴⁾	Baseball Stadium	6,000,000	5,564,549	N/A	Callable on any interest payment after one year from October 4, 2002
New Mexico Finance Authority Stadium Loan #2 ⁽⁵⁾	Baseball Stadium	9,000,000	8,263,288	N/A	Callable on any interest payment after one year from December 27, 2002
Total Outstanding State Gross Receipts Tax Obligations			<u>\$65,677,837</u>		

- (1) The CUSIP numbers for each maturity are listed on Appendix B hereto.
- (2) These bonds are also payable from certain allocated net revenues of the City's parking and airport systems.
- (3) These bonds are also payable from net revenues of the City's golf courses.
- (4) This loan is also payable from lease payments due to the City from the lessee of the baseball stadium.
- (5) This loan is also payable from surcharges imposed on ticket sales, concessions and other goods and services sold at the baseball stadium.

The City has also pledged its share of the state gross receipts tax, on a basis subordinate to the outstanding State gross receipts tax obligations discussed above and in the following paragraph entitled "Outstanding State Gross Receipts/Lodgers' Tax Bonds," to secure its payment obligations under a surety bond reimbursement agreement entered into by the City and MBIA Insurance Corporation ("MBIA") in connection with the provision of a surety bond

securing certain payments on the City's Affordable Housing Projects Refunding Revenue Bonds, Series 2000. See "Credit Enhancement and Interest Rate Risk Management" under this caption.

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 December 31, 2006

<u>Issue⁽¹⁾</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>
Gross Receipts/ Lodgers' Tax Refunding and Improvement Bonds, Series 1991B ⁽²⁾	Refunding and Convention Center	\$20,095,587	\$2,148,699	N/A	7/1/11 @ 103%
Gross Receipts/ Lodgers' Tax Adjustable Tender Revenue Bonds, Series 1995 ⁽³⁾	Convention Center and Plaza Improvements	6,700,000	1,300,000	N/A	Callable on any interest payment date @ 100%
Gross Receipts/ Lodgers' Tax Refunding Revenue Bonds, Series 1999B	Refunding	45,335,000	12,235,000	N/A	7/1/09 @ 100%
Tax-Exempt Gross Receipts Tax/Lodgers' Tax Refunding Revenue Bonds, Series 2004A	Refunding	31,965,000	31,965,000	N/A	7/01/2014 @ 100%
Taxable Gross Receipts Tax/Lodgers' Tax Refunding Revenue Bonds, Series 2004B	Refunding	28,915,000	<u>28,620,000</u>	N/A	Callable at any time with make- whole premium ⁽⁴⁾
Total Outstanding State Gross Receipts/Lodgers' Tax Obligations			<u>\$76,268,699</u>		

- (1) The CUSIP numbers for each maturity are listed on Appendix B hereto.
- (2) These bonds were issued as capital appreciation bonds. The amount shown as outstanding is the accreted value of the bonds as of July 1, 2006.
- (3) These bonds are supported by a letter of credit issued by Bank of America, N.A., as described in "Credit Enhancement and Interest Rate Risk Management" under this caption.
- (4) Optional Redemption requires an approving opinion of bond or special tax counsel.

**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	Convention Center Improvements	\$5,700,000	\$ <u>4,760,000</u>	\$373,265	Callable on any interest payment after one year from September 9, 2005
Total Hospitality Fee Loan			\$ <u>4,760,000</u>		

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 (as described above). The table lists separately the City's state gross receipts tax bonds referred to as "Old Lien Tax Obligations" and those referred to as "New Lien Tax Obligations". The pledge securing the Old Lien Tax Obligations 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."

Estimated Total Combined Debt Service Outstanding Gross Receipts Tax Obligations

Old Lien Tax Obligations

New Lien Tax Obligations

July 1	Series 1991B (1)(3)	Series 1995 (2)(3)	Series 1996	Series 1999B(3)	Series 1999C	Series 2000A(4)	Series 2001(5)	NMFA Stadium Lease Loan(6)	Surcharge Stadium Loan(7)	Series 2004A/B(3)	Estimated Total Combined Debt Service Requirements
2007	--	\$195,000	\$594,750	\$609,005	\$1,355,213	\$4,536,000	\$344,200	\$490,863	\$670,963	\$3,356,763	\$12,152,757
2008	--	195,000	632,500	609,005	1,355,213	4,384,000	342,950	490,881	670,987	3,354,451	12,034,985
2009	--	195,000	702,250	609,005	1,355,213	4,220,000	345,460	490,902	671,013	3,321,079	11,909,921
2010	--	195,000	742,250	609,005	1,355,213	4,244,000	341,650	490,925	671,043	3,313,002	11,962,087
2011	--	195,000	<u>813,750</u>	609,005	1,355,213	3,932,000	<u>346,775</u>	490,950	671,074	3,299,474	11,713,240
2012	\$560,000	195,000	--	709,005	1,355,213	3,820,000	--	490,976	671,109	3,315,714	11,117,017
2013	590,000	195,000	--	764,405	1,355,213	3,884,000	--	491,005	671,148	3,290,431	11,241,201
2014	585,000	195,000	--	826,885	1,855,213	<u>2,800,000</u>	--	491,036	671,188	3,305,414	10,729,735
2015	600,000	195,000	--	885,960	3,956,463	--	--	491,069	671,229	3,303,899	10,103,620
2016	540,000	195,000	--	951,410	4,533,650	--	--	491,104	671,275	3,370,694	10,753,132
2017	545,000	195,000	--	1,012,790	4,538,300	--	--	491,142	671,322	3,378,176	10,831,730
2018	<u>550,000</u>	195,000	--	1,080,250	4,533,500	--	--	491,182	671,373	3,379,311	10,900,616
2019	--	195,000	--	1,692,750	4,593,500	--	--	491,225	671,426	3,394,368	11,038,269
2020	--	195,000	--	1,768,250	4,606,250	--	--	491,271	671,484	3,392,539	11,124,794
2021	--	195,000	--	1,847,000	4,543,888	--	--	491,321	671,545	3,394,631	11,143,385
2022	--	195,000	--	1,933,500	<u>1,105,113</u>	--	--	491,374	671,610	3,385,376	7,781,973
2023	--	<u>1,495.00</u>	--	662,000	--	--	--	491,430	671,678	3,440,313	6,760,421
2024	--	--	--	2,145,000	--	--	--	491,491	671,751	3,395,937	6,704,179
2025	--	--	--	<u>2,157,750</u>	--	--	--	491,556	671,827	3,467,370	6,788,504
2026	--	--	--	--	--	--	--	<u>491,626</u>	<u>671,909</u>	5,707,468	6,871,003
2027	--	--	--	--	--	--	--	--	--	5,796,531	5,796,531
2028	--	--	--	--	--	--	--	--	--	5,881,744	5,881,744
2029	--	--	--	--	--	--	--	--	--	5,972,553	5,972,553
2030	--	--	--	--	--	--	--	--	--	6,057,850	6,057,850
2031	--	--	--	--	--	--	--	--	--	6,151,401	6,151,401
2032	--	--	--	--	--	--	--	--	--	6,245,241	6,245,241
2033	--	--	--	--	--	--	--	--	--	6,341,491	6,341,491
2034	--	--	--	--	--	--	--	--	--	6,431,491	6,431,491
2035	--	--	--	--	--	--	--	--	--	6,526,592	6,526,592
2036	--	--	--	--	--	--	--	--	--	6,626,342	6,626,342
2037	--	--	--	--	--	--	--	--	--	<u>6,690,875</u>	<u>6,690,875</u>
Total	<u>\$3,970,000</u>	<u>\$4,615,000</u>	<u>\$3,485,500</u>	<u>\$21,481,981</u>	<u>\$43,752,363</u>	<u>\$31,820,000</u>	<u>\$1,721,035</u>	<u>\$9,823,329</u>	<u>\$13,426,956</u>	<u>\$138,288,517</u>	<u>\$272,384,680</u>

(1) Accreted Values shown.

(2) Interest for the Series 1995 Bonds has been calculated at an assumed annual rate of 15%, the maximum bond interest rate under the bond ordinance pursuant to which the Series 1995 Bonds were issued, although the City expects the actual rates to be significantly lower than such maximum bond interest rate.

(3) Payable from both State Shared Gross Receipts Tax Revenues and Lodgers' Tax Revenues.

(4) Interest for the Series 2000A Bonds has been calculated at an assumed annual rate of 12%, the maximum bond interest rate under the bond ordinance pursuant to which the Series 2000A Bonds were issued, although the City expects the actual rates to be significantly lower than such maximum bond interest rate.

(5) Taxable Golf Course Net Revenue/Gross Receipts Tax Revenue Bonds, Series 2001.

(6) NMFA Lease Revenue/Gross Receipts Tax Stadium Loan – October 4, 2002.

(7) NMFA Surcharge Revenue/Gross Receipts Tax Stadium Loan – December 27, 2002.

The state gross receipts tax revenues of the City attributable to the 1.225% levy for Fiscal Year 2006 were \$173,954,746 (unaudited). See “FINANCIAL INFORMATION - Gross Receipts Taxes - State Gross Receipts Taxes.” The maximum estimated calendar year combined debt service requirements for the outstanding state gross receipts tax obligations of the City as shown in the preceding table are estimated to be \$12,152,757 (occurring in calendar year 2007). The coverage ratio of the Fiscal Year 2006 State gross receipts tax revenues to such maximum estimated calendar year combined debt service requirements is 14.31x.

Current Ratings of State Gross Receipts Tax Bonds. The City’s outstanding state gross receipts tax bonds are currently rated “A1” by Moody’s, “AA” by S&P, and “AA” by Fitch. In addition, certain of these bonds (which includes two series of the outstanding state gross receipts/lodgers’ tax bonds) are credit enhanced and therefore have a different rating, which is based on the rating of the credit enhancer rather than the rating of the City for such bonds. See “Credit Enhancement and Interest Rate Risk Management” under this caption.

Municipal Gross Receipts Tax Bonds

Outstanding Municipal Gross Receipts Tax Bonds. The City presently has outstanding the following two 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 December 31, 2006**

<u>Issue⁽¹⁾</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 Refunding Revenue Bonds, Series 1992	Refunding	\$11,420,000	\$1,325,000	N/A	7/1/04 @ 100%
Municipal Gross Receipts Tax Refunding Revenue Bonds, Series 1999A	Refunding	6,070,000	<u>4,105,000</u>	N/A	7/1/09 @ 100%
Total Outstanding Municipal Gross Receipts Tax Bonds			<u>\$5,430,000</u>		

(1) The CUSIP numbers for each maturity are listed on Appendix B hereto.

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

City of Albuquerque
Total Combined Debt Service
Outstanding Municipal Gross Receipts Tax Bonds
As of December 31, 2006

<u>Calendar Year</u>	<u>Series 1992 Bonds</u>	<u>Series 1999A Bonds</u>	<u>Estimated Total Combined Debt Service</u>
2007	<u>\$1,408,475</u>	\$569,888	\$1,978,363
2008	--	571,138	571,138
2009	--	571,388	571,388
2010	--	570,638	570,638
2011	--	566,498	566,498
2012	--	571,248	571,248
2013	--	569,398	569,398
2014	--	571,133	571,133
2015	<u>--</u>	<u>571,433</u>	<u>571,433</u>
Total	<u>\$1,408,475</u>	<u>\$5,132,758</u>	<u>\$6,541,233</u>

The municipal gross receipts tax (0.5%) revenues of the City for Fiscal Year 2006 were \$70,079,274 (unaudited). See “FINANCIAL INFORMATION - Gross Receipts Taxes - Municipal and Other Gross Receipts Taxes.” The maximum calendar year combined debt service requirements for the outstanding municipal gross receipts tax bonds of the City are estimated to be \$1,978,363 (occurring in calendar year 2007). The coverage ratio of the Fiscal Year 2006 municipal gross receipts tax revenues to such maximum calendar year combined debt service requirements is 34.42x.

Current Ratings of Municipal Gross Receipts Tax Bonds. Both series of the City’s outstanding municipal gross receipts tax bonds are credit enhanced and therefore 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 and Interest Rate Risk Management” under this caption.

2006 Debt Calculations for Tax-Supported Obligations

The following table summarizes (i) the total outstanding obligations of the City as of December 31, 2006 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 December 31, 2006**

<u>General Obligation Debt</u>	<u>Total Outstanding</u>	<u>Per Capita (Population of 500,661⁽¹⁾)</u>
Net Direct G.O. Debt ⁽²⁾	\$193,619,194	\$386.73
Overlapping Jurisdiction G.O. Debt ⁽³⁾	<u>314,712,864</u>	<u>628.59</u>
Total Direct and Overlapping G.O. Debt	<u>\$508,332,058</u>	<u>\$1,015.32</u>
 <u>Special Tax Obligations</u>		
State Shared Gross Receipts Tax Bonds ⁽⁴⁾	\$65,677,837	\$131.18
Hospitality Fee Loan	4,760,000	9.51
State Gross Receipts/Lodgers' Tax Bonds ⁽⁵⁾	76,268,699	152.34
Municipal Gross Receipts Tax Bonds ⁽⁶⁾	5,430,000	10.85
SAD Bond-Pledged Gasoline Tax Subseries ⁽⁷⁾	<u>50,000</u>	<u>0.10</u>
Direct Special Tax Obligations	<u>\$152,186,536</u>	<u>\$303.97</u>
 TOTAL OVERALL TAX-SUPPORTED OBLIGATIONS	 <u>\$660,518,595</u>	 <u>\$1,319.29</u>

- (1) Population estimated by the City of Albuquerque Planning Division.
- (2) See table entitled "City of Albuquerque Direct and Overlapping General Obligation Debt as of December 31, 2006" under this caption.
- (3) See table entitled "City of Albuquerque Direct and Overlapping General Obligation Debt as of December 31, 2006" under this caption.
- (4) See table entitled "City of Albuquerque Outstanding State Gross Receipts Tax Obligations as of December 31, 2006" under this caption.
- (5) See table entitled "City of Albuquerque Outstanding State Gross Receipts/Lodgers' Tax Bonds as of December 31, 2006" under this caption.
- (6) See table entitled "City of Albuquerque Outstanding Municipal Gross Receipts Tax Bonds" under this caption.
- (7) See "Outstanding Special Assessment District 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 December 31, 2006

<u>Issue⁽¹⁾</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⁽²⁾</u>
Airport Subordinate Lien Adjustable Tender Refunding Revenue Bonds, Refunding Series 1995 ⁽³⁾⁽⁴⁾	Refunding	\$ 67,000,000	\$40,700,000	\$6,700,000	Callable on any interest payment date @ 100%
Airport Refunding Revenue Bonds, Series 1997 ⁽³⁾	Refunding	33,310,000	24,505,000	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 ⁽³⁾	Refunding	42,685,000	33,810,000	Ambac surety	7/1/08 @ 100%
Subordinate Lien Adjustable Rate Airport Refunding Revenue Bonds, Series 2000 A & B ⁽³⁾⁽⁴⁾	Road Improvements and Rental Car Facility	47,200,000	23,600,000	Ambac surety	Callable on any interest payment date @ 100%
Airport Revenue Bonds, Series 2001 ⁽³⁾	Refunding	42,550,000	33,280,000	Ambac surety	7/1/11 @ 100%
Subordinate Lien Taxable Airport Refunding Revenue Bonds, Series 2004A ⁽⁴⁾⁽⁵⁾	Refunding	20,610,000	19,175,000	MBIA Surety	7/1/13 @ 100%
Senior Lien Airport Improvement Revenue Bonds, Series 2004B ⁽⁵⁾	Fuel Facility, Terminal and Improvements	30,000,000	<u>30,000,000</u>	MBIA Surety	7/1/13 @ 100%
Total Airport Revenue Bonds			<u>\$205,070,000</u>		

- (1) The CUSIP numbers for each maturity listed on this table are shown on Appendix B hereto.
- (2) 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.
- (3) Ambac Assurance Corporation has provided its bond insurance policy in connection with these bonds. See "Credit Enhancement and Interest Rate Risk Management" under this caption.
- (4) 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 and Interest Rate Risk Management" under this caption for a description of certain credit enhancement relating to these bonds and an exchange agreement relating to the Series 1995 Bonds.
- (5) MBIA Insurance Corporation has provided its bond insurance policy in connection with these bonds. See "Credit Enhancement and Interest Rate Risk Management" 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 notes will be issued in early summer of 2007.

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	Outstanding Senior Parity Obligations					Outstanding Subordinate Parity Obligations				Estimated Total Combined Requirements
	Series 1997 Bonds	Series 1998B Bonds	Series 2001 Bonds	Series 2004B Bonds	Total Senior Parity Obligations	Series 1995 Bonds ⁽¹⁾	Series 2000A & B Bonds ⁽²⁾	Series 2004A Bonds	Total Subordinate Parity Obligations	
2007	\$3,018,121	\$3,573,299	\$5,138,200	\$2,916,840	\$14,646,460	\$6,646,965	\$4,675,000	\$1,809,337	\$13,131,302	\$27,777,762
2008	3,027,121	3,574,234	4,964,200	2,883,440	14,448,995	6,681,155	4,986,000	1,968,089	13,635,244	28,084,239
2009	3,029,621	3,579,474	4,790,200	2,843,778	14,243,073	6,694,360	5,225,000	2,241,174	14,160,534	28,403,607
2010	3,021,621	3,568,399	4,994,040	2,798,688	14,382,748	6,786,580	4,989,000	2,213,614	13,989,194	28,371,942
2011	3,011,871	3,571,279	3,769,350	2,715,188	13,067,688	6,850,820	4,641,000	2,245,254	13,737,074	26,804,761
2012	3,020,034	3,568,748	3,770,463	2,665,088	13,024,331	6,887,080	4,793,000	2,208,474	13,888,554	26,912,885
2013	3,014,421	3,578,323	3,768,513	2,576,588	12,937,844	6,995,360	4,570,000	2,206,891	13,772,251	26,710,094
2014	3,018,096	3,575,683	3,768,231	2,493,338	12,855,348	<u>7,168,665</u>	4,317,000	2,214,338	13,700,003	26,555,351
2015	3,023,165	3,575,945	3,769,081	2,410,088	12,778,279		2,334,000	2,211,970	4,545,970	17,324,249
2016	3,018,990	3,573,500	<u>3,760,525</u>	2,326,838	12,679,853		676,000	2,173,466	2,849,466	15,529,319
2017	3,022,495	3,571,500		2,260,238	8,854,233		628,000	2,170,667	2,798,667	11,652,900
2018	<u>3,019,610</u>	3,572,250		2,193,638	8,785,498		680,000	<u>1,881,469</u>	2,561,469	11,346,967
2019		<u>3,575,250</u>		2,110,388	5,685,638		620,000		620,000	6,305,638
2020				2,027,138	2,027,138		<u>560,000</u>		<u>560,000</u>	2,587,138
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				<u>1,739,925</u>	<u>1,739,925</u>					<u>1,739,925</u>
Total	<u>\$36,245,168</u>	<u>\$46,457,881</u>	<u>\$42,492,803</u>	<u>\$42,618,033</u>	<u>\$167,813,884</u>	<u>\$54,710,985</u>	<u>\$43,694,000</u>	<u>\$25,544,742</u>	<u>\$123,949,727</u>	<u>\$291,763,610</u>

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

- (1) The interest rate payable by the City for the Subordinate Series 1995 Bonds has been calculated at 6.685% per annum pursuant to the interest rate exchange agreement entered into by the City in connection with its issuance of the Subordinate Series 1995 Bonds.
- (2) The interest payable by the City for the Subordinate Series 2000A and 2000B Bonds has been calculated at assumed annual interest rates of 12% and 15%, respectively, the maximum bond interest rates under the bond ordinance pursuant to which the those Bonds were issued, although the City expects the actual rates to be significantly lower than such maximum bond interest rates.

In the ordinances pursuant to which the City's Airport revenue 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 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 unaudited net revenues of the Airport for Fiscal Year 2006 were \$46,116,913 (Test No. 1) and \$46,773,809 (Test No. 2). See "ENTERPRISE OPERATIONS - Albuquerque Airport - Airport Financial Information; Airport Fund." This amount is adjusted to conform amounts presented as net revenues in the City's CAFRs to the definition of Net Revenues in the ordinances and the calculation of debt service under Test No. 1 and Test No. 2. The maximum estimated calendar year combined debt service requirements for all outstanding Senior Parity Obligations are estimated to be \$14,646,460 (occurring in calendar year 2007). With respect to Test No. 1, the coverage ratio of the adjusted net revenues for the Airport for Fiscal Year 2006 (\$46,116,913) to such maximum estimated calendar year debt service requirements is 3.14x. The maximum estimated calendar year combined debt service requirements for all outstanding Airport revenue obligations are estimated to be \$28,403,602 (occurring in calendar year 2009). With respect to Test No. 2, the coverage ratio of the adjusted net revenues of the Airport for Fiscal Year 2006 (\$46,773,809) to such maximum estimated calendar year debt service requirements is 1.65x (occurring in calendar year 2009). For Fiscal Year 2006, the actual debt service ratio for Test No. 1 is equal 3.40x, and the ratio for Test No. 2 is equal to 2.11x.

Current Ratings of the Airport Revenue Bonds. All of the City's outstanding Airport revenue bonds are credit enhanced and therefore have received a rating based on the rating of the credit enhancer rather than the rating of the City for such bonds. See "Credit Enhancement and Interest Rate Risk Management" under this caption. However, 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 January 21, 2004, as amended April 7, 2004, under which the City continues to operate the Water/Sewer System. The Memorandum of Understanding has been extended through June 30, 2007.

Information relating to outstanding Water/Sewer System obligations may be found in the Annual Information Statement of the Authority dated January 25, 2007 on file with each Nationally Recognized Municipal Securities Information Repository.

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 December 31, 2006**

<u>Issue</u> ⁽¹⁾	<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> ⁽²⁾
Refuse Removal and Disposal Refunding Revenue Bonds, Series 1995 ⁽³⁾	Refunding	\$13,515,000	\$4,815,000	Ambac surety	Not callable
Refuse Removal and Disposal Revenue Bonds, Series 1998 ⁽³⁾	System improvements	10,170,000	5,580,000	Ambac surety	7/1/2007 @ 100%
Refuse Removal and Disposal Revenue Bonds, Series 2001A and B	System improvements and refunding	14,205,000	11,050,000	FSA surety	Not callable
NMFA – Refuse Removal and Disposal Loan	System Improvements	5,800,000	<u>4,735,627</u>	N/A	Callable on any interest payment date after one year from and after July 13, 2004
Total Refuse System Revenue Bonds			<u>\$26,180,627</u>		

- (1) The CUSIP numbers for each maturity are listed on Appendix B hereto.
- (2) 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.
- (3) Ambac Assurance Corporation has provided its municipal bond insurance in connection with these bonds. See “Credit Enhancement and Interest Rate Risk Management” 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 December 31, 2006**

<u>Calendar Year</u>	<u>Series 1995 Bonds</u>	<u>Series 1998 Bonds</u>	<u>Series 2001A Bonds</u>	<u>Series 2001B Bonds</u>	<u>NMFA Loan</u>	<u>Combined Debt Service Requirements</u>
2007	\$1,773,548	\$948,218	\$1,155,400	\$576,285	\$677,707	\$5,131,157
2008	1,777,988	948,468	1,153,800	<u>504,885</u>	677,732	5,062,872
2009	<u>1,778,725</u>	947,443	1,150,338	--	677,762	4,554,267
2010	--	949,193	2,929,950	--	677,796	4,556,939
2011	--	949,213	2,933,700	--	677,837	4,560,750
2012	--	946,863	<u>2,925,950</u>	--	677,883	4,550,695
2013	--	<u>946,856</u>	--	--	677,932	1,624,788
2014					<u>677,986</u>	<u>677,986</u>
Total	<u>\$5,330,260</u>	<u>\$6,636,251</u>	<u>\$12,249,138</u>	<u>\$1,081,170</u>	<u>\$5,422,635</u>	<u>\$30,719,454</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 2006 were \$62,404,439. 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 \$5,131,157(occurring in calendar year 2007). The coverage ratio of the 2006 refuse system net revenues (\$62,404,439) to such maximum calendar year combined debt service requirements (\$5,131,157) would be 12.2x. For Fiscal Year 2006, the ratio of net revenues (\$62,404,439) to actual debt service (\$5,134,148) is equal to 12.2x.

Current Ratings of the Refuse System Revenue Bonds. All of the City’s outstanding refuse system revenue bonds are credit enhanced and therefore have ratings which are based on the ratings of the credit enhancer rather than the ratings of the City for such bonds. See “Credit Enhancement and Interest Rate Risk Management” under this caption. The City’s outstanding refuse system revenue bonds are currently given 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. See “ENTERPRISE OPERATIONS - Golf Courses.”

**City of Albuquerque
Outstanding Golf Course Bonds
As of December 31, 2006**

<u>Issue⁽¹⁾</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 ⁽²⁾⁽³⁾	Golf Course Facilities	\$2,420,000	\$1,425,000	N/A	7/1/06 @ 100%

- (1) The CUSIP numbers for each maturity are listed on Appendix B hereto.
- (2) MBIA Insurance Corporation has provided its municipal bond insurance in connection with these bonds. See “Credit Enhancement and Interest Rate Risk Management” under this caption.
- (3) 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.

Combined 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 dates.

**City of Albuquerque
Total Debt Service
Outstanding Golf Course Bonds
As of December 31, 2006**

<u>Calendar Year</u>	<u>Series 2001 Bonds</u>
2007	\$ 344,200
2008	342,950
2009	345,460
2010	341,650
2011	<u>346,775</u>
Total	<u>\$1,721,035</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 2006 that constituted the net revenues of the City's golf courses was \$749,231 (unaudited). The maximum calendar year debt service requirements for the outstanding golf course bonds of the City (as shown above) are \$346,775 (occurring in calendar year 2011). The coverage ratio of Fiscal Year 2006 net revenues (\$749,231 to such maximum calendar year debt service requirements (\$346,775) would be 2.16x. For Fiscal Year 2006, the ratio of net revenues (\$749,231) to actual debt service (\$347,670) is equal to 2.16x. See "ENTERPRISE OPERATIONS - Golf Courses - Golf Course Financial Information."

Current Ratings of the Golf Course Revenue Bonds. All of the City's outstanding golf course bonds are credit enhanced and therefore have ratings which are based on the ratings of the credit enhancer rather than the ratings of the City for such bonds. See "Credit Enhancement and Interest Rate Risk Management" under this caption.

Special Assessment District Obligations

Outstanding Special Assessment District Bonds. There is currently one special assessment street improvements district which has tax-exempt bonds outstanding. Total outstanding street improvement bonds equal \$50,000; there are no outstanding water/sewer improvement bonds.

SAD Bonds are special and limited obligations of the City, payable from certain assessments levied against the property specially benefited by the improvements and further secured by certain specified sources, described below. 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.

However, street improvement SAD Bonds are further secured by pledged supplemental revenues of one-half of the revenues received by the City from the distribution of gasoline tax revenues from the State pursuant to Section 7-1-6.9 NMSA 1978, as amended (the "pledged gasoline tax receipts").

Outstanding Special Assessment District Loans. From time to time, the New Mexico Finance Authority ("NMFA") loans 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. Unlike SAD Bonds, the SAD NMFA Loans are not secured by supplemental revenues. There are currently five SAD NMFA Loans and bonds issues outstanding in an aggregate principal amount of \$6,608,362.

City of Albuquerque
Outstanding Special Assessment District Obligations
As of December 31, 2006

<u>District and Bond Issues/Loans⁽¹⁾</u>	<u>Principal Amt. Of Original Issue</u>	<u>Outstanding Principal Amt.</u>	<u>Redemption Provisions⁽²⁾</u>
SAD 224 (Bond Issue February 1999): Street Improvements	\$3,955,000	\$50,000	Optional and special redemption
SAD 225 (November 2000): NMFA Tax-Exempt Loan (Street and Storm Drainage Improvements)	3,867,500	228,718	Optional and special redemption
SAD 222 (October 2001): NMFA Tax-Exempt Loan (Street and Storm Drainage Improvements)	2,605,539	493,020	Optional and special redemption
SAD 216 (May 2002): NMFA Tax-Exempt Loan (Street and Storm Drainage Improvements)	1,314,322	456,544	Optional and special redemption
SAD 227 (February 2004): NMFA Tax-Exempt Loan Taxable Loan	8,170,888 404,255	5,091,956 <u>288,124</u>	Optional and special redemption
 Total Special Assessment District Obligations		 <u>\$6,608,362</u>	

(1) The CUSIP numbers for each maturity of Bonds are listed on Appendix B hereto.

(2) The bonds and loans are subject to optional redemption and special redemption at par in accordance with the bond ordinances relating to such bonds and loans.

Combined Debt Service and Coverage Ratios of Supplemental Pledges. A table showing the estimated combined debt service coverage's for the City's SAD Bonds secured by pledged gasoline tax receipts for Fiscal Years 2007-2009 is set forth below.

City of Albuquerque
Estimated Combined Debt Service Coverage
Gasoline Tax Obligations
As of December 31, 2006

<u>Fiscal Year</u>	<u>Combined Debt Service⁽¹⁾</u>	<u>Pledged Gasoline Tax Receipts Fiscal Year 2006⁽²⁾</u>	<u>Estimated Coverage</u>
2007	\$ 2,550	\$4,833,012	1,895.3x
2008	2,550	4,833,012	1,895.3x
2009	52,550	4,833,012	92.0x

- (1) This amount represents the total combined debt service payable on the gasoline tax obligations of the City, which are secured by certain special assessments and, only to the extent such special assessments are not received, are also secured by the pledged gasoline tax receipts.
- (2) The pledged gasoline tax receipts for Fiscal Years 2007 through 2009 have been assumed to be the pledged gasoline tax receipts received in Fiscal Year 2006 (unaudited) for purposes of calculating the estimated debt service coverage ratio. See "FINANCIAL INFORMATION - Gasoline Tax."

Source: City of Albuquerque, Office of the City Treasurer.

A table showing the estimated combined debt service coverage's for the City's SAD Bonds secured by a pledge of surplus water and sewer revenues for Fiscal Years 2007-2010 is set forth below.

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

Housing Obligations

Collateralized Mortgage Obligations

1988 CMO Bonds. On December 28, 1988, the City issued its Municipal Refunding Collateralized Mortgage Obligations ("MR CMO"), Series 1988A (the "1988 CMO Bonds") in the aggregate principal amount of \$43,650,000. The 1988 CMO Bonds were outstanding as of December 1, 2006 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 July 20, 2000, the City issued its Affordable Housing Projects Refunding Revenue Bonds, Series 2000 (the “Series 2000 Bonds”) in the aggregate principal amount of \$15,080,000 for the purpose of refunding and defeasing the three following bond issues of the City: (i) its Multifamily Mortgage Revenue Bonds (Beach Apartments Project), Series 1991; its Multifamily Mortgage Revenue Bonds (Manzano Vista, formerly Dorado Village Apartments Project), Series 1994; and its Affordable Housing Project/Gross Receipts Tax Subordinate Lien Revenue Bonds, Series 1996. The Series 2000 Bonds were outstanding as of December 1, 2006 in the aggregate principal amount of \$13,080,000.

The Series 2000 Bonds are secured by a lien on, and payable only from revenues of, the Beach Apartments Project, the Manzano Vista Apartments Project and the Bluewater Village Apartments Project (including a mortgage on such projects), certain funds and accounts created under the indenture relating to the Series 2000 Bonds, a municipal bond insurance policy issued by MBIA Insurance Corporation and a standby bond purchase agreement provided by Bank of America, N.A. See “OTHER PROJECTS OF THE CITY - Housing Projects.”

Credit Enhancement and Interest Rate Risk Management

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. **The City makes no representation as to the financial status of or otherwise about any of such credit providers; investors should contact the respective provider for any such information.**

City of Albuquerque
Credit Enhancement Supporting Outstanding Obligations of the City

Name of Credit Provider	Outstanding Aggregate Principal Amount of Obligations Supported	Present Ratings of Credit Provider ⁽¹⁾	<u>Credit Enhanced Obligations</u>	Expiration of Credit Enhancement	Date City May Request Renewal of Credit Enhancement
Ambac Assurance Corporation	\$166,290,000	S&P: AAA Moody's: Aaa	<ul style="list-style-type: none"> · Airport Subordinate Lien Adjustable Tender Refunding Revenue Bonds, Series 1995⁽²⁾ · Refuse Removal and Disposal Revenue Bonds, Series 1992, 1995 and 1998 · Airport Refunding Revenue Bonds, Series 1997 · Airport Refunding Revenue Bonds, Series 1998 · Airport Subordinate Lien Adjustable Rate Revenue Bonds, Series 2000A & B⁽³⁾ · Airport Refunding Revenue Bonds, Series 2001 	Maturity of insured bonds	N/A
Financial Guaranty Insurance Corporation	\$14,440,000	S & P: AAA Moody's: Aaa	<ul style="list-style-type: none"> · Municipal Refunding Collateralized Mortgage Obligations, Series 1988 and 1989 · General Obligation Bonds, Series 2003C 	Maturity of insured bonds	N/A
Financial Security Assurance	\$73,788,699	S & P: AAA Moody's: Aaa	<ul style="list-style-type: none"> · 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 	Maturity of insured bonds	N/A
MBIA Insurance Corporation	\$93,420,000	S & P: AAA Moody's Aaa	<ul style="list-style-type: none"> · Gross Receipts Tax Refunding Revenue Bonds, Series 1996 · Variable Rate Gross Receipts Tax Improvement Revenue Bonds, Series 2000A⁽⁴⁾ · Affordable Housing Projects Refunding Revenue Bonds, Series 2000⁽⁵⁾ · Taxable Golf Course Net Revenue/ Gross Receipts Tax Revenue Bonds, Series 2001 · General Obligation Bonds, Series 2003B · Subordinate Lien Taxable Airport Refunding Revenue Bonds, Series 2004A · Senior Lien Airport Improvement Revenue Bonds, Series 2004B 	Maturity of insured bonds	N/A
Bank of America, N.A.	\$1,300,000	S & P: AA-/A-1+ Moody's: Aa1/P-1	<ul style="list-style-type: none"> · Gross Receipts/Lodgers' Tax Adjustable Tender Revenue Bonds, Series 1995 	11/27/2007	None

(1) To the City's knowledge as of December 31, 2006.

(2) These bonds are also secured by a standby bond purchase agreement provided by AIG Liquidity Corp. which expires July 1, 2014.

(3) These bonds are also secured by a standby bond purchase agreement provided by Morgan Guaranty Trust Company of New York which expires May 30, 2010.

(4) These bonds are also secured by a standby bond purchase agreement provided by Bank of America, N.A. which expires January 20, 2014.

(5) These bonds are also secured by a standby bond purchase agreement provided by Bank of America, N.A. which expires July 20, 2010.

Interest Rate Risk Management

The City has from time to time entered into financing arrangements in order to more effectively manage its debt portfolio and limit its exposure in certain cases to interest rate risk. At the present time, there is one such arrangement currently in place with respect to the City's outstanding long-term obligations as described below.

Subordinate Series 1995 Airport Revenue Bonds. In connection with the City's Subordinate Series 1995 Bonds relating to the Airport, the City entered into an Interest Rate Swap Agreement (the "Exchange Agreement") dated as of October 1, 1992, with AIG Financial Products Corp. ("AIG-FP"). Under the Exchange Agreement, the City is obligated to make payments to AIG-FP calculated on the basis of a fixed rate (6.685% per annum) and AIG-FP is obligated to make reciprocal floating rate payments equal to the interest rate on the Subordinate Series 1995 Bonds, subject to certain conditions. These payments are to be made on a net basis on the business day immediately preceding each interest payment date for the Subordinate Series 1995 Bonds.

Arrangements made in respect of the Exchange Agreement do not alter the City's obligation to pay principal of and interest on the Subordinate Series 1995 Bonds from net revenues of the Airport and other amounts pledged therefore. The Exchange Agreement does not provide a source of security or other credit for the Subordinate Series 1995 Bonds. The City's obligations under the Exchange Agreement to make monthly fixed rate payments to AIG-FP are on a parity with the City's obligation to pay principal of and interest on the Subordinate Series 1995 Bonds. The obligations of AIG-FP under the Exchange Agreement have been guaranteed by its parent corporation, American International Group, Inc.

Under certain limited circumstances, the Exchange Agreement may be terminated prior to the maturity of the Subordinate Series 1995 Bonds. Accordingly, no assurance can be given that the Exchange Agreement will continue to be in existence. If the Exchange Agreement is terminated under certain market conditions, the City may owe a termination payment to AIG-FP payable from net revenues of the Airport which could be substantial.

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	184.30
June 30, 2002	187.80
June 30, 2003	187.80
June 30, 2004	188.10
June 30, 2005	188.10

Source: City of Albuquerque Planning Department.

Population

The Albuquerque Metropolitan Statistical Area (“MSA”) was re-defined in January 1, 1994 to include Bernalillo, Sandoval and Valencia Counties. The Census added Tarrant 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	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

(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 (“BBER”).

(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 Tarrant County, population of 16,911.

(3) 2001 through 2005 data: U.S. Dept. of Commerce, Bureau of the Census, Population Division. Date Released June 21, 2006.

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 1997 to 2006 grew at an average of 1.6% a year. This growth was limited due to the decline in employment experienced in 2002. The economy has rebounded from this and in Fiscal Year 2006 annual employment growth was 2.5%.

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 1997-2006" 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>% Chg.</u>	<u>Employment</u>	<u>% Chg.</u>	<u>Employment</u>	<u>% Chg.</u>
1996	328.7	1.9%	694.6	1.8%	119,708	2.1%
1997	337.1	2.6%	708.5	2.0%	122,776	2.6%
1998	342.2	1.5%	720.1	1.6%	125,930	2.6%
1999	347.0	1.4%	729.8	1.3%	128,993	2.4%
2000	357.4	3.0%	744.9	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%	130,342	-1.1%
2003	363.1	0.4%	775.6	1.2%	129,993	-0.3%
2004	370.2	1.9%	790.4	1.9%	131,424	1.1%
2005	377.8	2.0%	809.2	2.4%	133,459	1.5%
2006 ⁽¹⁾	386.2	2.2%	826.4	2.1%	135,117	1.2%

(1) As of October 2006.

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	Albuquerque MSA			Unemployment Rates		
	Civilian Labor Force	Number Employed	Number Unemployed	Albuquerque MSA	New Mexico	United States
1996	358,039	340,013	18,026	5.0%	7.5%	5.4%
1997	363,907	347,303	16,604	4.6%	6.6%	5.0%
1998	369,579	352,489	17,090	4.6%	6.2%	4.5%
1999	373,258	358,687	14,571	3.9%	5.6%	4.2%
2000	370,857	355,580	15,277	4.12%	5.00%	4.00%
2001	376,382	360,240	16,142	4.29%	5.00%	4.00%
2002	378,031	358,841	19,190	5.08%	4.90%	4.70%
2003	382,397	361,686	20,711	5.42%	5.50%	5.80%
2004	391,190	370,654	20,536	5.25%	5.90%	6.00%
2005	399,956	380,354	19,602	4.90%	5.30%	5.10%
2006 ⁽¹⁾	408,945	392,165	16,779	4.10%	4.41%	4.69%

(1) As of October 2006.

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 2006. Kirtland Air Force Base, , including Sandia National Laboratories (“SNL”), the University of New Mexico, Albuquerque Public Schools, Presbyterian Healthcare Services and the City were the largest employers in the Albuquerque area.

**Major Employers in the Albuquerque Area⁽¹⁾
By Number of Employees – 2006**

<u>Organization</u>	<u>Employees</u>	<u>% of Total Non- Agricultural & Military Employment⁽²⁾</u>	<u>Description</u>
Kirtland Air Force Base (Civilian) includes Sandia National Labs 7,720	16,360	4.2%	Air Force Materiel Command Research Development
University of New Mexico	14,050	3.6%	Educational Institution
Albuquerque Public Schools	11,700	3.0%	Educational Institution
Presbyterian Healthcare Services	6,900	1.8%	Healthcare Services
City of Albuquerque	6,680	1.7%	Government
State of New Mexico	5,660	1.5%	Government
Intel Corporation	5,500	1.4%	Semiconductor Manufacturer
Lovelace Health System	5,200	1.3%	Hospital/Medical Services
Kirtland Air Force Base (Military Active Duty)	5,090	1.3%	Air Force Materiel Command
UNM Hospital	4,450	1.1%	Hospital/Medical Services
US Post Office	2,200	0.6%	Government
Central New Mexico Community College	1,910	0.5%	Educational Institution
NM Veterans Affairs Healthcare System	1,810	0.5%	Hospital/Medical Services
Bernalillo County	1,790	0.5%	Government
PNM Electric & Gas Services	1,750	0.5%	Utilities Provider
T-Mobile	1,700	0.4%	Customer Service Center
Sandia Resort & Casino	1,670	0.4%	Resort and Casino
Rio Rancho Public Schools	1,580	0.4%	Educational Institution
Heritage Home Healthcare	1,300	0.3%	Home-Based Healthcare Services
Los Lunas Public Schools	1,300	0.3%	Educational Institution
Bank of America	1,220	0.3%	Financial Institution
Albuquerque Publishing Company	1,200	0.3%	Publisher
Route 66 Casino	1,200	0.3%	Casino
Citi Cards	1,170	0.3%	Credit Card Collection Center
Isleta Gaming Palace	1,120	0.3%	Casino
Honeywell Defense & Space Electronic Systems	1,100	0.3%	Aircraft Avionics Manufacturer

(1) Unless otherwise indicated, employment figures are from a survey conducted by Albuquerque Economic Development, Inc. For a discussion regarding major employers and certain changes which may impact their number of employees, see “Major Industries” under this caption.

(2) Based on total nonagricultural employment (382,867) as reported by the New Mexico Department of Labor plus the number of military employees reported by Kirtland Air Force Base 5,090) for a total of 387,957 employees (New Mexico Department of Fiscal Year 2006 statistics).

Source: Albuquerque Economic Development, Inc., except as noted.

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 2006 is provided unless otherwise noted. The City makes no projections or representation, 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 1997-2006” provides detailed information regarding employment growth within key sectors of the economy for that period.

NAICS Classifications

In 2002 a switch was made from the Standard Industrial Classification (“SIC”) codes to the new North American Industrial Classification System (“NAICS”). NAICS uses different classifications that better represent modern industries and is now the classification system for Mexico, Canada and the United States. The classification system uses self explanatory titles. Comparisons to the old SIC codes have not been made because of the significant differences in the two systems. The Government classification did not change, but all other sectors changed to some degree. For details on the conversion from SIC to NAICS, see the U.S. Census website at <http://www.census.gov/epcd/www/naics.html>.

Trade, Transportation and Utilities. This sector is composed of retail trade, wholesale trade, transportation, and utilities and constitutes approximately 18% of MSA employment. As a whole the employment increased by an annual average of only 0.6% from Fiscal Year 1997 to 2006. Wholesale trade lost employment and utilities had limited growth of 1.0%, but declined in Fiscal Years 2004 and 2005. Retail grew by approximately 1.2%. For the City, government retail is an important sector and retail trade makes up approximately 40% of gross receipts tax (“GRT”) revenues. Despite this slow growth in employment in the MSA, Gross Receipts Tax Revenue for the retail trade sector grew strongly in the past several years.

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 the fastest growing category in the MSA economy. From Fiscal Year 1997 to 2006 an average annual growth was 3.8%. The sector now makes up 12.43% 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 with expansion of several local private education facilities.

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 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 4088 hotel rooms were issued. From June 2003 to June 2006, ten hotels with a total of 1073 rooms were permitted. The largest, the Embassy Suites Hotel near downtown, has 261 suites and large convention facilities and

opened for business in April 2005. Occupancy at Albuquerque hotels continues to be a problem. In 1995, Rocky Mountain Lodging Report reported occupancy of 72.8%. Occupancy has averaged around 60% for the past five years. Lodgers' Tax Revenues have shown similar trends. Growth in Lodgers' Tax Revenues was approximately 10% in the early 1990s, but after 1995 this growth slowed dramatically. In 2001, following the September 11th terrorist attacks, travel declined as did Lodgers' Tax Revenues. Growth in Fiscal Year 2001 was 1.3% followed by a decline of 2% in Fiscal Year 2002 and an increase in Fiscal Year 2003 of 1.5%. In Fiscal Year 2004 there was a rebound with growth in Lodgers' Tax Revenues of nearly 5%. This continues with growth in Fiscal Year 2005 of 3.3% and growth of 10.7% in Fiscal Year 2006.

The City opened a rebuilt AAA baseball stadium with a new team - the Albuquerque Isotopes - on April 11, 2003. Attendance for the opening season, at 594,143, eclipsed the record attendance of 390,652 set in 1993 by the then Albuquerque Dukes. Attendance at the stadium has remained near opening season levels for each of the first four seasons.

Professional, Scientific and Technical Services. This sub-sector includes temporary employment agencies and some of Albuquerque's back-office operations, SNL and other scientific and research facilities. This sector had average annual growth of approximately 1.4% from Fiscal Year 1997 to Fiscal Year 2006. In Fiscal Year 2005 growth was much stronger at 3.4% but growth slowed to 1.9% in Fiscal Year 2006. According to SNL, employment stabilized at around 6,500 for 1999 to 2001. In 2002, SNL experienced growth in part as a result of anti-terrorism efforts and the labs core nuclear protection. As of December 2002, SNL had approximately 7,700 employees in Albuquerque. 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. 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") is being built 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. Funding is in place to begin this process from existing Department of Energy appropriations and is expected to cost approximately \$78 million. 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 first tenant of the park was EMCORE a manufacturing firm. EMCORE opened in 1998, with a facility to build solar cells for telecommunications satellites and expanded that facility in 2001. The Park, as of December 2006, has 22 tenants.

Manufacturing. This sector accounted for 8.6% of City employment in Fiscal Year 1996 declining to 6.1% in Fiscal Year 2006. Employment in this sector peaked in Fiscal Year 1998 at 28,342, declining to 22,610 in Fiscal Year 2006, a loss of 5,592 jobs. In Fiscal Year 2006 there was an increase of 442 jobs in the sector an increase of almost 2%. The manufacturing sector has held up better in Albuquerque than it has in the United States economy. The job losses in Albuquerque were due first to the Asian financial crisis of 1998, which hit telephone manufacturing and hurt the local employment of Motorola and Philips. Motorola sold what little manufacturing capacity it had left in 1999 and Philips closed its plant in October 2003. Intel, after expanding in 1995, has held employment rather constant despite a \$2 billion expansion in 2002.

A new manufacturer, Eclipse Aviation Corporation (“Eclipse”), has set up headquarters in the City with plans to manufacture a small two-engine jet following receipt of FAA approval of its jet. Eclipse received authorization of Industrial Revenue Bonds from the City totaling \$45 million for equipment and machinery at its current facilities at the Albuquerque Airport. With this equipment Eclipse has added approximately 300 additional jobs. The presence of Eclipse at the Airport and the future (2009) relocation of Eclipse at the Double Eagle II Airport will diversify the City’s economy and represent current and future potential for increased revenues from general aviation users.

Eclipse has reported that it moved forward with production and has made major contracts with a number of suppliers for building parts for the airplane, including the tail and computer systems. The City has provided the basic infrastructure for an aerospace tech park of 300 acres near the City’s Double Eagle II Airport. The bulk of the major infrastructure for the project has been completed with roadway and storm drainage improvements to be completed by 2007-2008. Eclipse plans to move to Double Eagle in 2009. It is anticipated that Eclipse will use 150 acres of the park and eventually employ approximately 2000 workers. In December 31, 2006 Eclipse reported delivery of its first jet, with more to be delivered in January 2007.

Tempur-Pedic Inc., a high tech mattress company, is near completion of construction of a plant that will employ as many as 300 workers. Production is expected to begin early in 2007.

Information. This sector includes businesses in publishing, broadcasting, telecommunications and internet service establishments. The sector had a modest annual increase of 2.1% from Fiscal Year 1997 to Fiscal Year 2006. After adding over 4,000 jobs from Fiscal Years 1997 to 2001, from Fiscal Year 2003 through Fiscal Year 2006 the sector had a net job loss of about 2,600 jobs. The largest declines came when MCI and QWEST closed their call centers resulting in a total loss of 1,110 jobs. Not shown in the data is the December 2006 closure of the AOL call center which is a loss of about 900 jobs.

Government. Over the past ten years government employment (comprised of federal, state and local employees) has had at a relatively constant share of employment. In Fiscal Year 2006 this sector accounted for 20.0% of total nonagricultural employment in the Albuquerque MSA. “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 6,500 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 (“DOE”)) and its approximately 7,700 jobs are counted in the business services sector. Several of the largest employers in the Albuquerque area are in the government sector, including the University of New Mexico, Albuquerque Public Schools, 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 24,040; approximately 5,500 of these employees are military and 19,000 are civilian. The Bureau of Business and Economic Research (“BBER”) has estimated that total military employment in the Albuquerque MSA has declined from 6,946 in 1998 to

approximately 6,358 in 2006. The general downtrend of military jobs since 1998 reflects the decision of the military to replace military jobs with civilians where possible. The Base Realignment and Closure Commission process in 2005 had a small positive impact on Kirtland.

In an effort to counteract the loss of DOE-funded jobs, the DOE is assisting communities in attracting other types of employment. In New Mexico, the DOE funded a study to assess and report on the central New Mexico economy with a focus on industry clusters and the key competencies in the area. The study, completed in the summer of 2000, identified three mature industry clusters-Electronics, Tourism and Artisan Manufacturing and two emerging industry clusters-Software and IT (Biomed/Biotech and Optics/Photonics). Through their Office of Worker and Community Transition, the DOE also develops and funds Community Reuse Organizations (“CRO’s”). The Next Generation Economy Inc. was formed in August 2000 as a 501(c)(3) corporation to serve as central New Mexico’s CRO funded by the DOE Office of Work and Community Transition. The purpose of the CROs is to provide leadership, program management, cohesion and collaboration in the expansion of the industry clusters identified by the DOE-funded study. Due to lack of funding, Next Generation Inc., closed at the end of December 2006.

Federal government employment increased by approximately 283 jobs from Fiscal Year 1997 to Fiscal Year 2006. In 2002, the federal government increased employment as the Transportation Safety Administration took over baggage screening operations at the ABQ Albuquerque International. Total federal civilian employment increased by approximately 225 jobs. In Fiscal Year 2003 net federal government employment increased by 217 jobs. The U.S. Forest Service created a regional office for financial services center, human resources and information technology (IT) personnel in Albuquerque. This consolidation resulted in transferring or filling approximately 700 positions. The net increase in Fiscal Year 2006 was 391 workers. In November 2006 it was announced that human resource services for most forest services works will now be located in Albuquerque, adding another 200 jobs by September 2007.

From July 1997 to July 2006 federal government employment was growing slowly, but local government employment increased by almost 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. Isleta Gaming Palace Casino and Resort opened at the end of 2000. Santa Ana Star Casino expanded its casino in the spring of 2001 by 33,000 square feet; however, approximately 200 employees at Santa Ana Star Casino were laid off in June 2002. In the spring of 2001, the Hyatt Tamaya resort hotel opened and the Sandia Pueblo opened a new casino and an amphitheater. In the summer of 2005 the Sandia Pueblo, opened a new golf course and in December 2005 opened a 238 room full service hotel. This continues the efforts of certain Indian Pueblos to make their casinos into destination resorts.

Financial Activities. This sector includes finance and insurance including credit intermediation. The sector increased employment by an average of only 0.7% per year from Fiscal Year 1997 to Fiscal Year 2006, despite consolidations in the banking industry and a 2.7% decline in Fiscal Year 2002. The sector was buoyed by strong growth in the insurance carrier industry, including about 500 jobs created in 2002 and 2003 by Blue Cross.

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 decreases after such large projects are completed. In 2000 and 2001 construction employment in the MSA increased as workers were added for two very large projects: the Intel expansion and the reconstruction of the Big-I interstate interchange. The number of jobs declined in Fiscal Years 2002 and 2003, with completion of these projects. By the end of 2003 the number of jobs started increasing and has continued into 2006. Fiscal Year 2006 had employment of 29,583, a new maximum for this sector, an increase of 8.8% or 2,383 jobs from Fiscal Year 2005. The current growth in employment comes from a variety of projects including: road expansion, large public building projects such as the University of New Mexico Hospital, and from continued strong single family construction in the MSA.

Single family construction in the City reached a peak in 2003 and in 2004 and 2005 remained near this high. Also, single family housing outside of the City, particularly in Rio Rancho, increased rapidly in this period. In 2006 single family housing in the City has declined substantially. Through October of 2006 the number of homes permitted declined by 25%. The slowest growth has been in July through October 2006 where permitting is down approximately 50% compared to the same period in 2005. Multifamily construction shows a similar trend. Multifamily permits slowed dramatically in 2004 with only 462 units permitted; in 2005 only 469 units were permitted. Through October of 2006, 250 units have been permitted.

The only category of permits that increased in value through October 2006 is “additions and alterations.” This is typically dominated by public and commercial projects. New commercial construction also remains relatively strong with only a 2% decline in value.

Mesa Del Sol is located in the southwest quadrant of the City. This area, previously owned by the State land office and the University of New Mexico, is being developed by Forest City Covington, a joint venture between Forest City Enterprises, a real estate company and Covington Capital, a major residential and industrial developer in the Southwest. This planned community/commercial development of about 9,000 acres could house as many as 40,000 residences. The first stage of the development is construction of a plant for Advent Solar (a solar cell manufacturer). Groundbreaking for this plant occurred in January 2006. By 2010 the plant is expected to employ 1,000 workers. The first level master plan for development has been approved by the Council and more detailed plans have been submitted to the Council under a new tax increment funding plan. The Council approved a portion of the plan, in December 2006.

Construction Building Permits Issued in Albuquerque

Year	<u>Single Residential</u> ⁽¹⁾		<u>Multi-Residential</u>		<u>Commercial Buildings</u>		<u>Public Buildings</u>			Total Permits \$ Value	
	# of Permits	\$ Value	# of Units	# of Permits	\$ Value	# of Permits	\$ Value	# of Permits	\$ Value		Additions & Alterations \$ Value
1996	2,655	\$257,848,588	1,013	28	\$43,682,962	133	\$114,345,530	4	\$9,829,833	\$156,878,528	\$582,670,441
1997	2,529	244,770,431	1,061	29	73,690,868	119	118,174,223	7	10,206,611	92,812,699	539,654,832
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
2005 ⁽²⁾	3,993	624,448,508	451	9	24,549,135	130	137,224,537	14	78,158,927	127,767,968	992,149,075
2006 ⁽²⁾	2,999	524,661,168	250	12	23,658,910	110	134,621,465	5	17,222,066	162,963,841	863,127,450
Growth 05 to 06 ⁽²⁾	-25%	-16%	-45%	33%	-4%	-15%	-2%	-64%	-78%	28%	-13%

(1) Figures do not include manufactured housing.

(2) Through September

<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 (April 1) 1990 Census	166,870	101,780	55,931	9,159
As of (April 1) 2000 Census	198,714	126,643	63,285	8,786
1990-2000 housing units added	31,844	24,863	7,354	(373)
Units Permitted (2001-2006)	33,748	29,633	4,115	N/A
Estimated Units as of October 2006	232,462	156,276	67,400	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 1997-2006
(\$000 omitted)**

Category	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2005 to 2006	Annual Average Growth 1997 to 2006
Total Nonagricultural	332,942	340,442	343,508	352,008	361,783	361,150	362,417	366,058	373,492	382,867	2.5%	1.6%
Natural Resources and Mining and Construction	22,367	21,725	21,025	22,267	24,875	24,058	23,500	24,783	27,200	29,583	8.8%	3.2%
Manufacturing	27,650	28,342	26,808	26,892	28,058	25,567	24,133	22,783	22,750	23,192	1.9%	-1.9%
Computer and Electronics Manufacturing	12,492	13,017	11,525	11,450	12,350	11,258	10,408	9,592	9,267	9,350	0.9%	-3.2%
Trade Transportation and Utilities	64,283	66,033	65,950	65,608	66,500	65,642	65,924	65,858	66,466	67,925	2.2%	0.6%
Wholesale Trade	14,650	14,858	14,533	14,133	14,075	13,592	13,233	12,908	12,808	13,000	1.5%	-1.3%
Retail Trade	40,133	41,350	41,050	40,925	41,800	41,492	42,083	42,425	43,275	44,500	2.8%	1.2%
Transportation, Warehousing and Utilities	9,500	9,825	10,367	10,550	10,625	10,558	10,608	10,525	10,383	10,425	0.4%	1.0%
Information	7,217	8,233	9,617	10,875	11,233	11,400	10,542	9,900	8,992	8,733	-2.9%	2.1%
Financial Activities	18,150	18,467	19,400	19,483	19,625	19,117	18,850	18,950	19,192	19,342	0.8%	0.7%
Professional, Scientific and Technical Services	26,300	26,042	25,917	26,592	26,858	26,958	27,767	28,242	29,292	29,842	1.9%	1.4%
Management/Administration/Support	26,358	27,492	29,033	31,142	32,225	31,000	29,892	29,825	30,675	31,292	2.0%	1.9%
Educational and Health Services	33,642	34,975	35,667	36,983	38,025	40,392	42,042	43,758	45,717	47,158	3.2%	3.8%
Leisure and Hospitality	31,967	32,267	32,225	32,900	34,025	34,392	35,308	36,200	36,008	36,933	2.6%	1.6%
Food Services and Drinking Places	25,050	24,933	24,667	25,375	26,225	26,675	27,383	28,125	27,708	28,317	2.2%	1.4%
Other Services	10,625	10,683	10,750	10,792	11,050	11,242	11,608	11,733	11,825	12,042	1.8%	1.4%
Government	64,383	66,183	67,117	68,475	69,308	71,383	72,850	74,025	75,375	76,825	1.9%	2.0%
Federal Government	29,600	30,725	31,808	32,433	33,175	34,792	35,567	36,133	37,050	37,575	1.4%	2.7%
State Government	20,608	21,358	21,308	21,917	22,333	22,658	23,133	23,850	24,258	24,792	2.2%	2.1%
Local Government	14,175	14,100	14,000	14,125	13,800	13,933	14,150	14,042	14,067	14,458	2.8%	0.2%

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; information for calendar year 2005 is the latest available to the City. 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⁾

<u>Calendar Year</u>	<u>Albuquerque MSA</u>	<u>New Mexico</u>	<u>United States</u>
1995	21,401	18,426	23,076
1996	22,172	19,029	24,175
1997	22,931	19,698	25,334
1998	23,894	20,656	26,883
1999	24,412	21,042	27,939
2000	25,848	22,135	29,845
2001	27,984	24,085	30,574
2002	27,852	24,246	30,810
2003	28,339	24,849	31,463
2004	29,453	26,690	33,090
2005	Not Available	27,912	34,495

(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.

The following table presents data on non-farm earnings by industry for the Albuquerque MSA for 2001 through 2004, the latest available to the City.

Albuquerque MSA
Estimated Earnings by NAICS Industry, 2001-2004⁽¹⁾
(\$000s omitted)

	<u>NAICS Category</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
81	Farm earnings	25,630	12,106	15,021	26,427
82	Nonfarm earnings	15,970,429	16,389,464	17,003,569	18,093,361
90	Private earnings	12,520,332	12,630,848	13,045,938	13,823,192
200	Mining	54,281 ⁽²⁾	44,758 ⁽²⁾	36,264 ⁽²⁾	23,665 ⁽²⁾
300	Utilities	⁽³⁾	49,281 ⁽²⁾	⁽³⁾	⁽³⁾
400	Construction	1,239,397	1,147,682	1,177,007	1,301,099
500	Manufacturing	1,556,027	1,441,864	1,462,887	1,460,769
600	Wholesale trade	687,670 ⁽²⁾	722,645 ⁽²⁾	700,675 ⁽²⁾	755,852 ⁽²⁾
700	Retail trade	1,238,880	1,262,678	1,275,549	1,356,113
800	Transportation and warehousing	438,587	459,654	472,352	⁽³⁾
900	Information	⁽³⁾	467,517 ⁽²⁾	461,571 ⁽²⁾	512,713 ⁽²⁾
1000	Finance and insurance	839,520	865,480	904,006	927,545 ⁽²⁾
1100	Real estate and rental and leasing	323,402	319,292	347,955	400,358 ⁽²⁾
1200	Professional and technical services	2,075,313 ⁽²⁾	2,128,192	2,281,246	2,404,856
1300	Management of companies and enterprises	235,848 ⁽²⁾	229,610 ⁽²⁾	203,931 ⁽²⁾	212,528 ⁽²⁾
1400	Administrative and waste services	727,097 ⁽²⁾	767,661 ⁽²⁾	773,669 ⁽²⁾	841,069 ⁽²⁾
1500	Educational services	111,012 ⁽²⁾	120,809 ⁽²⁾	133,169 ⁽²⁾	146,353
1600	Health care and social assistance	1,357,454 ⁽²⁾	1,490,691 ⁽²⁾	1,592,492 ⁽²⁾	1,757,992
1700	Arts, entertainment, and recreation	93,009	86,668 ⁽²⁾	88,726 ⁽²⁾	93,603 ⁽²⁾
1800	Accommodation and food services	476,051	493,300 ⁽²⁾	517,390 ⁽²⁾	544,390 ⁽²⁾
1900	Other services, except public administration	391,118	442,869 ⁽²⁾	462,209 ⁽²⁾	482,697 ⁽²⁾
2000	Government and government enterprises	3,450,097	3,758,616	3,957,631	4,270,169
2001	Federal, civilian	1,041,616	1,111,182	1,140,122	1,242,718
2002	Military	316,985	380,690	419,691	446,814
2011	State government	866,008	945,075	1,031,643	1,106,756
2012	Local government	1,225,488	1,321,669	1,366,175	1,473,881

(1) In 2002 the North American Industrial Classification System replaced the Standard Industrial Classification. See "Major Industries - NAICS Classifications." Comparisons of the NAICS to the SIC are not readily made.

(2) The estimate shown here constitutes the major portion of the true estimate.

(3) Not shown to avoid disclosure of confidential information, but the estimates for this item are included in the totals.

FINANCIAL INFORMATION

General

Fiscal Year 2006 Financial Information Unaudited/Unreleased

In calendar year 2006, the City experienced retirement and other key personnel changes within its accounting division. There were also significant changes in 2006 in the software used by the City in the preparation of its annual audit. The personnel changes and

changes in software have resulted in delays in the completion of the City's audited financial statements for Fiscal Year 2006. Therefore the financial information appearing in this Annual Information Statement for Fiscal Year 2006 is unaudited. See "FISCAL YEAR 2006 FINANCIAL INFORMATION UNAUDITED"

Taxes and Revenues

The City is a home rule charter municipality, chartered as a town in 1885. 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 GRT, except that an election to impose the local-option GRT 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 service are easily identified and charged according to their use and benefit. Thus, water, sewer, refuse, golf and airport services are 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. Budget data is prepared on the modified accrual basis, consistent with the City's basis of accounting. Governmental funds, expendable trust funds, and agency funds use the modified accrual basis of accounting, while enterprise, pension trust, and nonexpendable trust funds are on an accrual basis. Transactions are recorded in individual funds and each is treated as a separate entity. The Council is required to hold at least three public hearings and must adopt 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 amendments during or after the end of the Fiscal Year require approval of the Mayor and the Council, except that the Mayor has authority to adjust program budgets up to 5% or \$100,000, whichever is less, provided that no such adjustment shall result in a change in the total expenditures authorized in the budget for City government as a whole.

Budget Process - Estimates, Forecasting and Revision of Revenues

In May or June of each year the Council adopts a budget for the upcoming Fiscal Year (beginning July 1). The City prepares revenue forecasts for five-year periods (referred to as the “Five-Year Forecast”) each December and updates the budget year forecast prior to introduction of the Mayor’s Proposed General Fund Budget. All revenue forecasts are prepared by the 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 2007-2011 was presented to the Council in December 2006. This forecast will be used to help develop the Fiscal Year 2008 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.

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

The General Fund

General Fund Revenues

The General Fund is the City’s primary operating fund and is used to account for the general operations of the City and for all financial resources, except those required to be accounted for in another fund. Set forth below are discussions of General Fund revenues in Fiscal Years 2006 and 2007.

Actual Fiscal Year 2006 Revenues (Unaudited). Revenues in Fiscal Year 2006 substantially outperformed any of the estimates.

The revenues for Fiscal Year 2006 are actual unaudited results for the General Fund and were \$438.6 million, 1.9% or \$8.5 million above the estimated actual revenues. Growth above Fiscal Year 2005 was 8.0%. Strengths were in gross receipts taxes, charges for services, interest earnings and fines. Weaknesses were primarily in revenues to pay for CIP funded positions. The CIP funded positions are directly offset by expenditures that didn't occur, therefore, this does not have a net impact on the fund balance. The following describes each sector in more detail.

Gross Receipts Tax. GRT revenues were above the estimates by \$6.3 million or 2%. Growth for Fiscal Year 2006 over 2005 was a strong 8.3%, well above historical averages.

Local Taxes other than GRT. Property taxes were \$601,000 or 2.1% below the estimated receipts. The growth from Fiscal Year 2006 was 7.3% reflecting the strong single family housing market. Franchise tax revenues totaled \$24 million. Revenues from the telephone franchise with QWEST declined again in Fiscal Year 2006. The City is not receiving franchise revenues from DSL and cellular phones continue to provide strong competition. Natural gas is the primary source of strength with high natural gas prices continuing to boost revenues. A memorandum of understanding with the Albuquerque Bernalillo County Water Utility Authority ("Water Authority") requires a franchise fee of 4% of revenues from the Water Authority, beginning in Fiscal Year 2005. In prior years, the City water utility, as predecessor to the Water Authority, made payments in lieu of taxes ("PILOT") that included an implied 3% franchise fee as well as other taxes. For reporting purposes the Water Authority PILOT and franchise fees are listed separately.

PILOT revenues in Fiscal Year 2006, were equal to the estimated amounts, \$1.4 million.

Licenses and Permits. Building permit revenues are \$263,198 above the amount estimated. Single-family construction began to slow but revenues were 2.8% above 2005.

Revenues from other permits and licenses are \$117,000 below the estimate. Business licenses, restaurants and food inspections all showed increases. Animal license revenues declined due to changes in procedures and some one-time revenue received in Fiscal Year 2005.

Intergovernmental Revenues Other Than GRT. Intergovernmental revenues other than GRT distributions were \$922,000 above the estimate and are 20.1% above Fiscal Year 2005. Gains were primarily due to one-time revenues of \$896,000 from the Federal Emergency Management Agency for compensation to the City for services provided to hurricane victims.

Charges for Services. Direct charges for services were strong, due to revenues from construction related fees for engineering, zoning fees, and records search fees.

Internal services include charges for services provided to other City funds. This includes landscaping maintenance by the Parks and Recreation Department for the Airport, provision of special legal counsel to other funds, engineering and surveying for the public works department. This category has become less important over the years as the City has moved to contract out

rather than directly provide services such as office services, building construction, and engineering and surveying.

Indirect overhead charges were close to the amount anticipated.

Funding for CIP funded positions was lower than anticipated but these revenues are offset directly by expenditures and do not affect the fund balance.

Interest on Investments. Earnings on investments jumped as the Federal Reserve Bank increased short term interest rates. Revenues were approximately \$700,000 above the estimate and are nearly double the amount received in Fiscal Year 2005.

Other Miscellaneous. This includes revenues from fines for a newly enacted dust abatement ordinance and one-month of revenues from STOP a new red light ordinance, where civil fines are imposed for running a red light.

Approved Budget Revenue Estimates for Fiscal Year 2007

The following descriptions are based on the Fiscal Year 2007 budget. The revenue estimates for Fiscal Year 2007 were in many cases based on the estimates of Fiscal Year 2006 revenues at the time the budget was prepared. As noted above in the section entitled "Actual Fiscal Year 2006 Revenues (Unaudited)" under this caption, revenues generally exceeded the estimates made at the time the budget was prepared.

Estimated total General Fund revenues for Fiscal Year 2007 are \$451.1 million, representing growth of 2.9% or \$12.5 million above the revised Fiscal Year 2006 estimate. Recurring revenues are \$441.3 million, an increase of 3.1% above the revised Fiscal Year 2006 estimate. Details by category are discussed in the following text.

Gross Receipts Taxes. GRT distributed to the City is reported as state shared revenues and municipal revenues. The state shared portion that is distributed to municipalities is 1.225% of GRT. The total distribution of GRT deposited by the City in the general fund as of July 2004 has been 1.0625% of GRT. This same tax rate was expected to continue for Fiscal Year 2007. However an adjustment has been made to reflect the reduction of 0.125% in GRT made by the Council effective January 1, 2007 and the distribution by the City to the general fund is currently 0.93750%.

Until July 1, 2004, the total GRT rate (State, County and City) imposed in the City was 5.8125%. Because of various rate increases, the total GRT rate imposed during Fiscal Year 2006 was 6.7500%. The County increased its GRT rate by 0.125% on July 1, 2006 increasing the rate imposed in the City to 6.875%. Although the County increased its GRT rate by 0.125% on January 1, 2007, the City reduced its GRT by 0.125% on the same date and on January 1, 2007 the total GRT rate imposed in the City remained at 6.875%.

GRT revenues, after experiencing weak growth of 0.2% in Fiscal Year 2002, recovered with growth of 4.6% in Fiscal Year 2003. In Fiscal Year 2004, growth was 9.2%, in part accelerated by an annexation of a large retail shopping area. In Fiscal Year 2005, 11 months of the quarter cent public safety tax was received and revenues increased 15.4%. Revenues for

Fiscal Year 2006 increased by 8.1% which includes a full 12 months of the quarter cent public safety tax. In Fiscal Year 2007, GRT revenues are expected to increase by 3.5%.

Local Taxes Other Than Gross Receipts. Property tax revenues in Fiscal Year 2007 are expected to increase 3.5% to \$29.7million from the estimated Fiscal Year 2006 revenues. Franchise tax revenues, including revenues from the Water Authority, were \$22.7 million in Fiscal Year 2005 and estimated at \$24.2 million for Fiscal Year 2006. The estimate in the Fiscal Year 2007 budget is \$23.9 million.

In Fiscal Year 2007, PILOT revenues are anticipated to increase \$296,000, as the PILOT rate was increased to reflect the quarter cent public safety tax.

Licenses and Permits. Building permit inspection revenues have been growing rapidly. However, in Fiscal Year 2007 revenues are estimated to be \$10.2 million, a decline of 14% from the Fiscal Year 2006 estimate.

License and permit receipts for Fiscal Year 2007 are estimated at \$3.1 million, \$42,000 above the Fiscal Year 2006 estimate of \$3.1 million.

Intergovernmental Revenues Other than Gross Receipts. In Fiscal Year 2007, intergovernmental revenues are estimated to decline from the estimate for Fiscal Year 2006 by less than 1% to \$5 million. Most of this reduction is due to nonrecurring revenues received by the City in 2006 from Bernalillo County for prisoner services performed by the City at the Bernalillo County Detention Center. Also cigarette tax revenues are expected to decrease as sales of cigarettes continue to decline.

Charges for Services. Total charges for services include four distinct categories of charges. The first category, direct charges for services, includes charges by the City for services provided directly to the public such as entrance fees to City facilities and services and legal assistance provided to other funds. The second category is charges to the CIP to fund positions for oversight and administration of capital projects. The third category is internal service charges, such as office and building services. The last category is indirect overhead, which includes charges to other funds for services such as accounting and payroll. The total charges for services were estimated to be \$41.7 million for Fiscal Year 2006; the Fiscal Year 2007 budget estimates total charges of 42.1 million, an increase of only 1%.

Direct charges for services were \$18 million in Fiscal Year 2005 and the estimated Fiscal Year 2006 revenues were \$17.5 million. The decline was from several places including legal services, sports fees and one-time revenue received for management of the convention center. In Fiscal Year 2007 revenues from direct charges for services are expected to increase 4.7% to \$18.4 million. The increase is a combination of expected increases in revenue from the BioPark, records search fees and the opening of a new swimming pool.

Internal services charges have declined as the City has chosen not to provide certain services. Office service charges now total about \$33,000 per year. Building alteration charges were eliminated in Fiscal Year 2002. Engineering and inspection fees have declined from an average of \$1.5 million in the 1990s to \$187,000 in Fiscal Year 2005. Fiscal Year 2006 charges were expected to remain flat and continue at the same level for Fiscal Year 2007.

In Fiscal Year 2005, CIP funded positions resulted in \$7.2 million in revenues. Estimates for Fiscal Year 2006 are that revenues will be \$9.1 million and will remain at the same level for Fiscal Year 2007.

Indirect overhead revenues in Fiscal Year 2007 are expected at \$13.6 million. This is down slightly from the \$14 million estimated for Fiscal Year 2006.

Miscellaneous Revenues. In Fiscal Year 2007, the largest source of miscellaneous revenues is expected in fines and charges. The STOP red light program is anticipated to generate \$2 million.

Inter-Fund Transfers. In Fiscal Year 2006 and 2007 revenues are anticipated at \$2.1 million.

General Fund Appropriations and Expenditures

Fiscal Year 2006 Unaudited Year End Report. Because of increases and uncertainties about fuel costs, a reserve for fuels was set aside in mid-year for 2006. After appropriating the fuel reserve as planned, no City department overspent its total appropriation. The General Fund produced a significant fund balance and only four other funds required clean-up from their existing fund balance.

General Fund programs are expected to revert \$14.2 million to Fiscal Year 2007 and actual revenues exceed the revised budget estimate by \$13.1 million. Encumbrances totaled \$5.2 million. Of the available fund balance of \$34.5 million in Fiscal Year 2006, \$20.4 million was carried forward and appropriated in the Fiscal Year 2007 budget.

There were 108 General Fund Fiscal Year 2006 programs. Only three programs had expenses that exceeded their budget by the lesser of 5% or \$100,000.

Fiscal Year 2007 Budget Synopsis. The Fiscal Year 2007 approved budget is a consensus budget incorporating the Administration's and Council's priorities and commitments. The Council provided the information regarding its budget requests to the Administration in early March. Those requests were incorporated into the budget preparation process. Additionally, the Council made amendments to the budget as a result of their annual hearing process.

As in previous years, significant projects and budget expansions are linked to a one-year objective to assure public accountability. One year objectives are specific projects to achieve goals. These objectives have a result that is generally achievable within a year and are reviewed to assure achievement of the objective. Council requests that could be met at no or low cost were included in the one-year objectives legislation that was adopted by the Council before the introduction of the Mayor's Proposed General Fund Budget. Spending not included in the proposed budget, but approved during the budget process, was linked to additional one-year objectives to assure accountability. The Council added one-year objectives as a result of their hearing and review process.

Revenues and Expenditures The approved Fiscal Year 2007 budget is built on the assumption that total revenue will increase 6.8% over the Fiscal Year 2006 approved budget

level. This growth in revenue supports the total growth of expenditures in the budget of 6.76% above the original budget level for Fiscal Year 2006. The estimated Fiscal Year 2007 revenue of \$451.1 million is an increase of 2.9% or \$12.5 million above the Fiscal Year 2006 estimated actual revenue level. Of the \$12.5 million increase, \$11.1 million is attributable to GRT revenue increases.

Some of the projected increase in Fiscal Year 2007 expenditures is supported by additional Fiscal Year 2006 fund balance. The increase in available fund balance projected for the close of Fiscal Year 2006 is fueled by the additional revenues anticipated above the original Fiscal Year 2006 budget level. Much of this fund balance was used to increase Fiscal Year 2006 appropriations. Those additional appropriations are reflected in the tables presented in this budget.

Total recurring revenues exceed recurring appropriations by \$5.9 million in Fiscal Year 2007 with recurring revenues growing at 6.55% and recurring expenditures increasing at 5.13%.

GENERAL FUND

(\$000's)	ORIGINAL BUDGET FY 2006	REVISED BUDGET FY 2006	CHANGE	%	APPROVED BUDGET FY 2007	CHANGE ORIGINAL FY 2006 & FY 2007	%
				CHANGE			CHANGE
REVENUE:							
Recurring	\$414,176	\$423,246	\$ 9,070	2.19%	\$441,300	\$27,124	6.55%
Nonrecurring	<u>8,249</u>	<u>10,760</u>	<u>2,511</u>	<u>30.44%</u>	<u>9,838</u>	<u>1,589</u>	<u>19.26%</u>
TOTAL	<u>\$422,425</u>	<u>\$434,006</u>	<u>\$11,581</u>	<u>2.74%</u>	<u>\$451,138</u>	<u>\$28,713</u>	<u>6.80%</u>
APPROPRIATIONS:							
Recurring	\$414,169	\$417,896	\$ 3,727	0.90%	\$435,410	\$21,241	5.13%
Nonrecurring	<u>32,338</u>	<u>38,653</u>	<u>6,315</u>	<u>19.53%</u>	<u>41,270</u>	<u>8,932</u>	<u>27.62%</u>
TOTAL	<u>\$446,507</u>	<u>\$456,549</u>	<u>\$10,042</u>	<u>2.25%</u>	<u>\$476,680</u>	<u>\$30,173</u>	<u>6.76%</u>
Recurring Balance	\$ 7	\$ 5,350			\$ 5,890		

The Fiscal Year 2007 budget included new or increased funding for a number of projects.

The Fiscal Year 2007 budget included new or increased funding for a number of projects. A total of \$42 million in General Fund adopted initiatives are funded, including wage increases for City employees and transfer of operations to Bernalillo County of the Metropolitan Detention Center (“MDC”) operations. The compensation package for City employees includes a 4.5% increase for sworn police officers and firefighters as well as 3.5% increases for all other permanent City employees. Additional capacity needed to support this wage increase was gained by reducing the subsidy to Bernalillo County to support the first year of operations of the MDC which transferred to the County’s operations on July 1, 2006. Although not required by statute, the City’s budget includes a transfer of \$15.4 million to the County to subsidize MDC and pay for the accrued sick and vacation leave of employees transferring to County employment, at an estimated cost of up to \$2.5 million. Also included in the Fiscal Year 2007 budget is \$5.2 million for capital programs coming on line.

Detail on the Fiscal Year 2007 Budget can be found at on the City website at <http://www.cabq.gov/budget/>.

General Fund Balances

The following table shows actual revenues, expenditures and fund balances for the General Fund in Fiscal Years 2002-2005 and also shows the unaudited actual amounts for Fiscal Year 2006 and the City's approved budget for 2007.

General Fund Revenues, Expenditures and Fund Balances
Fiscal Years 2002-2006
(\$000)

REVENUES	Actual 2002	Actual 2003	Actual 2004	Actual 2005	Actual Unaudited 2006	Approved Budget 2007	Compound Annual Chg 02 - 07
Taxes							
Property Tax	\$15,880	\$16,498	\$24,734	\$26,153	\$28,067	\$29,663	13.3%
Gross Receipts Tax	89,068	93,173	101,663	134,936	147,742	150,146	11.0%
Other Taxes	15,369	17,457	17,695	17,953	18,888	18,776	4.1%
Water Authority PILOT/Franchise	4,642	4,779	5,111	4,770	5,203	5,172	2.2%
Payment in lieu of taxes	807	834	925	1,122	1,465	1,510	13.3%
Total Taxes	125,766	132,741	150,128	184,934	201,365	205,267	10.3%
Licenses & Permits	8,643	12,279	13,716	15,026	15,203	13,318	9.0%
Intergovernmental Revenue							
State & Federal Grants	22	46	370	145	1,098	-	-100.0%
State Shared Revenue							
Gross Receipts Tax	136,655	142,840	156,138	162,583	173,955	177,242	5.3%
Other State Shared	4,672	4,233	4,256	4,791	4,830	4,727	0.2%
County	169	242	201	332	432	281	10.7%
Total Intergovernmental Revenue	141,519	147,361	160,965	167,851	180,314	182,250	5.2%
Charges for Services	36,638	37,770	40,429	41,287	41,664	42,162	2.8%
Miscellaneous	1,580	1,249	3,898	2,598	6,375	5,490	28.3%
Other Transfers	3,436	1,509	1,927	2,112	2,137	2,606	-5.4%
TOTAL REVENUES	317,581	332,909	371,063	413,807	447,058	451,093	7.3%
Beginning Fund Balance	40,183	36,600	43,124	64,786	85,424	87,351	16.8%
TOTAL RESOURCES	357,764	369,508	414,188	478,593	532,482	538,444	8.5%
EXPENDITURES							
General government	43,375	43,802	59,417	58,613	55,120	63,686	8.0%
Public safety	127,469	130,107	139,621	163,130	180,739	212,430	10.8%
Cultural and recreation	49,152	48,653	49,171	57,242	65,562	72,516	8.1%
Public works	8,571	6,161	8,037	8,444	2,534	2,913	-19.4%
Municipal Development	-	-	-	-	22,266	25,687	
Highways and streets	12,898	12,374	8,107	9,817	-	-	
Health	6,288	6,557	6,906	8,699	9,951	13,341	16.2%
Human services	26,795	27,146	27,385	31,903	35,882	39,694	8.2%
Other transfers out	46,616	51,584	50,757	55,320	73,076	46,413	-0.1%
TOTAL EXPENDITURES	321,164	326,384	349,401	393,168	445,131	476,680	8.2%
ENDING FUND BALANCE	36,600	43,124	64,786	85,424	87,351	61,764	
TOTAL ADJUSTMENTS^{(1) (2)}	(18,525)	(502)	(1,197)	(3,935)	(5,450)	29	
Reserves	16,161	27,758	29,477	38,239	47,411	46,585	
AVAILABLE FUND BALANCE	1,914	14,864	34,112	43,250	34,490	15,208	
Ending fund balance as percent of recurring revenue ⁽³⁾	11.6%						
Ending fund balance as percent of total expenditure ⁽³⁾		13.2%	18.5%	21.7%	19.6%	13.0%	
Recurring revenues	314,330	329,710	360,542	400,827	438,531	441,300	7.0%
Recurring expenditures	317,400	324,829	341,032	372,032	413,212	435,410	6.5%

(1) 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.

(2) The Fiscal Year 2002 adjustment includes a \$1.2 million reserve for the corrections department.

(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 revenue.

Revenues

Municipally Determined Revenues

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

Local Option Gross Receipts Taxes. The City has authority under the Municipal Gross Receipts Tax Act (Sections 7-19D-1, *et seq.* NMSA 1978 as amended) to impose up to 1.25% municipal GRT on the gross receipts of any person engaging in business in the City. The municipal GRT imposed by the City on July 1, 2006 was the full 1.25%. However, effective January 1, 2007, City reduced its GRT by 0.125%. The City has also imposed a 0.0625% municipal infrastructure GRT for general purposes and has authority to impose a second 0.0625% municipal infrastructure GRT for general purposes without a referendum. The City may impose an additional 0.125% municipal infrastructure GRT for general municipal purposes, infrastructure, regional transit and/or economic development, a 0.0625% municipal environmental services GRT and an additional 0.25% municipal capital outlay GRT for municipal infrastructure purposes. Effective July 1, 2005, 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 GRT 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, only 3.012 mills were imposed on residential property and 3.544 mills were imposed on commercial property are used by the City for operations and 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 GRT. In 1991, legislation was enacted which, among other things, reduced the amount of State GRT distribution to a municipality from 1.35% to 1.225% of the gross receipts collected in that municipality. The reduction in the distribution took effect August 1, 1992. In addition to the 1.225% GRT 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). Commencing in Fiscal Year 1987, pursuant to Section 7-37-7 NMSA 1978, as amended, the maximum levy for City operations (the “operational levy”) was increased from 2.225 to 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 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.

An amendment to the State Constitution was passed by voters in November 1998. This amendment allowed 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 is already 65, or frozen in the year the person has his or her 65th birthday, if that is after 2001. New Mexico House Bill 73, signed into law on March 21, 2003, freezes the property tax valuation for single family dwellings owned and occupied by a person who is 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 is then determined to be disabled, or in the year in which the person is determined to be disabled, if that is after 2003.

Rates

The total rates for City property taxes in effect for Tax Year 2006 (Fiscal Year 2007) are 10.988 mills for residential and 11.520 mills for commercial property. These rates are down from

21.327 mills on both residential and commercial property in Tax Year 1985 (Fiscal Year 1986) due to the reassessments of all property within the County. As set by the State Department of Finance and Administration, the general obligation bond debt service levy for Tax Year 2006 (Fiscal Year 2007) is 7.976 mills and the operational levy is 3.012 mills 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		3.012 mills	4.638 mills
Commercial		3.544 mills	4.106 mills
Debt Service ⁽¹⁾	12.000 mills ⁽²⁾		
Residential		7.976 mills	4.024 mills
Commercial		7.976 mills	4.024 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.

Prior to 1986 it was the policy of the City for more than ten years to maintain a stable tax rate totaling approximately 20 mills for all general obligation bond debt service. Capacity to issue bonds in future years was calculated by using a tax production at 20 mills and assumed that new issues would have approximately equal annual principal payments for a ten-year retirement. Other than utilities and other centrally assessed properties, locally assessed residential and non-residential properties were valued at 1975 market values. 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 reassessments have required a change in the 20 mill tax policy. The general obligation debt service tax rate was reduced to 12 mills for Tax Year 1986 (Fiscal Year 1987). The debts 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 1997, the debt service levy was decreased to 8.976 mills. In Fiscal Year 2004 the debt service levy was decreased to 7.976 mills, where it remained on January 1, 2007.

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 \$40,000,000, of which \$22,250,000 is outstanding, with \$20,282,553 payable from taxable property within the City.

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>
1997 ⁽²⁾	4,918,412,659	241,257,015	309,966,061	5,469,635,735	2.11%
1998	5,047,988,793	263,165,055	345,747,000	5,656,900,848	5.50%
1999	6,234,946,669	281,059,652	340,275,027	6,856,281,348	3.42%
2000	6,185,937,198	310,904,986	403,859,568	6,900,700,986	21.20%
2001	6,657,462,354	347,858,674	413,809,882	7,419,129,910	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%

(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 Taxpayers for Tax Year 2006 (Fiscal Year 2007)⁽¹⁾

<u>Name of Taxpayer</u>	<u>Taxable Value</u> ⁽²⁾ <u>2006 Assessed</u>	<u>Tax Amount</u> ⁽³⁾	<u>Percentage of Total City Assessed Valuation</u> ⁽³⁾
Qwest (US West)	\$98,381,250	\$4,579,877	0.998%
PNM Electric	78,242,575	3,640,027	0.794%
PNM Gas Services	21,179,074	868,578	0.215%
Southwest Airlines	19,210,731	859,661	0.195%
Crescent Real Estate (Hyatt Hotel)	18,726,794	939,317	0.190%
Comcast Cablevision of New Mexico	16,396,478	733,726	0.166%
Simon Property Group Ltd. (Cottonwood Mall)	15,960,737	714,227	0.162%
Heitman Properties of NM (part of Coronado Shopping Mall)	15,688,598	702,049	0.159%
Voicestream PSC II Corporation	13,826,083	618,703	0.140%
Verizon Wireless (VAW) LLC.	11,121,035	497,655	0.113%
Alltel Communications Inc.	9,788,097	438,008	0.099%
AHS Albuquerque Regional Medical Center	8,314,168	372,051	0.084%
HUB Albuquerque LLC/HRPT Properties	6,832,950	342,734	0.069%
DI Albuquerque Funding Com Inc.	6,940,973	310,602	0.070%
Winrock Property (Winrock Mall)	<u>6,520,159</u>	<u>291,771</u>	<u>0.066%</u>
	<u>\$347,129,702</u>	<u>\$15,908,986</u>	<u>3.5%</u>

- (1) Major taxpayers are those largest 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 2006 represents only 3.52% of the total net taxable value of the City for 2006. 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**

Fiscal Year	Total Current Tax Levy ⁽¹⁾	Current Tax Collections	Percent of Levy Collected	Delinquent Tax Collections	Total Tax Collections	Total Collections as Percent of Current Levy	City Debt Service Collections	Percent of Total City Levy
1997	\$58,414,008	\$55,266,156	94.61%	\$2,591,732	\$57,857,888	99.05%	\$45,646,455 ⁽²⁾	78.1%
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	79.95%
2004	87,976,148	84,534,873	96.09%	3,674,088	88,208,961	100.26%	63,153,644 ⁽³⁾	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%

- (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 9.468 mills in Fiscal Year 1996 to 8.976 mills in Fiscal Year 1997, City debt service collections decreased slightly.
- (3) 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**

Tax Year	Total Tax Levy	City	Bernalillo County	State of New Mexico	Schools	Technical Vocational Education	Flood Control Authority	Hospital	Conservancy District
1997	48.132	11.362	9.070	1.347	11.888	2.935	1.050	4.565	5.915
1998	46.752	11.357	9.066	1.438	11.013	2.945	1.050	4.103	5.780
1999	42.499	11.080	8.270	1.482	8.505	2.578	0.939	4.016	5.629
2000	43.701	11.166	8.558	1.529	8.527	3.179	0.962	4.184	5.596
2001	45.571	11.161	8.635	1.765	8.503	2.628	0.943	6.500	5.436
2002	44.701	11.153	8.532	1.123	7.883	3.174	0.937	6.500	5.399
2003	46.668	11.154	9.549	1.520	8.497	3.175	0.936	6.500	5.337
2004	46.610	11.149	9.536	1.028	8.493	3.174	0.934	6.500	5.346
2005	44.496	11.080	8.408	1.234	8.441	3.122	0.924	6.310	4.975
2006	44,710	11.144	8.543	1.291	8.483	3.181	0.934	6.487	4.647

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 GRT 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 GRT is levied at 5.00% of taxable gross receipts. Effective January 1, 2005, a credit of 0.50% for municipal option gross receipt taxes was discontinued and the State now collects the 5.00% tax within municipalities, including the City. Of the 5.00 cents collected per dollar of taxable gross receipts reported for a particular municipality, 1.35 cents had, prior to August 1992, been remitted monthly back to the municipality by the State based on the prior month’s filings. See “Manner of Collection and Distribution” under this caption. In 1991, legislation was enacted which, among other things, reduced the amount of State GRT distribution to a municipality from 1.35% to 1.225% of the taxable gross receipts collected in that municipality. The reduction in the distribution was effective August 1, 1992.

Until July 1, 2004, the total GRT rate (State, County and City) imposed in the City was 5.8125%. Because of various rate increases, the total GRT rate during Fiscal Year 2006 increased to 6.7500%. The County increased its GRT rate by 0.125% on July 1, 2006 increasing the rate imposed in the City to 6.875%. Although the County increased its GRT rate by 0.125% on January 1, 2007, the City reduced its GRT by 0.125% on the same date and on January 1, 2007 the total GRT rate imposed in the City remained at 6.875%.

Laws of 2004, Chapter 625, which became effective January 1, 2005 made a number of changes to the State gross receipts tax laws. The GRT on food and certain medical services was eliminated but the credit of 0.50% for payers of the municipal option tax was also eliminated and the State now collects the full 5.00% State GRT. The legislation creates a deduction for State GRT from retail sales of food, as defined for federal food stamp program purposes, but requires retailers to report receipts from sales of food and then claim a deduction for the receipts. The legislation enacts significant penalties for improper filings. The deduction does not apply to receipts of restaurants and sellers of prepared foods. The legislation also creates a GRT deduction for some receipts of licensed health care providers (broadly defined) from Medicare Part C and managed health care plans and health care insurers. To compensate municipalities for lost revenues resulting from the State GRT deductions for certain food and medical services, the legislation also provides for payments in lieu of taxes from the State to reimburse local governments for lost GRT revenues. The definition of State GRT revenues includes payments received from the State in lieu of GRT revenues.

Taxed Activities. For the privilege of engaging in business in the State, the State GRT 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 GRT payable on transactions for the reporting period and any county GRT, county fire protection excise tax, county and municipal GRT, 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. For a description of the percentages of GRT 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 GRT, 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 “State Gross Receipts Tax - 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 GRT.

Administration of the Tax. The Department is responsible for administering the Gross Receipts and Compensating Tax Act and for collecting the State tax and all local option gross receipts taxes imposed by New Mexico counties and municipalities. The Department makes monthly distributions to counties and municipalities, as applicable, of State GRT revenues and of receipts from local option gross receipts taxes.

Historical Revenues. The State GRT revenues received by the City for the past five Fiscal Years are as follows:

**Historical State Gross Receipts Tax Revenues
(1.225% Received by the City from State Gross Receipts Tax)**

<u>Fiscal Year</u>	<u>Revenues</u>
2002	\$136,655,396
2003	142,840,456
2004	156,137,731
2005	162,583,140
2006 ⁽¹⁾	173,954,746

(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 GRT 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 Tax Act (Sections 7-19D-1 through 7-19D-13 NMSA 1978, as amended) authorizes the City under State law to impose up to 1.25% municipal GRT in increments of one-eighth of one percent on the gross receipts of any person engaging in business in the City. On July 1, 2006, the City was imposing the full 1.25%. Prior to January 1, 2007, one quarter of one percent (0.25%) of the City's municipal GRT was dedicated to specific "basic services" programs and the proceeds deposited in the City's General Fund. However, the Council repealed 0.125% of the basic services tax effective January 1, 2007. 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 GRT bonds of the City. An additional 0.25% municipal GRT 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. The final 0.25% increment of municipal GRT is imposed to provide for public safety, a variety of social-service programs and jail expenses. The City has also imposed a 0.0625% municipal infrastructure GRT for general purposes. The City has authority to impose, but has not imposed: a second 0.0625% municipal infrastructure GRT, 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; and a 0.0625% municipal environmental services GRT. The State Legislature in 2004 passed legislation, which became effective on July 1, 2005, authorizing a municipal regional transit GRT. 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 GRT 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 the gross receipts tax generated within the Districts will be available for

construction of public infrastructure within the Districts. The 33% of the 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.

Historical Revenues. The revenues received by the City as a result of its imposition of municipal GRT and municipal infrastructure GRT for the past five Fiscal Years are as follows:

**City of Albuquerque
Historical Municipal Gross Receipts Tax Revenues**

<u>Fiscal Year</u>	<u>Revenues</u>
2001	\$54,609,793
2002	55,034,047
2003	57,569,166
2004	62,778,208
2005	63,333,003
2006 ⁽¹⁾	70,079,274

(1) Unaudited

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 2006 Gross Receipts Tax (GRT) Paid
in the City of Albuquerque
January 1, 2007**

<u>Type of Tax & Purpose</u>	<u>Percentage Imposed</u>
Municipal GRT ^{(1) (2)}	1.2500%
Municipal Infrastructure GRT	0.0625
Bernalillo County GRT ⁽³⁾	0.5625
State GRT	<u>5.0000</u>
Total	<u>6.8750%</u>

- (1) Municipal GRT may be imposed by the City in increments of 0.125%, and collections are assessed an administrative fee by the State of 5.0% on all local option revenues imposed above those derived from the initial 0.50% tax levied.
- (2) The Council repealed 0.125% of GRT tax effective January 1, 2007.
- (3) The County imposed a 0.125% of GRT tax effective July 1, 2006 and an additional 0.125% of GRT tax effective January 1, 2007.

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 GRT revenues to the City:

City of Albuquerque
Fiscal Year 2006 Taxing Authority and Gross Receipts Tax (GRT) Imposed

<u>Type of Tax & Purpose</u>	<u>Total Taxing Authority</u>	<u>Percentage Imposed</u>	<u>Unused Authority</u>
Municipal GRT ⁽¹⁾	1.2500%		
Basic Services ⁽²⁾		0.2500%	
General Purposes ⁽³⁾		0.5000%	
Transportation		0.2500%	
Public Safety		<u>0.2500%</u>	
<i>Total Municipal GRT</i>		<u>1.2500%</u>	
Municipal Infrastructure GRT ⁽⁴⁾			
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 ⁽⁵⁾	0.2500%	0.0000%	0.2500%
Regional Transit GRT ⁽⁶⁾	<u>0.5000%</u>	0.0000%	<u>0.5000%</u>
<i>Total Other GRT</i>		<u>0.0625%</u>	<u>1.0000%</u>
Total Impositions by the City		<u>1.3125%</u>	<u>1.0000%</u>
State GRT		<u>1.2250%</u>	
Total Distribution to the City		<u>2.5375%</u>	

- (1) Municipal GRT may be imposed by the City in increments of 0.125%, subject to a negative referendum, and collections are assessed an administrative fee by the State of 5.0% on all local option revenues imposed above those derived from the initial 0.50% tax levied.
- (2) The Council repealed 0.125% of the basic services tax effective January 1, 2007.
- (3) Represents the municipal GRT pledged by the City to secure certain outstanding bonds.
- (4) A positive referendum is required to impose any amount of the municipal infrastructure GRT: (i) in excess of 0.1250%; or (ii) for the purpose of economic development. The tax may be imposed in increments of 0.0625%.
- (5) A positive referendum is required to impose any amount of the municipal capital outlay GRT and it may be imposed only after all other local option gross receipts taxes have been imposed.
- (6) A positive referendum is required to impose any amount of the regional transit GRT after the City becomes a member of a regional transit district and upon request from the district. The tax may be imposed in increments of 0.0625%.

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 1997.

City of Albuquerque
Taxable Gross Receipts By Sector and Total Gross Receipts ⁽¹⁾
Fiscal Years 1997-2006 (\$000,000s omitted)

	Selected Sectors by Standard Industrial Classification									Unaudited		% of Total Shares by Sector	% of Total Shares by Sector
	<u>1997</u>	<u>1998</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>1997</u>	<u>2006</u>	
Construction	\$1,068.10	\$1,000.80	\$1,001.40	\$1,098.70	\$1,307.60	\$1,250.60	\$1,213.50	\$1,354.50	\$1,555.74	\$1,888.23	11.17%	13.36%	
Manufacturing	281.00	320.10	324.20	319.40	308.60	283.70	233.70	275.00	265.80	282.48	2.94%	2.00%	
Wholesale Trade	511.10	554.10	535.60	604.80	608.00	630.50	738.00	855.45	902.63	930.10	5.35%	6.58%	
Retail Trade	3759.60	3882.40	3963.10	4158.70	4367.60	4345.00	4652.60	5036.70	4915.43	5510.35	39.32%	38.99%	
Fin, Insur., & Real Estate	258.10	279.00	286.30	292.20	292.70	270.40	269.40	284.75	289.02	340.13	2.70%	2.41%	
All Other Sectors	<u>3,684.10</u>	<u>3,794.00</u>	<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>	38.53%	36.66%	
Total Taxable Gross Receipts ⁽²⁾	<u>\$9,562.00</u>	<u>\$9,830.40</u>	<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>	100.00%	100.00%	
Total Gross Receipts Reported	\$16,414.00	\$17,096.80	\$17,317.90	\$18,294.20	\$20,836.90	\$20,708.30	\$20,153.40	\$22,406.90	\$24,666.20	\$27,088.36			

(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 GRT 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. Gasoline is defined by State statute as any flammable liquid used primarily as fuel for propulsion of motor vehicles, motorboats or aircraft but does not include diesel engine fuel, kerosene, liquefied petroleum gas, natural gas and products specially prepared and sold for use in the turbo-prop or jet-type engines. 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 gasoline tax is not imposed on gasoline received in the State for export from the State by a distributor or on gasoline sold to and used by any United States agency or instrumentality. Wholesalers and distributors of gasoline may sell specially dyed gasoline to persons not using the gasoline in motor boats or in vehicles licensed to operate on the highways in the State. The persons purchasing specially dyed gasoline are required to hold a gasoline tax refund permit issued by the Department and must make individual purchases of the specially dyed gasoline in quantities of 50 gallons or more (individual aviation fuel purchases may be aggregated). Certain limited deductions from the gasoline tax also apply to ethanol blended gasoline using ethanol made with at least 50% agricultural feed stocks produced in the State.

The amount of the distribution of gasoline tax receipts from the State (“State Shared Gasoline Tax Receipts”) was increased on August 1, 1995 to 10.38%. The percentage of total gasoline tax receipts shared with municipalities has varied depending on the total State tax on gasoline then in effect. By changing the percentage of gasoline tax receipts distributed to municipalities, the State Legislature has attempted to maintain the flow of State Shared Gasoline Tax Receipts to municipalities. Despite the fluctuation in the amount of gasoline tax receipts distributed to municipalities, the net effect on the level of State Shared Gasoline Tax Receipts distributed to the City has been insignificant. See the table entitled “Historical State Gasoline Tax Receipts” under this caption.

Historical Receipts

The following table sets forth the historical distributions of State Shared Gasoline Tax Receipts for Fiscal Years 1997-2006.

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

<u>Fiscal Year</u>	<u>State Gasoline Tax Receipts</u>
1997	\$4,516,251
1998	4,748,965
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 ⁽¹⁾	4,883,012

(1) Unaudited

Sources: City of Albuquerque Comprehensive Annual Financial Reports for 1996 to 2005.

Distribution of the Gasoline Tax

The City can make no prediction as to future actions of the State Legislature with respect to the amount of gasoline tax receipts to be distributed. 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.

The amount of gasoline taxes distributed to individual municipalities is variable because the distributions are tied to the reported amounts of taxable motor fuel sales in each individual municipality relative to all municipalities.

Lodgers' Tax and Hospitality Fee

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 shared GRT or local sales taxes).

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 rate 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</u> ⁽¹⁾	<u>Lodgers' Tax Revenues</u>
2002	\$166,380,620	\$8,319,031
2003	166,521,380	8,326,069
2004	174,606,940	8,730,347
2005	180,207,820	9,010,391
2006 ⁽²⁾	199,914,580	9,995,729

(1) Defined by the Lodgers' Tax Act to mean "the total amount of rent paid for lodging, not including the State GRT or local sales taxes."

(2) Unaudited

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, 2013. As required by the Hospitality Fee Act, fifty percent of the fees collected are to be used for advertising to publicize and promote tourist-related attractions, facilities and events and the remaining fifty percent is to be used to equip and furnish the City's Convention Center.

The hospitality fee will generate revenues to pay for certain capital improvements at the Convention Center that will help make the Convention Center a more desirable venue.

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.

Employee Contracts

There were 6,508 full-time employment positions funded by the City for Fiscal Year 2006. As of January 1, 2005, of the filled positions, over 80% of City employees are affected by union contracts. There are seven bargaining units within the City. The City's union contracts, which all expire on June 30, 2008, 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 (Local 1745); Blue Collar workers

(A.F.S.C.M.E. Local 624, AFL-CIO); Albuquerque Area Firefighters Union; Albuquerque Police Officers' Association; and Management Union.

Retirement Plan

The employees of the City are members of the State Public Employees Retirement Association. Employees are credited for contribution amounts to the plan varying from 3.29% to 16.20% of their wages and the City contributes amounts which vary from 7.0% to 21.25%.

The last actuarial valuation attesting to the availability of funds to cover the obligations of the plan is as of June 30, 2006. 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.

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.

In July 2005, the City adopted a ten year capital plan for calendar years 2005 through 2014. In a regular municipal election on October 4, 2006, the voters approved the future issuance of \$113,045,000 general purpose general obligation bonds and \$8,080,000 storm sewer system general obligation bonds. On June 30, 2006 the City issued \$34,000,000 in general purpose bonds and \$3,000,000 in storm sewer general obligation bonds. It is expected that the City will issue the remaining amount of \$84,125,000 general obligation bonds in Spring or Summer 2007.

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 supports are: Public Safety Facilities, Drainage Facilities, Park, Recreation, Trails and Open Space Facilities and Roadway Facilities. Service Areas have been identified for each if 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 obligations bond program or the City's bonding capacity.

TOTAL IMPACT FEES – FISCAL YEAR 2006

<u>Location</u>	<u>Amount</u>	<u>Location</u>	<u>Amount</u>
Academy Northwest	\$65,163	Southwest Mesa	\$731,794
Foothills/Southwest	7,011	I-25 Corridor	309,038
North Albuquerque	10,069	Far Northeast	42,560
North Valley/I-25	19,200	Northwest Mesa	6,499,901
Southwest Mesa	304,199	West Mesa	<u>348,809</u>
Northwest Mesa.Volcano	174,472	Total Roadways	<u>\$1,972,102</u>
Trails	17,472		
Open Space	<u>285,251</u>	Southwest	\$192,751
Total Parks, Open Space and Trails	<u>\$882,377</u>	Tijeras	4,897
		Far Northeast	108,584
Fire/Westside	\$160,299	Northwest	<u>218,531</u>
Fire/Eastside	67,534	Total Drainage	<u>\$524,763</u>
Police/Citywide	130,317		
Police/Westside	42,655	Grand Total Impact Fees	<u>\$3,791,949</u>
Police/Westside	<u>11,902</u>		
Total Public Safety	<u>\$412,707</u>		

Financial Statements

The audited financial statements of the City at June 30, 2006 and for the year then ended are to be included in Appendix A hereto. However, because of the key personnel changes within its accounting division and changes in the software used by the City in the preparation of its annual audit, there have been delays in the completion of the City's Fiscal Year 2006 audited financial statements. See "FISCAL YEAR 2006 FINANCIAL INFORMATION UNAUDITED."

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 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 2005, ABQ Airport ranked as the 58th largest passenger airport in the United States and in 2004 ABQ Airport ranked as the 57th largest passenger airport in the United States. ABQ Airport serves primarily an “origination/destination” air traffic market with approximately 95% of the total number of enplaned passengers using ABQ Airport beginning or ending their trips in the “Albuquerque Area” and other parts of the State. 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. 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 and United Airlines accounted for 51.4%, 12.3%, 7.4%, 6.4% and 4.3%, respectively, of the enplaned passengers at ABQ Airport in Fiscal Year 2006. 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. The air carrier gates are situated in a linear east-west concourse, parallel to the Terminal Complex and connected to it via a terminal-concourse connector. 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 500 space surface parking lot.

The airfield, land and facilities at ABQ Airport (the “Airfield”) were deeded to the City by the USAF in 1962. The USAF currently shares the use of the Airfield with the City under a lease agreement. The deed contains a reverter clause, which will be effective if the City does not continue to use the Airfield as an airport and 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 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. In 2006, ABQ Airport completed the construction of a new 35,000 square foot passenger security screening checkpoint with eight screening lanes.

In March 2001, the City opened a Consolidated Rental Car Facility (the “Rental Car Facility”) on approximately 76 acres at ABQ Airport property located approximately one-half mile southwest of the Terminal Complex. It is comprised of a customer service building, ready/return parking area and service center facilities. The Rental Car Facility is currently used by eight rental car companies, which include Avis, Budget, Dollar, Hertz, Advantage, Thrifty, Enterprise and Alamo/National (Vanguard) (collectively, the “On-Airport Rental Car Companies”).

Airport Service Area

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

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 2006.

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 Airlines	United Airlines
Frontier Airlines	US Airways

Each of the major carriers listed above has entered into a new five (5) year Scheduled Airline Operating Agreement and Terminal Building Lease with the City with an effective date of July 1, 2006 (the “Airline Agreements”), although Delta Airlines and Northwest Airlines have filed petitions for relief under Chapter 11 of the United States Bankruptcy Code. Collectively, these Signatory Airlines lease approximately 75% of the available exclusive and preferential use space in the Terminal Complex. See “LITIGATION - Airline Bankruptcies”

In addition to these major national airlines and their affiliate regional carriers, Mesa Airlines and Great Lakes Airlines provide commuter flights throughout New Mexico, Texas and Colorado. Three Air Cargo Airlines DHL/ABX, Federal Express and UPS (the “Air Cargo Airlines”) provide air cargo service at ABQ Airport. 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.

Events Affecting the Air Transportation Industry and the Airport

The events of September 11, 2001 caused substantial disruption to the airline industry. In response to the attacks, the Aviation and Transportation Security Act (“ATSA”) was enacted into law on November 19, 2001, creating the Transportation Security Administration (“TSA”). The TSA took over from the airlines all contracts for security checkpoint operation at the ABQ Airport in February 2002. The security checkpoint was federalized on October 8, 2002, when all civilian contractors at the checkpoint were replaced with screeners employed by the TSA. Prior to the creation of the TSA, the FAA had implemented security measures, including, but not limited to, the elimination of curbside luggage handling, prohibiting unticketed passengers beyond security checkpoints, requiring a thorough search and security check of passenger baggage, and restricting the parking of vehicles near terminals. Some of those measures remain in effect at the ABQ Airport and the TSA now has initiated a number of new safety measures at U.S. airports, including, without limitation, that all baggage must be screened for explosives.

Several airlines, including two airlines operating at the ABQ Airport, Delta Airlines (“Delta”) and Northwest Airlines (“Northwest”) have filed for bankruptcy protection. These two airlines accounted for approximately 10% of enplanements and approximately 16% of revenues at the ABQ Airport in the fourth quarter of Fiscal Year 2006 and continue to operate at the ABQ Airport while they restructure under bankruptcy protection.

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.

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 (a) mitigate existing operational inefficiencies in the processing of checked baggage and (b) 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 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. The in-line EDS at the ABQ Airport 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, the security checkpoint has been enhanced and a new area was added 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. Construction of the project began in December of Fiscal Year 2005. The Security Checkpoint was completed in the third quarter and the meeter/greeter area was completed during the fourth quarter of Fiscal Year 2006. Total cost was approximately \$14 million.

Historical Airline Traffic

During Fiscal Year 2006, there were approximately 209,007 aircraft operations (landings and takeoffs) at the ABQ Airport, which is an increase from 206,732 in Fiscal Year 2005. The additional aircraft operations are due to an increase in activity resulting from the major national carriers using smaller regional jet aircraft. The following table presents the number of airline enplaned passengers for major national airlines at the ABQ Airport from Fiscal Year 1997 through Fiscal Year 2006.

**Historical Airline Traffic Activity
ABQ Airport**

Enplaned Passengers

<u>Fiscal Year</u>	<u>Number</u>	<u>Percent Increase (Decrease)</u>
1997	3,273,829	3.6
1998	3,109,915	(5.0)
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	3,189,886	2.3
2006 ⁽¹⁾	3,299,021	3.4

(1) Unaudited

Source: City of Albuquerque, Department of Aviation.

The total number of enplaned passengers at the ABQ Airport increased at an average annual rate of 0.48 % per year between Fiscal Years 1997 and 2006. In Fiscal Year 2002, the number of enplaned passengers at the ABQ Airport decreased 3.4%, principally as a result of the September 11 terrorist attacks, the national economic downturn, and resulting decreases in airline service. Since 2003, the ABQ Airport has experienced an upward trend.

In Fiscal Year 2006, the number of enplaned passengers at the ABQ Airport increased approximately 3.4% from Fiscal Year 2005 and Fiscal Year 2005 increased 2.3% from Fiscal Year 2004. This increase is a direct result of additional regional jet air carriers as well as continued economic improvement. In 2004, the number of enplaned passengers increased by 3.7%, principally as a result of the return of travelers' confidence in air travel and improved economic conditions in New Mexico and nationally. It should be noted that the average decrease in enplaned passengers at the ABQ Airport between 2001 and 2003 (2.3% per year) was at a lesser rate than experienced nationally. The FAA reported that enplaned passengers nationally decreased 6.6% between 2001 and 2002 (the most recent year for which data is available). Low-fare airlines such as Southwest Airlines and US Airways have continued to maintain or increase service at the ABQ Airport. The ABQ Airport has recovered from the impacts of the events of September 11 at a faster rate than other United States airports.

The size of an origination/destination market, as measured by the number of originating passengers, is related to the vitality of an airport service area. Origination/destination passenger traffic in the Albuquerque Area and other parts of the State consists of resident and visitor travel. The level of resident passenger travel is related to the size of the population base, overall activity and growth in the economy, companies that rely on airline travel for their business use, and disposable income levels that may affect the propensity for airline travel. The level of visitor passenger travel in the Albuquerque Area and the State is related to companies located in the

Albuquerque Area and the State that are visited by personnel from other offices or businesses located in other parts of the United States or the world, the demand for tourist and convention facilities in the Albuquerque Area and the State, and people visiting State residents.

Airline Market Shares. In Fiscal Years 2002 through 2006, Southwest Airlines and American Airlines combined, accounted for at least 63.7% of enplanements. In Fiscal Year 2006, Southwest Airlines ranked first in number of enplaned passengers at ABQ Airport (51.4%) with American Airlines, Delta Airlines, US Airways and Continental Airlines ranked second, third, fourth and fifth respectively, comprising 31.2%.

The market share of enplaned passengers by the regional and commuter airlines at ABQ Airport increased from 4.4% in Fiscal Year 2002 to 8.7% in Fiscal Year 2006. The number of passengers enplaned by regional and commuter airlines increased from 228,868 in Fiscal Year 2002 to 287,671 in Fiscal Year 2005 and decreased to 279,282 in Fiscal Year 2006.

The following table presents the percentage shares of enplaned passengers for the airlines serving the ABQ Airport in the Fiscal Years 2002 through 2006:

**ABQ Airport
Airline Market Shares
Fiscal Years 2002-2006**

	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY2004</u>	<u>FY2005</u>	<u>FY2006</u>
	<u>% Share Enplaned Passengers</u>	<u>% Share Enplaned Passengers</u>	<u>% Share Enplaned Passengers</u>	<u>% Share Enplaned Passengers</u>	<u>% Share Enplaned Passengers</u>
Major/National:					
Southwest Airlines	52.9	53.1	53.2	51.6	51.4
American Airlines	9.8	11.3	11.2	11.6	12.3
Delta Airlines	8.4	7.5	7.6	8.1	7.4
America West Airlines	6.7	6.6	5.8	6.1	6.4
United Airlines	6.2	6.1	6.0	5.6	4.3
Continental Airlines	5.4	4.9	4.9	4.9	5.1
Northwest Airlines	2.7	3.0	2.8	2.8	2.6
Frontier Airlines	1.6	1.6	1.5	0.3	1.8
Trans World Airlines ⁽¹⁾	<u>1.9</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Subtotal	<u>95.6</u>	<u>94.2</u>	<u>93.0</u>	<u>91.0</u>	<u>91.3</u>
Regional and Commuter:					
Mesa Airlines	1.6	1.3	1.9	1.4	0.9
Skywest	2.0	3.0	4.1	4.5	5.5
Other	<u>0.9</u>	<u>1.4</u>	<u>1.0</u>	<u>3.1</u>	<u>2.3</u>
Subtotal	<u>4.4</u>	<u>5.8</u>	<u>7.0</u>	<u>9.0</u>	<u>8.7</u>
TOTAL	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>

(1) TWA operations were taken over by TWA LLC, a subsidiary of American Airlines in Fiscal Year 2002.

Note: Columns may not add to totals shown because of rounding.
Source: City of Albuquerque, Department of Aviation.

Airport Administration

Mr. John D. Rice is the Director of Aviation. Mr. Rice was appointed to this position effective March 1, 2004, after serving as Director of the State of New Mexico's Aviation Division from 1997 to that date. As the head of the State's Aviation Division, Mr. Rice was responsible for planning, developing and maintaining a safe and efficient sixty-one airport system within the State, enhancing commercial air service for all communities in the State, inspecting all airports, registering all aircraft in the State, and providing airport safety and education programs within the State.

Mr. Dennis A. Parker, A.A.E., is the Director of Planning and Development, responsible for the long-term capital planning and project implementation for the Airport and reports to the Director. Mr. Parker was appointed to the position in 1986. Prior to his appointment, Mr. Parker was Assistant Aviation Director at the Airport System; Manager of Maintenance Services at the Greensboro-High Point Airport Authority, North Carolina; Executive Director and Operations manager of the Titusville-Cocoa Airport Authority, Florida; and Airport Manager of the Chesterfield County Airport, Virginia.

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 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.

**Airport
Historical Financial Information
Fiscal Years 2002-2006
(\$000)**

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u> ⁽¹⁾
Total operating revenues	\$50,402	\$51,134	\$52,744	\$55,759	\$60,161
Non-operating revenues (expenses):					
Interest	1,919	708	237	815	1,650
Passenger Facility Charge	7,083	8,155	7,900	7,930	8,235
Other	100	182	8	35	32
Gain (loss) on disposition of Property & Equipment	<u>(10)</u>	<u>(22)</u>	<u>185</u>	<u>(81)</u>	<u>(134)</u>
Total adjusted revenues	<u>\$59,494</u>	<u>\$60,157</u>	<u>\$61,074</u>	<u>\$64,458</u>	<u>\$69,944</u>
Total operating expenses (excluding interest expense)	\$49,854	\$49,905	\$52,779	\$46,049	\$44,560
Less:					
Depreciation	(28,417)	(27,846)	(27,631)	(21,897)	(22,853)
Amortization	<u>--</u>	<u>--</u>	<u>(860)</u>	<u>(334)</u>	<u>(294)</u>
Total adjusted operating expenses	<u>\$21,437</u>	<u>\$22,059</u>	<u>\$24,288</u>	<u>\$23,818</u>	<u>\$21,413</u>
Net revenues, all funds combined	<u>\$38,057</u>	<u>\$38,098</u>	<u>\$36,786</u>	<u>\$40,640</u>	<u>\$48,531</u>

(1) Unaudited

Sources: City's Comprehensive Annual Financial Report for the years ending June 30, 2002 through June 30, 2005 and unaudited financial information for Fiscal Year 2006.

**Historical Gross Airport Revenues
(Fiscal Year 2002-2006)
(\$000)**

	<u>2002</u>		<u>2003</u>		<u>2004</u>		<u>2005</u>		<u>2006</u> ⁽¹⁾	
	\$	%	\$	%	\$	%	\$	%	\$	%
Airline revenues	24,707	42.7	25,863	43.3	26,351	43.3	28,192	43.9	29,316	43.3
Non-Airline Revenues:										
Terminal Complex	11,516	19.9	10,538	17.6	11,173	17.6	10,886	17.0	12,535	18.5
PFCs	7,083 ⁽²⁾	12.3	8,155	13.6	7,899	13.6	7,828	12.2	7,555	11.1
CFCs	3,360	5.8	3,651	6.1	3,795	6.1	4,100	6.4	4,115	6.1
Parking area -	6,377	11	6,449	10.8	6,882	10.8	7,059	11.0	7,694	11.4
Miscellaneous	<u>4,774</u>	<u>8.3</u>	<u>5,095</u>	<u>8.5</u>	<u>5,100</u>	<u>8.5</u>	<u>6,265</u>	<u>9.3</u>	<u>6,522</u>	<u>9.6</u>
TOTAL	<u>57,818</u>	<u>100.0</u>	<u>59,750</u>	<u>100.0</u>	<u>61,200</u>	<u>100.0</u>	<u>64,330</u>	<u>100.0</u>	67,737	<u>100.0</u>

(1) Unaudited

(2) The Fiscal Year 2002 accrual for PFC revenue was understated by \$657,383. This occurred due to the transition within accounts receivable systems at the Airport.

Source: City of Albuquerque, Department of Aviation.

Airline Revenues. Airline revenues include revenues from the Signatory Airlines, non-signatory passenger 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 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 91.3% of commercial enplaned passengers at ABQ Airport in Fiscal Year 2006. For Fiscal Year 2006, payments from Signatory Airlines represented approximately 43.0% of the total Gross Airport Revenues. Two airlines are currently operating as debtors in possession under Chapter 11 of the United States Bankruptcy Code (Delta Airlines and Northwest Airlines). The City has not received pre-petition payments due from the bankrupt airlines pursuant to their business plans, at the current time. Pre-petition debt of bankrupt airlines is not recoverable at this time and the final net effect of this debt cannot be determined until a final ruling is issued by the United States Bankruptcy Court.

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 City received approval from the FAA to continue to collect the \$3.00 PFC at ABQ Airport for a total additional amount of \$44,438,079 over a period of approximately five and a half years. The City has recently been approved for a third PFC in the amount of \$69,000,000 to supplement the terminal expansion, terminal apron reconstruction, communication upgrades, passenger screening checkpoint reimbursement, and roadway projects. For purposes of determining Net Revenues, PFC revenues are included by the City as part of Gross Airport Revenues. PFC revenues are available to pay Airport Obligations issued to finance eligible projects, to the extent directed by a designated officer of the City, 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 2002 through 2006.

**City Annual Collections of PFCs
(2002 – 2006)
(\$000s)**

<u>Year</u>	<u>PFCs Collected</u>
2002	\$7,083 ⁽¹⁾
2003	8,155 ⁽¹⁾
2004	7,899 ⁽²⁾
2005	7,828 ⁽²⁾
2006 ⁽³⁾	8,245

- (1) The Fiscal Year 2002 accrual for PFC revenue was understated by \$657,383. This occurred due to the transition within accounts receivable systems at the Airport. Because of this, Fiscal Year 2003 PFC revenue is overstated by the same amount.
- (2) As of May 1, 2004, the airlines are retaining an additional \$.03 per PFC fee collected.
- (3) 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 \$.03 increase in compensation to the airlines will also contribute to the reduction in PFC revenues to the Airport.

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 include 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. Pursuant to these agreements, the City receives: (a) privilege fees in the amount of 9% of gross receipts 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 20.4% of Gross Airport Revenues in Fiscal Year 2005 and 22.0% in Fiscal Year 2006.

Terminal Complex Concessions. Non-airline Terminal Complex food and beverage concession revenues are generated under agreements (the “Food and Beverage Concession Agreements”) with three Food and Beverage operators including Delaware North Companies Travel Hospitality Services, Inc., Fresquez Concessions, Inc., and Black Mesa Coffee Company to provide food and beverage services within the Terminal Complex, and five Retail Concession operators 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 larger 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 years’ 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 expire in May 2007 and 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 500 spaces for long-term parking. Parking facilities at ABQ Airport also include three employee lots, which together provide approximately 600 spaces. 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 parking facilities generated a total of \$7,059,329 in Fiscal Year 2005 and increased to \$7,693,778 in Fiscal Year 2006.

The City also receives revenues from employee parking, commercial vehicle lane fees, and taxicab permits.

Double Eagle II Airport. With respect to revenues generated at Double Eagle II Airport, the City has one agreement with a fixed base operator to provide general aviation services at that airport.

The presence of Eclipse Aviation Corporation (“Eclipse”) at ABQ Airport, the 2006 relocation of American Utilicraft Corporation to Double Eagle II Airport, and the expected 2009 relocation of the Eclipse manufacturing facilities to Double Eagle II Airport, represent future potential for increased revenues for the Airport. The infrastructure development plan, business development and property management plan, and the parallel marketing efforts for an Aerospace Technology Park are intended to provide a solid foundation for future revenue generating opportunities.

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

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 Wyndham Albuquerque Hotel, rental car service areas, rental car ready/return lot space rentals, general aviation fixed base operators and air cargo building rentals. The Wyndham Albuquerque Hotel, located at ABQ Airport, pays a percentage of gross receipts for alcoholic beverages, room rentals and other miscellaneous categories against minimum annual guarantees. The Wyndham Albuquerque Hotel lease runs through December 18, 2023.

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 monies from the FAA each year through the Airport Improvement Program (“AIP”). These funds are not considered to be 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, once again, 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 moneys to be used for the AIP grants. Between Fiscal Year 1994 and Fiscal Year 2006, the City received a total of \$44,561,233 in AIP grants and entitlement/discretionary funds. In 2007, the City is earmarked to receive \$28,700,190 for the terminal apron and general aviation apron. Between Fiscal Year 2005 and 2006, the City received \$6,459,349 in AIP entitlement/discretionary grants, which were used primarily for the master plan, midfield development and runway 17/35 for the Double Eagle II Airport.

Since Fiscal Year 2000, the Double Eagle II Airport has received grants from various agencies such as U.S. Department of Housing and Urban Development, Corps of Engineers, Department of Energy, Economic Development Administration, Federal Highway Administration (FHWA), and New Mexico Department of Transportation. The grants funds total approximately \$4.2 million.

The City’s financial plan for funding its Capital Improvement 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 are lower than those made in recent years, the City would either elect to delay or not undertake 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. See “LITIGATION-Airline Bankruptcies.”

The term of the Airline Agreements extends five 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. Through the term of the new Airline Agreement, however, the City has agreed to allocate PFC revenues 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 the upcoming Fiscal Year as it relates to ABQ Airport.

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 deemed necessary by the City to insure 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 majority-in-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 Non-Signatory Airlines. Other passenger airlines, which do not qualify as Signatory Airlines, but instead operate under a Non-Signatory Airline Agreement with the City, include Skywest Airlines, Horizon Airlines, Trans States Airlines and Shuttle America. These Non-Signatory 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. Mesa Airlines and Great Lakes Airlines have agreements with the City on a continuing month-to-month basis. They provide commuter service throughout New Mexico, as well as Texas and Colorado.

Agreements with Air Cargo Airlines. The Air Cargo Airlines, which serve ABQ Airport, DHL/ABX, Federal Express and UPS, have all entered into an Air Cargo Airline Agreement with the City concerning their use of the air cargo facilities at ABQ Airport. The current agreements were scheduled to terminate June 30, 2006, but have been extended through January 31, 2007. The City is currently involved in negotiations with the Air Cargo Airlines to implement a new agreement. 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 was completed in March 2001. It consists of a customer service building, ready/return parking area, service center facilities and related roadway improvements. The Rental Car Facility Project cost approximately \$46.0 million, and was primarily financed using proceeds of revenue bonds.

A Customer Facility Charges ("CFC") is 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 adjust fees and charges imposed by the agreements with the On-Airport Rental Car Companies from time to time. 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 was limited to \$1.53 per rental car contract day for the first year in which the facility was open but has been increased to \$2.05 per contract day to cover the increased operating costs of the shuttle bus fleet and other expenses.

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.

The Rental Car Facility is located on approximately 76 acres of Airport property southwest of the Terminal Complex and is served from the primary Airport access roadway, Sunport Boulevard, via University Boulevard. The Rental Car Facility is expected to accommodate eight rental car companies for a period of 20 years. 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.

Airport System Capital Program

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 on the leading edge of the effort to make the Airport 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.

The Capital Program for the Airport System for Fiscal Years 2007 through 2011 includes approximately \$183 million of planned projects and another \$107 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 2007 to 2011.

The City recently completed an expansion of the passenger screening checkpoint and improvements to the outbound baggage screening system in the terminal complex at ABQ Airport. Additional planned improvements to the terminal and concourses include extensive refurbishment to ABQ Airport, 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.

ABQ Airport has a planned project to reconstruct the terminal apron in Fiscal Years 2007 and 2008. The planned projects for the Airfield at ABQ Airport are the rehabilitation of the south general aviation apron, terminal apron, and reconstruction of Taxiway E in Fiscal Year 2007; the air cargo expansion is scheduled to begin in Fiscal Year 2008. The demand-responsive project for the Airfield is the extension of Runway 3-21.

Planned projects for Double Eagle II Airport are to make various infrastructure investments between Fiscal Years 2007 and 2011 to support planned commercial and industrial development at Double Eagle II Airport. Planned projects for Fiscal Year 2007 include construction of a contract control tower, completion of the reconstruction of Runway 17-35, midfield development, and the beginning of an environmental assessment for extension of the runways and reconfiguration of the roadways. Other planned projects at ABQ Airport are construction of a belly freight building in Fiscal Year 2007 and land acquisition for a future second terminal throughout the five-year period. The demand-responsive projects are air cargo development, including extension of the north air cargo facilities, expansion to the south, and construction of a new Airfield maintenance complex.

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 legislation also required that the New Mexico Public Regulation Commission audit the Water/Sewer System prior to the transfer of money, assets and debts of the Water/Sewer System; the audit was completed December 2003. 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 January 21, 2004, as amended April 7, 2004, under which the City continues to operate the Water/Sewer System. The Memorandum of Understanding has been extended until June 30, 2007.

Information relating to Water/Sewer System may be found in the Annual Information Statement of the Authority dated January 25, 2007 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 Nationally Recognized Municipal Securities Information Repository.

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 lifetime of the landfill is estimated to be 40 to 50 years. 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, which work was completed in June 2004. The City issued \$3,385,000 in Refuse Removal and Disposal Improvement Revenue Bonds, Series 2001A to finance the methane gas collection system and other landfill remediation in May 2001. In July 2000, the Cerro Colorado landfill was selected by the Solid Waste Association of North America (“SWANA”) to receive the 2000 SWANA Landfill Excellence Silver Award. This award is presented annually to recognize outstanding performance in operation, design, efficiency and an overall integrated solid waste management system.

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. 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.

Proceeds from the sale of revenue bonds issued in 1992 were used, in part, to purchase an automated system for the removal of residential solid waste. 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. The automated collection system was fully implemented as of December 1997.

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. Commercial routes include two rear packers, 20 roll-offs and 33 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. Possible markets are landscapers, gardeners, City departments (golf courses, parks) and highway departments.

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 8% 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. The Convenience Centers are opened seven days a week for customer convenience.

Recycling Programs

The City utilizes 12 routes on Monday, Tuesday, Wednesday, and 8 routes Thursday and Friday. There are 13 manual side-loader collection vehicles for these collections in order to reduce the capital investment associated with the curbside-recycling program. The recyclables collected are processed and marketed from a City-owned and operated intermediate processing

facility. The level of projected revenues from the sale of recyclables and the \$1.89 per resident charge for recycling services covers approximately 94% of the cost of providing the service. Multi-family dwelling recycling service will be provided effective mid-year Fiscal Year 2007.

Weeds, Litter and Graffiti Removal and Community Support

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. Effective July 1, 1996, the Clean City Program was established within the Solid Waste Management Department to manage these responsibilities. Revenues produced from this mission are expected by the City to be at a minimal level compared to budgeted expenses for such responsibilities. The Community Service section of the Clean City Division encourages neighborhood associations to participate in Keep Albuquerque Beautiful. This is a program funded by moneys from the State. The Community Service section distributes funds from Keep Albuquerque Beautiful to provide supplies and hire youths and promote litter control.

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 20 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.

Mr. Art DeLaCruz is the Deputy Director of the Solid Waste Management Department. Before joining the Mayor's team, Mr. DeLaCruz was adjunct faculty at Central New Mexico Community College for three years teaching management classes. Prior to this he was employed for 14 years as the Director of the Parks and Recreation Department at Bernalillo County. In total Mr. DeLaCruz brings 32 years of government employment experience to the City of Albuquerque. Mr. DeLaCruz holds a bachelors degree in University Studies and a Master of Arts degree in Management and Organizational Behavior from the University of Phoenix.

Ms. Stella Candelaria is Associate Director of Solid Waste Management Department. From 1988 to present, Ms. Candelaria has been employed with the City of Albuquerque as an Operations Manager, Superintendent and Associate Director of the Clean City Division. Ms. Candelaria oversees the beautification programs for the City of Albuquerque Solid Waste Management Department, which include Keep Albuquerque Beautiful, Weed & Litter, Community Support, Neighbor to Neighbor, Adopt an Area, Commercial Recycling, Office Recycling, Highway Sweeping, Highway Litter Control, Large Items and Convenience Centers. Ms. Candelaria is a member of the New Mexico Recycling Coalition and spearheads the Mayor's anti-litter task force. She attended the University of New Mexico, Anderson School of Management and was a local business owner in Santa Fe for seven years prior to public service.

She has been recognized for landmark achievements in graffiti removal, litter initiatives and alternative labor programs that help the homeless through the “day labor” concept.

Mr. Ira C. Gibson is the acting Associate Director over Department Operations. Mr. Gibson oversees Collection Operational Services made up of the Collections Division, Vehicle Maintenance Division, Disposal Division, and the newly created Operations Review Section. Mr. Gibson has over 23 years of experience with the City, working his way up through the ranks in various positions within Solid Waste. Mr. Gibson’s brings extensive operational knowledge and experience to the City.

Mr. Stephen C. Falk, CPA, is the Fiscal Manager of the Solid Waste Management Department. Mr. Falk has over 22 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 22 years, and has worked for the City for the last 12 years.

Ms. Natalie Y. Howard is the Superintendent of Administrative Services for the Solid Waste Management Department. Ms. Howard has over 16 years of private and public sector experience and has been serving the City for over ten 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. 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 1997 through 2006.

**City of Albuquerque
Refuse System Operational Data
Fiscal Years 1997-2006 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>
1997	124,960	50	14,305	50	408	127
1998	131,357	50	14,662	51	414	128
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	405	137
2004	156,106	49	11,674	56	414	147
2005	160,201	40	11,436	52	418	154
2006	164,491	43	12,611	55	409	160

Source: City of Albuquerque, Solid Waste Management Department.

**City of Albuquerque
Solid Waste Tonnage History
Fiscal Years 1997-2006**

<u>Fiscal Year</u>	<u>Commercial</u>	<u>Residential</u>	<u>Private Haul To Landfill</u>	<u>Total Department</u>
1997	220,729	183,218	69,756	473,703
1998	208,551	132,687	96,297	437,535
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

(1) Includes one-time contract to accept waste from old landfill site in connection with the Sunport Boulevard renovation.

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 fiscal year, which begins July 1. 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 (2003-2012) calls for expenditures of approximately \$75.5 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.

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.

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

<u>Month</u>	<u>Year</u>	<u>Monthly Rate</u>	<u>% Increase</u>
June	1997	\$ 9.02	0.0
June	1998	9.38	4.0
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

Source: City of Albuquerque, Solid Waste Management Department.

Landfill Fee Adjustment

<u>Month</u>	<u>Year</u>	<u>Rate</u>	<u>% Increase</u>
June	1997	\$6.25/500 lbs (\$25.00/ton)	0.0
June	1997	\$75.00/ton (tires)	0.0
June	1998	\$6.25/500 lbs (\$25.00/ton)	0.0
June	1998	\$75.00/ton (tires)	0.0
October	1998	\$100.00/ton (tires)	33.3
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

Source: City of Albuquerque, Solid Waste Management Department.

Convenience Center Fee Adjustments 2004

<u>Month</u>	<u>Year</u>	<u>Rate</u>	<u>% Increase</u>
June	1997	\$3.00/load (residential)	0%
		\$8.00/load (commercial)	0
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

Source: City of Albuquerque, Solid Waste Management Department.

Refuse System Billing and Collections. The City’s Solid Waste Management Department, which operates the Refuse System, processes the refuse billing through the Water Authority Department Customer Information System (CIS). The system bills water, sewer and refuse together on a monthly basis. The bill indicates 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.

The Solid Waste Management Department collects on delinquent refuse-only accounts and landfill accounts. On delinquent landfill charge accounts, the customer is required to pay on a cash basis. The customer is also given an option to make payment arrangements.

The Solid Waste Management Department also uses the GPS system to help track refuse collection activities, including times and accounts of refuse collections. When combined with the better data expected from the new billing system, the Solid Waste Management Department expects to improve oversight of customer accounts to assure that billing is uniform and equal among all classes of customers.

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 2002-2006
(\$000)

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006⁽¹⁾</u>
Total operating revenues	\$39,233	\$40,753	\$43,544	\$45,537	\$47,901
Non-operating revenues (expenses):					
Interest ⁽²⁾	556	356	345	579	484
Other	12	390	156	9	9
Gain (loss) on disposition of property & equipment	(61)	34	0	(1,187)	29
Transfers in/(out)	<u>(539)</u>	<u>(538)</u>	<u>(524)</u>	<u>(576)</u>	<u>99</u>
Total adjusted revenues	<u>\$39,191</u>	<u>\$41,000</u>	<u>\$43,521</u>	<u>\$44,362</u>	<u>\$48,522</u>
Total operating expenses (excluding interest expense)	\$35,035	\$36,676	\$39,109	41,129	44,304
Less:					
Payments in lieu of taxes	(485)	(524)	(535)	(676)	(986)
Depreciation	(4,693)	(4,782)	(5,113)	(6,032)	(6,100)
Amortization	(219)	(205)	(198)	(202)	(202)
Total adjusted operating expenses	<u>\$29,638</u>	<u>\$31,165</u>	<u>\$33,263</u>	<u>\$34,219</u>	<u>\$37,016</u>
Net revenues available for debt service	<u>\$ 9,553</u>	<u>\$ 9,835</u>	<u>\$10,258</u>	<u>\$10,143</u>	<u>\$11,506</u>

(1) Unaudited.

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

Source: City of Albuquerque Comprehensive Annual Financial Reports.

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.

The City borrowed \$5,800,000 for heavy capital equipment required for operation of the Solid Waste Management Department from the New Mexico Finance Authority in May, 2004. The New Mexico Finance Authority loan is amortized over seven years and secured by net revenues of the Refuse System.

Golf Courses

Location and Facilities of the Golf Courses

The City currently owns and operates four municipal golf courses: Arroyo del Oso, Ladera, Los Altos and Puerto del Sol (collectively, the "Golf Courses"), as more particularly described below.

Arroyo del Oso Golf Course. Opened in 1965, Arroyo del Oso Golf Course is a 27-hole facility, with a regulation 18-hole course designed by Arthur Jack Snyder and a 9-hole course (opened in 1989) designed by Richard Phelps.

Arroyo del Oso meanders through Bear Canyon waterway and is located on 250 acres of City-owned property in north-central Albuquerque, offers two putting greens, a chipping green and a large driving range. Arroyo del Oso Golf Course has received several awards, including being ranked in the top 200 United States golf courses and receiving 3 to 3.5 stars as one of Golf Digest magazines “Places to Play” for the years 2000-2004.

Arroyo del Oso’s 8,601 square foot pro shop has an attached cart barn and overlooks an outdoor eating area, a practice facility and the back nine. Also connected to the pro shop is a meeting room that seats 45 and a small food preparation area. Arroyo del Oso also offers a full-service restaurant cafe and a 2,800 square foot gazebo used for tournament scoring and food service.

Ladera Golf Course. Opened in April of 1980, Ladera Golf Course is a 27-hole facility designed by Richard Phelps. Ladera’s regulation 18 hole course is the longest of the Golf Courses, playing over 7,100 yards. In addition, Ladera offers a par-31 executive 9-hole course.

Ladera Golf Course, with views of volcanoes and water on the finishing hole of each nine, is located on 140 acres owned by the City. Ladera Golf Course is located on the City’s west side just north of Interstate 40.

A pro shop, restaurant and banquet facilities were constructed at Ladera in September 2001, funded with \$1,200,000 of cash and \$600,000 of Series 2001 Bond proceeds. These buildings house a 2,761 square foot pro shop and a 2,400 square foot enclosed cart storage area. An adjacent but separate 8,651 square foot building supplies the food and beverage services and includes a 65-seat restaurant and banquet facilities that can accommodate 244 guests inside and over 100 additional guests on the two exterior patios.

Los Altos Golf Course. Opened in May of 1960, Los Altos Golf Course is a 27-hole facility designed by Bob Baldock. The regulation 18-hole course plays 6,534 yards and Los Altos also offers a par 29 executive course.

Los Altos Golf Course, with views of the Sandia Mountains, is located on 170 acres of City-owned property.

The new clubhouse at the golf course consists of a single 9,432 square foot building housing the pro shop, restaurant, banquet room and kitchen. The restaurant has seating area for 89 people while the banquet room accommodates groups of up to 130 inside and over 100 additional guests on the exterior patio. There is a detached cart storage facility which was renovated in 2005.

Puerto del Sol Golf Course. Puerto del Sol Golf Course was dedicated as a public golf course on October 30, 1970. The course was later redesigned by Arthur Jack Snyder and was reopened as a 9-hole par 35 facility in 1978. Puerto del Sol Golf Course is located in south-central Albuquerque near the ABQ Airport on 75 acres owned by the City. Twenty acres of this

property was purchased with an FAA grant and is leased by the City from the Department of Aviation for \$24,000 per year (as adjusted every five-years in accordance with the appraised value of such property). The lease renews annually unless terminated by either party on June 30 of any year by giving notice no later than March 31 of such year.

Puerto del Sol Golf Course, which has been ranked in the top 50 of United States 9-hole courses by the National Golf Foundation, offers a practice facility with over 3 acres of natural teeing area, multiple range targets and a 15,000 square foot putting green, all of which are lighted and open until 10:30 p.m., Memorial Day through Labor Day. The Puerto del Sol pro shop, snack bar and cart storage area are housed in a 3,761 square foot building.

Market and Usage

All four Golf Courses are open year round, only closing for Christmas Day and severely inclement weather. According to the Water Conservation Division of the City’s Public Works Department, the City receives an average of only 8.5 inches of precipitation each year.

The majority of rounds are played by local residents, with approximately 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.

**Rounds Played at City of Albuquerque Golf Courses
Fiscal Years 2002-2006**

<u>Golf Course</u>	<u>2002</u>	<u>% Change</u>	<u>2003⁽¹⁾</u>	<u>% Change</u>	<u>2004⁽¹⁾</u>	<u>% Change</u>	<u>2005</u>	<u>% Change</u>	<u>2006</u>	<u>% Change</u>
Arroyo Del Oso	124,713	(2.01)%	116,255	(6.78)%	114,896	(1.17)%	116,180	1.12%	123,766	6.53%
Ladera	78,636	0.00%	69,267	(11.91)%	64,964	(6.21)%	69,198	6.52%	65,766	(4.96)%
Los Altos	96,532	0.00%	90,569	(6.18)%	82,526	(8.89)%	76,401	(7.42)%	86,424	13.12%
Puerto Del Sol	58,905	3.22%	55,138	(6.40)%	51,278	(7.00)%	49,468	(3.53)%	52,481	6.09%

(1) The Golf Management Division believes the reduction in rounds played in 2003 and 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.

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 Hart, Director, Parks & Recreation Department. Mr. Hart was appointed Parks and Recreation Director in August 2004 by Mayor Martin J. Chavez. Mr. Hart has served over 25 years with the City, all with the Parks and Recreation Department. Prior to his appointment as Department Director, Mr. Hart served as the Division Manager for the City's Open Space Program. During his time with the Open Space Division, Mr. Hart administered the City's Bosque Restoration Program, one of the largest ongoing habitat restoration efforts in the United States; and helped to establish a force of over 500 volunteers for the Division. Mr. Hart has a

strong background in organizational supervision, performance based budgeting and strategic management. Mr. Hart holds a Bachelor's of Science in Agriculture from Oklahoma State University, as well as a Master's in Business Administration.

Fernando Fernandez CGCS, Division Manager, Golf Management. Mr. Fernandez's 36-year experience in the golf course industry includes 16 years as a Certified Superintendent. Mr. Fernandez has worked and/or managed some of the finest private golf course facilities in the country such as: Skokie Country Club in Glencoe, IL, Wynstone Golf Club in North Barrington, IL, Green Acres Country Club in Northbrook, IL, Black Sheep Golf Club in Sugar Grove, IL, and Willowbend Country Club on Cape Code, MA. Mr. Fernandez possesses two Associates in Applied Science degrees, one in Parks and Grounds Management and one in Horticulture with emphasis in turfgrass management. In addition, he has attained over 50 hours of continuing education credits from the Golf Course Superintendents Association of America.

Gary Lee Young, Finance Manager, Parks & Recreation Department. Mr. Young has been with the City for 23 years, and has been Finance Manager for the Parks & Recreation Department for 13 years. Mr. Young has a Bachelor's of Accountancy degree from New Mexico State University and an MBA in Finance from Webster University.

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; the current contract expires December 31, 2013. New Mexico Golf, Ltd. also holds the concessions contract at Marty Sanchez-Links de Santa Fe. 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; the current contract expires December 31, 2012. The City has recently renegotiated these two contracts to extend the terms as stated and increase the percentage of gross concessions paid to City. Westside Golf, Inc., a New Mexico corporation, has operated the pro shop and concessions at Ladera Golf Course since 1995; the initial term of the contract expired on December 31, 2005. However, the concessionaire has opted to exercise both one-year extensions available per the Concession Agreement. Sam Zimmerly, president of Westside Golf, Inc., was the Director of Golf in Los Alamos, New Mexico for 25 years and was the Director at Paradise Hills Golf Course in Rio Rancho, New Mexico for two years.

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 such operations at the Golf Courses, Concessionaires pay to the City a percentage of all gross receipts received as a result of such operations (which percentage varies among the Golf Courses) and guarantee a minimum annual payment to the City. The Concessionaires and the City each have the right to terminate the agreements for cause upon 30 days' notice.

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 2002-2006**

<u>Operating Revenues</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	(unaudited) <u>2006</u>	<u>% Increase (Decrease) Between 2002 & 2006</u>
Charges for Services ⁽¹⁾	\$3,981,145	\$3,861,051	\$3,718,624	\$3,823,904	\$4,122,256	3.54%
<u>Operating Expenses</u>						
Salaries and Fringe Benefits	\$1,828,129	\$1,720,826	\$1,901,482	\$1,936,607	1,760,218	(3.71)%
Professional Services	1,598	-	13,603	3,406	-	(100.0)%
Utilities	777,212	767,101	848,172	745,904	824,147	6.04%
Supplies	40,626	58,411	79,779	83,582	74,020	82.20%
Travel	2,580	1,518	1,971	342	902	(65.04)%
Fuel, Repairs and Maintenance	412,404	424,971	429,362	381,117	361,731	(12.29)%
Contractual Services	73,787	54,459	66,823	84,134	63,260	(14.27)%
Indirect Overhead	361,864	310,222	173,622	174,000	291,590	(19.42)%
Other Operating Expenses	123,129	98,435	79,680	90,345	108,107	(12.20)%
Depreciation	439,817	429,693	332,246	288,994	295,622	(32.79)%
Total Operating Expenses	<u>4,061,146</u>	<u>3,865,636</u>	<u>3,926,740</u>	<u>3,788,431</u>	<u>3,779,597</u>	<u>(6.93)%</u>
Operating Income	<u>(80,001)</u>	<u>(4,585)</u>	<u>(208,116)</u>	<u>35,473</u>	<u>342,659</u>	<u>528.32%</u>
<u>Non-Operating Revenues/Expenses</u>						
Interest on Investments	78,319	50,739	19,599	44,627	22,977	(70.66)%
Bond Issue Costs (Amortization)	(16,658)	(13,581)	(31,950)	(12,749)	(10,801)	(35.16)%
Gain (Loss) on Sale of Property	0	0	423	(809)	0	0%
Interest Expense	(54,315)	(147,381)	(134,685)	(92,122)	(29,659)	(45.39)%
Other	<u>43,965</u>	<u>69,366</u>	<u>63,434</u>	<u>89,161</u>	<u>101,069</u>	<u>129.89%</u>
Total Non-Operating Revenue	<u>51,311</u>	<u>(40,857)</u>	<u>(83,179)</u>	<u>28,108</u>	<u>83,586</u>	<u>62.90%</u>
<u>Income (Loss) Before Transfers</u>	<u>(28,690)</u>	<u>(45,442)</u>	<u>(291,295)</u>	<u>63,581</u>	<u>426,245</u>	<u>1585.69%</u>
Operating Transfers Out	<u>(50,902)</u>	<u>(49,937)</u>	<u>(53,735)</u>	<u>(62,643)</u>	<u>(92,973)</u>	<u>82.65%</u>
<u>Change in Net Assets Available for Debt Service</u>	<u>\$ (79,592)</u>	<u>\$ (95,379)</u>	<u>\$(345,030)</u>	<u>\$ 938</u>	<u>\$333,272</u>	<u>518.73%</u>
Net Income	\$ (79,592)	\$ (95,379)	\$(345,030)	\$ 938	\$ 333,272	518.73%
Add: Depreciation	439,817	429,693	332,246	288,994	295,622	(32.79)%
Interest Expense	54,315	147,381	134,685	92,122	29,337	(46.00)%
Payment in Lieu of Taxes	50,902	49,937	53,735	62,643	92,973	82.65%
Amortization	16,658	13,581	31,950	12,749	10,801	(35.16)%
Change in Market Value of Investments	7,214	5,112	17,873	(8,471)	(2,364)	(132.77)%
Less Gain (Loss) on Sale of Assets	0	0	(423)	809	0	0%
Less contributed capital	0	0	0	(10,069)	(10,410)	(100.00)%
<u>Amount Available for Debt Service</u>	<u>\$ 489,314</u>	<u>\$ 550,325</u>	<u>\$ 225,036</u>	<u>\$ 439,715</u>	<u>\$ 749,231</u>	<u>53.12%</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.

Fee Structure and Revenues. Golf courses revenues consist primarily of green fees and concessions. Rates at the golf courses are evaluated annually. Regular fees for 18 holes at all Golf Courses are \$17.00 for weekdays, \$25.00 for weekends, \$22.00 for weekday tournaments and \$25.00 for weekend and holiday tournaments. Effective June 1, 2006, all 9 hole fees were increased an average of \$3.00 per round, weekend and holiday rates increased \$8.00 and rates for tournaments increased \$3.00 per round. Rates for eighteen holes on weekdays stayed the same. This was the first rate restructuring at the golf courses since March 1, 2004. Reduced rates are offered for seniors, juniors and seasonal special play and annual passes are offered. The City has a five-year plan in place which calls for regular nominal rate increases at the Golf Courses to provide funds for increases in personnel and other expenses. However, it is not anticipated that a rate increase will be requested for Fiscal Year 2008.

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

**City of Albuquerque Golf Course Revenues
Fiscal Years 2002-2006**

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>(unaudited) 2006</u>
Greens Fees					
Los Altos	\$ 898,383	\$ 851,808	\$ 809,260	\$754,663	\$879,745
Arroyo	1,321,539	1,320,922	1,267,705	1,325,678	1,431,389
Puerto	504,878	496,455	457,077	458,416	499,773
Ladera	804,984	743,679	678,239	761,229	711,637
Annual Passes	<u>189,770</u>	<u>173,515</u>	<u>179,925</u>	<u>183,317</u>	<u>187,848</u>
Total	<u>3,719,554</u>	<u>3,586,379</u>	<u>3,392,206</u>	<u>3,483,303</u>	<u>3,710,392</u>
Concessions					
Los Altos	62,457	53,514	70,187	39,758	78,201
Arroyo	136,062	130,567	158,444	176,772	206,619
Puerto	14,844	21,450	23,286	30,822	25,351
Ladera	<u>48,228</u>	<u>69,141</u>	<u>74,501</u>	<u>93,249</u>	<u>101,693</u>
Total	<u>261,591</u>	<u>274,672</u>	<u>326,418</u>	<u>340,551</u>	<u>411,864</u>
<u>Total Greens Fees and Concessions</u>	<u>3,981,145</u>	<u>3,861,051</u>	<u>3,718,624</u>	<u>3,823,854</u>	<u>4,122,256</u>
Other Revenues					
Interest	78,319	50,379	19,599	44,627	20,242
Rentals	22,000	46,242	36,038	44,848	51,977
Misc.	<u>21,965</u>	<u>23,124</u>	<u>27,819</u>	<u>44,587</u>	<u>51,693</u>
Total	<u>195,707</u>	<u>119,745</u>	<u>83,456</u>	<u>134,062</u>	<u>123,912</u>
Total Revenue	<u>\$4,176,852</u>	<u>\$3,980,796</u>	<u>\$3,802,080</u>	<u>\$ 3,957,916</u>	<u>\$4,370,080</u>

Source: City of Albuquerque, Parks and Recreation Department.

For Fiscal Year 2006 total greens fees and concessions increased by 7.80% compared to Fiscal Year 2005. Total revenues at the Golf Courses in Fiscal Year 2006 increased by 10.41% compared to Fiscal Year 2005, and total expenses decreased by 1.11%.

Net revenues in Fiscal Year 2006 from the City's golf courses were sufficient, 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 gross receipts taxes. The City has been able to lower expenditures for the operation

of the golf courses and, at the same time, increase revenues; the result was a substantial net profit for Fiscal Year 2006, the first in many years. Rounds and revenue are anticipated to be less than our estimated projections for Fiscal Year 2007, due to unanticipated heavy snowfalls in December and January, and low temperatures.

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. Under the PID Policy Ordinance, the Council will approve petitions for PID formation only with the consent of 100 percent of the owners of real property to be included within the PID. PIDs are self-supporting and do not result in any net cost to the City. The PID Policy Ordinance imposes

certain requirements for PID debt financing transactions, including that all proposed financings must be publicly marketed bonds which must be rated investment-grade or meet other specified requirements.

On December 8, 2003, the Council approved the Ventana West Public Improvement District and enacted a formation resolution authorizing that PID to issue PID Bonds secured by a special levy, for the purpose of financing street, drainage, landscaping, parks and related infrastructure improvements in an annexation tract known as Ventana West, in northwest Albuquerque. On June 15, 2004, the Ventana West Public Improvement District issued its Special Levy Revenue Bonds in an aggregate principal amount of \$7,000,000. The Ventana West Public Improvement District is the first PID to be approved by the City. The Council is currently evaluating the applications for two additional districts.

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”) is located at 2525 Tingley Drive, S.W., Albuquerque, New Mexico and consists of 74 units. 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. Monarch Properties, Inc. is currently management agent for the Project. The Series 1991 Bonds have been refunded using proceeds of other City obligations.

During the twelve (12) month period ended June 30, 2006, the Beach Apartments Project generated total revenues of \$449,052 and incurred \$303,619 in operating and other expenses, resulting in net income of \$145,433 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”), is located at 300 Dorado Place, S.E., Albuquerque, New Mexico and consists of 178 units. The complex was purchased at foreclosure auction and was conveyed by foreclosure deed subject to a use agreement between the City and the U.S. Department of Housing and Urban Development (“HUD”). The use agreement stipulates specific improvements to the property and requires that the property accept rental applications from households assisted by the HUD Section 8 program. Monarch Properties, Inc. is currently management agent for the Project. The Series 1994 Bonds have been refunded.

During the twelve (12) month period ended June 30, 2006, the Manzano Vista Apartments Project generated total revenues of \$1,075,660 and incurred \$1,010,786 in operating and other expenses, resulting in net income of \$64,874 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”) on a site located at 6600 Bluewater Road, N.W., Albuquerque, New Mexico. Monarch Properties, Inc. is currently management agent for the Project which will be operated as a mixed-income community, i.e., a portion of the units will be occupied by low - and moderate-income families. The Series 1996 Bonds have been refunded.

During the twelve (12) month period ended June 30, 2006 the Bluewater Village Apartments Project generated total revenues of \$1,450,110 and incurred \$1,138,833 in operating and other expenses, resulting in net income of \$311,277 for that period.

Refunding Bonds

The Series 1991 Bonds, Series 1994 Bonds and Series 1996 Bonds have all been refunded. See “OUTSTANDING CITY OBLIGATIONS - Housing Obligations - Multifamily Revenue Bonds.” A debt service reserve fund was established which, as of June 30, 2005, had a balance of \$280,000 in cash. Also in connection with the refunding, a repair and replacement fund was established for the benefit of the three projects which, as of June 30, 2005, had a balance of \$500,261. All funds and accounts are in compliance with the requirements of the mortgage and indenture of trust governing the refunding bonds.

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 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

^{*} 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.

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. The City structures its portfolio in a manner which provides the liquidity necessary to pay obligations as they become due, and seeks to optimize return within these constraints. 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 (Fund 920 Investment Clearing Fund) 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 banker's 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 a “medium scrutiny” standard to a “rational basis” standard by which the constitutionality issue will be determined in future cases. Since the revised standard is less of a burden for the City to overcome, 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.

Airline Bankruptcies

On September 14, 2005, Delta Airlines, a Signatory Airline and party to an Airline Agreement, commenced a Chapter 11 Bankruptcy proceeding. The City filed its Proof of Claim on October 17, 2005, for the amount of \$372,648.36 and its amended Proof of Claim on December 19, 2005, for the amount of \$412,009.28. The City’s Proof of Claim for pre-petition fees may be recovered, in part, after Delta Airlines’ final debt restructuring plan is approved by the United States Bankruptcy Court. Delta Airlines currently owes the City \$348,968.50, which the City considers pre-petition rentals. Delta Airlines filed a “Disclosure Statement for Debtors’ Joint Plan of Reorganization” on or about December 19, 2006. The Disclosure Statement is available for review at www.deltadocket.com. Under the Disclosure Statement, the City’s Director of Aviation is given a deadline of February 1, 2007 to vote for or against the Plan.

On September 14, 2005, Northwest Airlines, which has been a Signatory Airline and party to an Airline Agreement, commenced a Chapter 11 Bankruptcy proceeding. The City filed its Proof of Claim on October 12, 2005, for the amount of \$40,431.14 and its amended Proof of Claim on December 19, 2005, for the amount of \$57,829.11. The City’s Proof of Claim for pre-petition rentals may be recovered, in part, after Northwest Airline’s final debt restructuring plan is approved by the United States Bankruptcy Court. Northwest currently owe the City \$57,829.11 which the City considers pre-petition rentals. Northwest Airlines Corporation filed its “Joint Consolidated Plan of Reorganization” effective January 12, 2007.

The City does not hold any performance bond or security deposit from Northwest Airlines or Delta Airlines.

Northwest Airlines and Delta Airlines continue to operate their businesses as “debtors-in-possession” under the jurisdiction of the United States Bankruptcy Court and in accordance with the applicable provisions of the United States Bankruptcy Code and orders of the United States Bankruptcy Court. The City has received signed Airline Agreements from Delta Airlines and Northwest Airlines. See “ALBUQUERQUE AIRPORT - Airlines Serving the ABQ Airport.”

Risk Management

Based on historical data, the City believes the Risk Management Fund (an internal service fund) is adequately funded. During Fiscal Year 2005, two comprehensive actuarial reviews were done to gauge the adequacy of the reserves for both the Workers' Compensation and Tort Liability programs. The actuarial reviews validated that the \$2,900,000 added in Fiscal Year 2004 to the “incurred but not yet reported” reserves was 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 \$9,908,414 during Fiscal Year 2006 and the City is in the final year of a five year plan to address a deficit in the Risk Management Fund. In Fiscal Year 2007, 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. In addition, the City started Fiscal Year 2006 with \$42,717,703 available in the General Fund balance. largely the result of unanticipated revenues and reversions from Fiscal Year 2004. The City has available \$1,560,000 in cash that was refunded to the City due to an unfulfilled industrial revenue bond obligation and \$2,000,000 in a special reserve. 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, Director

Approved by:

Chief Administrative Officer

/s/ Bruce J. Perlman

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, 2006

The City's financial statements for Fiscal Year 2006 are required to be audited by Moss Adams LLP, independent certified public accountants and submitted to the New Mexico Auditor for review. However, in calendar year 2006, retirement and other key personnel changes within its accounting division and significant changes in the software used by the City in the preparation of its annual audit have resulted in delays in the completion of the City's audited financial statements. As soon as the audit is complete and approved by the State Auditor, the City will attach its Audited Financial Statement for Fiscal Year 2006 to this Annual Statement and file it with each Nationally Recognized Municipal Securities Information Repository.

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 2007	013538GQ0	\$ 965,000.00
Airport 2004 A	July 2008	013538GR8	\$1,150,000.00
Airport 2004 A	July 2009	013538GS6	\$1,460,000.00
Airport 2004 A	July 2010	013538GT4	\$1,485,000.00
Airport 2004 A	July 2011	013538GU1	\$1,575,000.00
Airport 2004 A	July 2012	013538GV9	\$1,605,000.00
Airport 2004 A	July 2013	013538GW7	\$1,675,000.00
Airport 2004 A	July 2014	013538GX5	\$1,760,000.00
Airport 2004 A	July 2015	013538GY3	\$1,840,000.00
Airport 2004 A	July 2016	013538GZ0	\$1,890,000.00
Airport 2004 A	July 2017	013538HA4	\$1,980,000.00
Airport 2004 A	July 2018	013538HB2	\$1,790,000.00
Airport 2004 B	July 2007	013538HC0	\$1,670,000.00
Airport 2004 B	July 2008	013538HD8	\$1,670,000.00
Airport 2004 B	July 2009	013538HE6	\$1,670,000.00
Airport 2004 B	July 2010	013538HF3	\$1,670,000.00
Airport 2004 B	July 2011	013538HG1	\$1,670,000.00
Airport 2004 B	July 2012	013538HH9	\$1,670,000.00
Airport 2004 B	July 2013	013538HJ5	\$1,665,000.00
Airport 2004 B	July 2014	013538HK2	\$1,665,000.00
Airport 2004 B	July 2015	013538HL0	\$1,665,000.00
Airport 2004 B	July 2016	013538HM8	\$1,665,000.00
Airport 2004 B	July 2017	013538HN6	\$1,665,000.00
Airport 2004 B	July 2018	013538HP1	\$1,665,000.00
Airport 2004 B	July 2019	013538HQ9	\$1,665,000.00
Airport 2004 B	July 2020	013538HR7	\$1,665,000.00
Airport 2004 B	July 2021	013538HS5	\$1,665,000.00
Airport 2004 B	July 2022	013538HT3	\$1,665,000.00
Airport 2004 B	July 2023	013538HU0	\$1,665,000.00
Airport 2004 B	July 2024	013538HV8	\$1,665,000.00
Airport Refunding 1997	July 2007	013538ES8	\$1,400,000.00
Airport Refunding 1997	July 2008	013538ET6	\$1,500,000.00
Airport Refunding 1997	July 2009	013538EU3	\$1,600,000.00
Airport Refunding 1997	July 2010	013538EV1	\$1,700,000.00
Airport Refunding 1997	July 2011	013538EW9	\$1,805,000.00
Airport Refunding 1997	July 2012	013538EX7	\$1,935,000.00
Airport Refunding 1997	July 2013	013538EA6	\$2,060,000.00
Airport Refunding 1997	July 2014	013538EA6	\$2,195,000.00
Airport Refunding 1997	July 2015	013538EA6	\$2,340,000.00
Airport Refunding 1997	July 2016	013538EB4	\$2,485,000.00
Airport Refunding 1997	July 2017	013538EB4	\$2,655,000.00
Airport Refunding 1997	July 2018	013538EB4	\$2,830,000.00
Airport Refunding 1998	July 2007	013538FH1	\$1,955,000.00
Airport Refunding 1998	July 2008	013538FJ7	\$2,040,000.00
Airport Refunding 1998	July 2009	013538FK4	\$2,135,000.00

<u>Bond Issue name</u>	<u>D/S Month & Year</u>	<u>Cusip</u>	<u>Principal</u>
Airport Refunding 1998	July 2010	013538FL2	\$2,220,000.00
Airport Refunding 1998	July 2011	013538FM0	\$2,325,000.00
Airport Refunding 1998	July 2012	013538FN8	\$2,430,000.00
Airport Refunding 1998	July 2013	013538FP3	\$2,555,000.00
Airport Refunding 1998	July 2014	013538FQ1	\$2,675,000.00
Airport Refunding 1998	July 2015	013538FR9	\$2,805,000.00
Airport Refunding 1998	July 2016	013538FS7	\$2,940,000.00
Airport Refunding 1998	July 2017	013538FS7	\$3,085,000.00
Airport Refunding 1998	July 2018	013538FS7	\$3,240,000.00
Airport Refunding 1998	July 2019	013538FS7	\$3,405,000.00
Airport Refunding 2001	July 2007	013538GC1	\$3,480,000.00
Airport Refunding 2001	July 2008	013538GD9	\$3,480,000.00
Airport Refunding 2001	July 2009	013538GE7	\$3,480,000.00
Airport Refunding 2001	July 2010	013538GF4	\$3,830,000.00
Airport Refunding 2001	July 2011	013538GG2	\$2,770,000.00
Airport Refunding 2001	July 2012	013538GH0	\$2,920,000.00
Airport Refunding 2001	July 2013	013538GJ6	\$3,075,000.00
Airport Refunding 2001	July 2014	013538GK3	\$3,240,000.00
Airport Refunding 2001	July 2015	013538GL1	\$3,415,000.00
Airport Refunding 2001	July 2016	013538GM9	\$3,590,000.00
Airport Sub Lien 1995	July 2007	013538EG4	\$3,800,000.00
Airport Sub Lien 1995	July 2008	013538EG4	\$4,100,000.00
Airport Sub Lien 1995	July 2009	013538EG4	\$4,400,000.00
Airport Sub Lien 1995	July 2010	013538EG4	\$4,800,000.00
Airport Sub Lien 1995	July 2011	013538EG4	\$5,200,000.00
Airport Sub Lien 1995	July 2012	013538EG4	\$5,600,000.00
Airport Sub Lien 1995	July 2013	013538EG4	\$6,100,000.00
Airport Sub Lien 1995	July 2014	013538EG4	\$6,700,000.00
Airport Sub Lien 2000A	July 2007	013538FV0	\$ 300,000.00
Airport Sub Lien 2000A	July 2008	013538FV0	\$ 300,000.00
Airport Sub Lien 2000A	July 2009	013538FV0	\$ 300,000.00
Airport Sub Lien 2000A	July 2010	013538FV0	\$ 400,000.00
Airport Sub Lien 2000A	July 2011	013538FV0	\$ 400,000.00
Airport Sub Lien 2000A	July 2012	013538FV0	\$ 400,000.00
Airport Sub Lien 2000A	July 2013	013538FV0	\$ 400,000.00
Airport Sub Lien 2000A	July 2014	013538FV0	\$ 400,000.00
Airport Sub Lien 2000A	July 2015	013538FV0	\$ 400,000.00
Airport Sub Lien 2000A	July 2016	013538FV0	\$ 400,000.00
Airport Sub Lien 2000A	July 2017	013538FV0	\$ 400,000.00
Airport Sub Lien 2000A	July 2018	013538FV0	\$ 500,000.00
Airport Sub Lien 2000A	July 2019	013538FV0	\$ 500,000.00
Airport Sub Lien 2000A	July 2020	013538FV0	\$ 500,000.00
Airport Sub Lien 2000B	July 2007	013538FW8	\$1,100,000.00
Airport Sub Lien 2000B	July 2008	013538FW8	\$1,500,000.00

<u>Bond Issue name</u>	<u>D/S Month & Year</u>	<u>Cusip</u>	<u>Principal</u>
Airport Sub Lien 2000B	July 2009	013538FW8	\$2,000,000.00
Airport Sub Lien 2000B	July 2010	013538FW8	\$2,400,000.00
Airport Sub Lien 2000B	July 2011	013538FW8	\$2,400,000.00
Airport Sub Lien 2000B	July 2012	013538FW8	\$2,500,000.00
Airport Sub Lien 2000B	July 2013	013538FW8	\$2,700,000.00
Airport Sub Lien 2000B	July 2014	013538FW8	\$2,900,000.00
Airport Sub Lien 2000B	July 2015	013538FW8	\$3,000,000.00
Airport Sub Lien 2000B	July 2016	013538FW8	\$3,300,000.00
Airport Sub Lien 2000B	July 2017	013538FW8	\$3,400,000.00
Airport Sub Lien 2000B	July 2018	013538FW8	\$3,700,000.00
Airport Sub Lien 2000B	July 2019	013538FW8	\$3,900,000.00
Airport Sub Lien 2000B	July 2020	013538FW8	\$4,100,000.00
Baseball Loan #1 - Surcharge	July 2007		\$ 259,597.00
Baseball Loan #1 - Surcharge	July 2008		\$ 268,758.00
Baseball Loan #1 - Surcharge	July 2009		\$ 279,293.00
Baseball Loan #1 - Surcharge	July 2010		\$ 291,053.00
Baseball Loan #1 - Surcharge	July 2011		\$ 303,949.00
Baseball Loan #1 - Surcharge	July 2012		\$ 318,057.00
Baseball Loan #1 - Surcharge	July 2013		\$ 333,044.00
Baseball Loan #1 - Surcharge	July 2014		\$ 348,970.00
Baseball Loan #1 - Surcharge	July 2015		\$ 365,867.00
Baseball Loan #1 - Surcharge	July 2016		\$ 383,840.00
Baseball Loan #1 - Surcharge	July 2017		\$ 402,926.00
Baseball Loan #1 - Surcharge	July 2018		\$ 423,244.00
Baseball Loan #1 - Surcharge	July 2019		\$ 444,798.00
Baseball Loan #1 - Surcharge	July 2020		\$ 467,674.00
Baseball Loan #1 - Surcharge	July 2021		\$ 492,007.00
Baseball Loan #1 - Surcharge	July 2022		\$ 517,853.00
Baseball Loan #1 - Surcharge	July 2023		\$ 545,316.00
Baseball Loan #1 - Surcharge	July 2024		\$ 574,345.00
Baseball Loan #1 - Surcharge	July 2025		\$ 605,091.00
Baseball Loan #1 - Surcharge	July 2026		\$ 637,606.00
Baseball Loan #2 - Lease Revenue	July 2007		\$ 156,717.00
Baseball Loan #2 - Lease Revenue	July 2008		\$ 164,132.00
Baseball Loan #2 - Lease Revenue	July 2009		\$ 172,442.00
Baseball Loan #2 - Lease Revenue	July 2010		\$ 181,656.00
Baseball Loan #2 - Lease Revenue	July 2011		\$ 191,545.00
Baseball Loan #2 - Lease Revenue	July 2012		\$ 202,240.00
Baseball Loan #2 - Lease Revenue	July 2013		\$ 213,736.00
Baseball Loan #2 - Lease Revenue	July 2014		\$ 226,078.00
Baseball Loan #2 - Lease Revenue	July 2015		\$ 239,201.00
Baseball Loan #2 - Lease Revenue	July 2016		\$ 253,301.00
Baseball Loan #2 - Lease Revenue	July 2017		\$ 268,309.00
Baseball Loan #2 - Lease Revenue	July 2018		\$ 284,448.00
Baseball Loan #2 - Lease Revenue	July 2019		\$ 301,671.00

<u>Bond Issue name</u>	<u>D/S Month & Year</u>	<u>Cusip</u>	<u>Principal</u>
Baseball Loan #2 - Lease Revenue	July 2020		\$ 320,210.00
Baseball Loan #2 - Lease Revenue	July 2021		\$ 339,985.00
Baseball Loan #2 - Lease Revenue	July 2022		\$ 361,117.00
Baseball Loan #2 - Lease Revenue	July 2023		\$ 383,707.00
Baseball Loan #2 - Lease Revenue	July 2024		\$ 408,056.00
Baseball Loan #2 - Lease Revenue	July 2025		\$ 434,074.00
Baseball Loan #2 - Lease Revenue	July 2026		\$ 461,924.00
General Obligation General Purpose 1999C	July 2007	013518L60	\$2,000,000.00
General Obligation General Purpose 1999C	July 2008	013518L78	\$2,000,000.00
General Obligation General Purpose 1999C	July 2009	013518L86	\$2,000,000.00
General Obligation General Purpose 2001A	July 2007	013518N92	\$4,310,000.00
General Obligation General Purpose 2001A	July 2008	013518P25	\$4,310,000.00
General Obligation General Purpose 2001A	July 2009	013518P33	\$4,310,000.00
General Obligation General Purpose 2001A	July 2010	013518P41	\$4,110,000.00
General Obligation General Purpose 2002B	July 2007	013518R64	\$2,700,000.00
General Obligation General Purpose 2002B	July 2008	013518R72	\$2,700,000.00
General Obligation General Purpose 2002B	July 2009	013518R80	\$2,500,000.00
General Obligation General Purpose 2005 A	July 2007	013518U37	\$ 11,350.00
General Obligation General Purpose 2005 A	July 2008	013518U45	\$ 11,355.00
General Obligation General Purpose 2005 A	July 2009	013518U52	\$ 11,355.00
General Obligation General Purpose 2005 A	July 2010	013518U60	\$ 11,355.00
General Obligation General Purpose 2005 A	July 2011	013518U78	\$ 11,350.00
General Obligation General Purpose 2005 A	July 2012	013518U86	\$ 11,350.00
General Obligation General Purpose 2005 A	July 2013	013518U94	\$ 11,130.00
General Obligation General Purpose 2003B	July 2007	013518S89	\$7,330,000.00
General Obligation General Purpose 2003B	July 2008	013518S97	\$7,330,000.00
General Obligation General Purpose 2003B	July 2009	013518T21	\$7,335,000.00
General Obligation General Purpose 2003B	July 2010	013518T39	\$7,335,000.00
General Obligation General Purpose 2003B	July 2011	013518T47	\$7,335,000.00
General Obligation General Purpose 2003B	July 2012	013518T54	\$5,230,000.00
General Obligation Stadium 2001 C	July 2007	013818Q40	\$1,000,000.00
General Obligation Stadium 2001 C	July 2007	013818Q40	\$1,000,000.00
General Obligation Stadium 2001 C	July 2008	013818Q57	\$1,000,000.00
General Obligation Stadium 2001 C	July 2009	013518Q65	\$1,000,000.00
General Obligation Stadium 2001 C	July 2010	013518Q73	\$1,000,000.00
General Obligation Storm Sewer 1998B	July 2007	013518J48	\$3,000,000.00
General Obligation Storm Sewer 1999B	July 2007	013518K53	\$2,380,000.00
General Obligation Storm Sewer 1999B	July 2008	013518K61	\$2,380,000.00
General Obligation Storm Sewer 2000B	July 2007	013518M77	\$1,200,000.00
General Obligation Storm Sewer 2000B	July 2008	013518M85	\$1,200,000.00
General Obligation Storm Sewer 2000B	July 2009	013518M93	\$1,200,000.00

<u>Bond Issue name</u>	<u>D/S Month & Year</u>	<u>Cusip</u>	<u>Principal</u>
General Obligation Storm Sewer 2000B	July 2010	013518N27	\$1,200,000.00
General Obligation Storm Sewer 2001B	July 2010	013518P58	\$ 200,000.00
General Obligation Storm Sewer 2001B	July 2011	013518P66	\$4,310,000.00
General Obligation Storm Sewer 2002C	July 2009	013518R98	\$ 200,000.00
General Obligation Storm Sewer 2002C	July 2010	013518S22	\$2,700,000.00
General Obligation Storm Sewer 2002C	July 2011	013518S30	\$2,700,000.00
General Obligation Storm Sewer 2005 B	July 2013	013518V28	\$ 220,000.00
General Obligation Storm Sewer 2005 B	July 2014	013518V36	\$ 11,355.00
General Obligation Storm Sewer Bonds 2003C	July 2012	013518T62	\$2,105,000.00
General Obligation Storm Sewer Bonds 2003C	July 2013	013518T70	\$7,335,000.00
Golf Course Net Revenue/GRT Series 2001	July 2007	01354T AF3	\$ 250,000.00
Golf Course Net Revenue/GRT Series 2001	July 2008	01354T AG1	\$ 265,000.00
Golf Course Net Revenue/GRT Series 2001	July 2009	01354T AH9	\$ 285,000.00
Golf Course Net Revenue/GRT Series 2001	July 2010	01354T AJ5	\$ 300,000.00
Golf Course Net Revenue/GRT Series 2001	July 2011	01354T AK2	\$ 325,000.00
Gross Receipts Tax Improvement Bonds 2000 A	July 2007	01354PBK9	\$2,100,000.00
Gross Receipts Tax Improvement Bonds 2000 A	July 2008	01354PBK9	\$2,200,000.00
Gross Receipts Tax Improvement Bonds 2000 A	July 2009	01354PBK9	\$2,300,000.00
Gross Receipts Tax Improvement Bonds 2000 A	July 2010	01354PBK9	\$2,600,000.00
Gross Receipts Tax Improvement Bonds 2000 A	July 2011	01354PBK9	\$2,600,000.00
Gross Receipts Tax Improvement Bonds 2000 A	July 2012	01354PBK9	\$2,800,000.00
Gross Receipts Tax Improvement Bonds 2000 A	July 2013	01354PBK9	\$3,200,000.00
Gross Receipts Tax Improvement Bonds 2000 A	July 2014	01354PBK9	\$3,500,000.00
Gross Receipts Tax Improvement Bonds 2000 A	July 2015	01354PBK9	\$ -
Gross Receipts Tax Refunding 1996	July 2007	01354HEM0	\$ 445,000.00
Gross Receipts Tax Refunding 1996	July 2008	01354HEN8	\$ 505,000.00
Gross Receipts Tax Refunding 1996	July 2009	01354HEP3	\$ 600,000.00
Gross Receipts Tax Refunding 1996	July 2010	01354HEQ1	\$ 670,000.00
Gross Receipts Tax Refunding 1996	July 2011	01354HER9	\$ 775,000.00
Gross Receipts Tax Refunding 1999C	July 2014	01354PBB9	\$ 500,000.00
Gross Receipts Tax Refunding 1999C	July 2015	01354PBC7	\$2,625,000.00
Gross Receipts Tax Refunding 1999C	July 2016	01354PBD5	\$3,340,000.00
Gross Receipts Tax Refunding 1999C	July 2017	01354PBE3	\$3,520,000.00
Gross Receipts Tax Refunding 1999C	July 2018	01354PBF0	\$3,700,000.00
Gross Receipts Tax Refunding 1999C	July 2019	01354PBG8	\$3,945,000.00
Gross Receipts Tax Refunding 1999C	July 2020	01354BBH6	\$4,155,000.00
Gross Receipts Tax Refunding 1999C	July 2021	01354PBH6	\$4,290,000.00
Gross Receipts Tax Refunding 1999C	July 2022	01354PBH6	\$1,055,000.00
Gross Receipts Tax/Lodger Refunding 2004 A	July 2030	01354MDB4	\$2,300,000.00

<u>Bond Issue name</u>	<u>D/S Month & Year</u>	<u>Cusip</u>	<u>Principal</u>
Gross Receipts Tax/Lodger Refunding 2004 A	July 2031	01354MDB4	\$4,280,000.00
Gross Receipts Tax/Lodger Refunding 2004 A	July 2032	01354MDC2	\$4,575,000.00
Gross Receipts Tax/Lodger Refunding 2004 A	July 2033	01354MDC2	\$4,900,000.00
Gross Receipts Tax/Lodger Refunding 2004 A	July 2034	01354MDE8	\$2,800,000.00
Gross Receipts Tax/Lodger Refunding 2004 A	July 2035	01354MDE8	\$5,605,000.00
Gross Receipts Tax/Lodger Refunding 2004 A	July 2036	01354MDE8	\$1,130,000.00
Gross Receipts Tax/Lodger Refunding 2004 A	July 2037	01354MDE8	\$6,375,000.00
Gross Receipts Tax/Lodger Refunding 2004 B	July 2007	01354MDH1	\$ 225,000.00
Gross Receipts Tax/Lodger Refunding 2004 B	July 2008	01354MDJ7	\$ 230,000.00
Gross Receipts Tax/Lodger Refunding 2004 B	July 2009	01354MDK4	\$ 205,000.00
Gross Receipts Tax/Lodger Refunding 2004 B	July 2010	01354MDL2	\$ 205,000.00
Gross Receipts Tax/Lodger Refunding 2004 B	July 2011	01354MDM0	\$ 200,000.00
Gross Receipts Tax/Lodger Refunding 2004 B	July 2012	01354MDN8	\$ 225,000.00
Gross Receipts Tax/Lodger Refunding 2004 B	July 2013	01354MDP3	\$ 210,000.00
Gross Receipts Tax/Lodger Refunding 2004 B	July 2014	01354MDQ1	\$ 235,000.00
Gross Receipts Tax/Lodger Refunding 2004 B	July 2015	01354MDR9	\$ 245,000.00
Gross Receipts Tax/Lodger Refunding 2004 B	July 2016	01354MDR9	\$ 325,000.00
Gross Receipts Tax/Lodger Refunding 2004 B	July 2017	01354MDR9	\$ 350,000.00
Gross Receipts Tax/Lodger Refunding 2004 B	July 2018	01354MDR9	\$ 370,000.00
Gross Receipts Tax/Lodger Refunding 2004 B	July 2019	01354MDR9	\$ 405,000.00
Gross Receipts Tax/Lodger Refunding 2004 B	July 2020	01354MDR9	\$ 425,000.00
Gross Receipts Tax/Lodger Refunding 2004 B	July 2021	01354MDR9	\$ 450,000.00
Gross Receipts Tax/Lodger Refunding 2004 B	July 2022	01354MDR9	\$ 465,000.00
Gross Receipts Tax/Lodger Refunding 2004 B	July 2023	01354MDR9	\$ 545,000.00
Gross Receipts Tax/Lodger Refunding 2004 B	July 2024	01354MDR9	\$ 530,000.00
Gross Receipts Tax/Lodger Refunding 2004 B	July 2025	01354MDS7	\$ 630,000.00
Gross Receipts Tax/Lodger Refunding 2004 B	July 2026	01354MDS7	\$2,905,000.00
Gross Receipts Tax/Lodger Refunding 2004 B	July 2027	01354MDS7	\$3,155,000.00
Gross Receipts Tax/Lodger Refunding 2004 B	July 2028	01354MDS7	\$3,415,000.00
Gross Receipts Tax/Lodger Refunding 2004 B	July 2029	01354MDS7	\$3,695,000.00
Gross Receipts Tax/Lodger Refunding 2004 B	July 2030	01354MDS7	\$1,685,000.00
Gross Receipts Tax/Lodger Refunding 2004 B	July 2034	01354MDS7	\$2,435,000.00
Gross Receipts Tax/Lodger Refunding 2004 B	July 2036	01354MDS7	\$4,855,000.00
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 1995	July 2023	01354MBG5	\$1,300,000.00
Gross Receipts/Lodgers 1999B	July 2012	01354PBW3	\$ 100,000.00
Gross Receipts/Lodgers 1999B	July 2013	01354PBX1	\$ 160,000.00
Gross Receipts/Lodgers 1999B	July 2014	01354PBY9	\$ 230,000.00

<u>Bond Issue name</u>	<u>D/S Month & Year</u>	<u>Cusip</u>	<u>Principal</u>
Gross Receipts/Lodgers 1999B	July 2015	01354PBZ6	\$ 300,000.00
Gross Receipts/Lodgers 1999B	July 2016	01354PCA0	\$ 380,000.00
Gross Receipts/Lodgers 1999B	July 2017	01354PCB8	\$ 460,000.00
Gross Receipts/Lodgers 1999B	July 2018	01354PCC6	\$ 550,000.00
Gross Receipts/Lodgers 1999B	July 2019	01354PCD4	\$1,190,000.00
Gross Receipts/Lodgers 1999B	July 2020	01354PCE2	\$1,325,000.00
Gross Receipts/Lodgers 1999B	July 2021	01354PCF9	\$1,470,000.00
Gross Receipts/Lodgers 1999B	July 2022	01354PCF9	\$1,630,000.00
Gross Receipts/Lodgers 1999B	July 2023	01354PCF9	\$ 440,000.00
Gross Receipts/Lodgers 1999B	July 2024	01354PCF9	\$1,945,000.00
Gross Receipts/Lodgers 1999B	July 2025	01354PCF9	\$2,055,000.00
Hospitality Loan	July 2007		\$ 490,000.00
Hospitality Loan	July 2008		\$ 505,000.00
Hospitality Loan	July 2009		\$ 520,000.00
Hospitality Loan	July 2010		\$ 540,000.00
Hospitality Loan	July 2011		\$ 560,000.00
Hospitality Loan	July 2012		\$ 900,000.00
Hospitality Loan	July 2013		\$ 930,000.00
Hospitality Loan	July 2014		\$ 315,000.00
Joint Water and Sewer 1990 A	July 2007	013554KP4	\$3,412,568.55
Joint Water and Sewer 1990 A	July 2008	013554KQ2	\$3,179,472.40
Joint Water and Sewer 1995	July 2007	013554MW7	\$4,975,000.00
Joint Water and Sewer 1997	July 2007	013554NG1	\$2,170,000.00
Joint Water and Sewer 1997	July 2008	013554NH9	\$3,435,000.00
Joint Water and Sewer 1997	July 2009	013554NJ5	\$5,720,000.00
Joint Water and Sewer 1999A	July 2007	013554NT3	\$ 8,690,000.00
Joint Water and Sewer 1999A	July 2008	013554NU0	\$10,215,000.00
Joint Water and Sewer 1999A	July 2009	013554NV8	\$10,750,000.00
Joint Water and Sewer 1999A	July 2010	013554NW6	\$11,320,000.00
Joint Water and Sewer 1999A	July 2011	013554NX4	\$ 910,000.00
Joint Water and Sewer 2001	July 2007	013554PK0	\$2,970,000.00
Joint Water and Sewer 2001	July 2008	013554PL8	\$3,115,000.00
Joint Water and Sewer 2001	July 2009	013554PM6	\$3,275,000.00
Joint Water and Sewer 2001	July 2010	013554PN4	\$3,435,000.00
Joint Water and Sewer 2001	July 2011	013554PP9	\$3,610,000.00
Joint Water and Sewer 2001	July 2012	013554PQ7	\$3,790,000.00
Joint Water and Sewer 2001	July 2013	013554PR5	\$3,980,000.00
SAD 224 1999A	July 2007	01365UAH3	\$ 355,000.00
SAD 224 1999A	July 2008	01365UAJ9	\$ 355,000.00
SAD 224 1999A	July 2009	01365UAK6	\$ 760,000.00
SAD 224 1999B	July 2007	01365UAT7	\$ 90,000.00

<u>Bond Issue name</u>	<u>D/S Month & Year</u>	<u>Cusip</u>	<u>Principal</u>
SAD 224 1999B	July 2008	01365UAU4	\$ 90,000.00
SAD 224 1999B	July 2009	01365UAV2	\$ 185,000.00
SAD 224 1999C	July 2007	01365UBD1	\$ 35,000.00
SAD 224 1999C	July 2008	01365UBE9	\$ 35,000.00
SAD 224 1999C	July 2009	01365UBF6	\$ 45,000.00
SAD 225 2000 - Tax-Exempt Loan	July 2007		\$ 174,038.00
SAD 225 2000 - Tax-Exempt Loan	July 2008		\$ 174,038.00
SAD 225 2000 - Tax-Exempt Loan	July 2009		\$ 174,038.00
SAD 225 2000 - Tax-Exempt Loan	July 2010		\$ 174,038.00
SAD 226 2000 - Taxable Loan	July 2007		\$ 35,490.00
SAD 226 2000 - Taxable Loan	July 2008		\$ 35,490.00
SAD 226 2000 - Taxable Loan	July 2009		\$ 35,490.00
SAD 226 2000 - Taxable Loan	July 2010		\$ 35,490.00
SAD 226 2000 - Taxable Loan	July 2011		\$ 35,490.00
SAD 226 2000 -Tax-Exempt Loan	July 2007		\$ 520,577.00
SAD 226 2000 -Tax-Exempt Loan	July 2008		\$ 520,577.00
SAD 226 2000 -Tax-Exempt Loan	July 2009		\$ 520,577.00
SAD 226 2000 -Tax-Exempt Loan	July 2010		\$ 520,577.00
SAD 226 2000 -Tax-Exempt Loan	July 2011		\$1,677,413.00
SAD 227 2000 -Taxable Loan	July 2007		\$ 18,191.00
SAD 227 2000 -Taxable Loan	July 2008		\$ 18,191.00
SAD 227 2000 -Taxable Loan	July 2009		\$ 18,191.00
SAD 227 2000 -Taxable Loan	July 2010		\$ 18,191.00
SAD 227 2000 -Taxable Loan	July 2011		\$ 18,191.00
SAD 227 2000 -Taxable Loan	July 2012		\$ 18,191.00
SAD 227 2000 -Taxable Loan	July 2013		\$ 18,191.00
SAD 227 2000 -Taxable Loan	July 2014		\$ 58,626.00
SAD 227 2000 -Tax-Exempt Loan	July 2007		\$ 367,690.00
SAD 227 2000 -Tax-Exempt Loan	July 2008		\$ 367,690.00
SAD 227 2000 -Tax-Exempt Loan	July 2009		\$ 367,690.00
SAD 227 2000 -Tax-Exempt Loan	July 2010		\$ 367,690.00
SAD 227 2000 -Tax-Exempt Loan	July 2011		\$ 367,690.00
SAD 227 2000 -Tax-Exempt Loan	July 2012		\$ 367,690.00
SAD 227 2000 -Tax-Exempt Loan	July 2013		\$ 367,690.00
SAD 227 2000 -Tax-Exempt Loan	July 2014		\$1,184,778.00
Transit System Improvement Grant Rev Srs 2006	July 2008		\$ 943,377.99
Transit System Improvement Grant Rev Srs 2006	July 2009		\$ 983,897.55
Transit System Improvement Grant Rev Srs 2006	July 2010		\$1,026,157.49
Transit System Improvement Grant Rev Srs 2006	July 2011		\$1,070,232.56
Transit System Improvement Grant Rev Srs 2006	July 2012		\$1,116,200.72
Transit System Improvement Grant Rev Srs 2006	July 2013		\$1,164,143.28
Transit System Improvement Grant Rev Srs 2006	July 2014		\$ 134,603.29
Transit System Improvement Grant Rev Srs 2006	July 2015		\$1,266,294.48
Transit System Improvement Grant Rev Srs 2006	July 2016		\$1,320,683.88

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