

Albuquerque Bernalillo County Water Utility Authority, New Mexico

\$113,425,000 – Series 2023 Joint Utility Revenue Bonds (PPRF-6194)

October 17, 2023

STRICTLY PRIVATE AND CONFIDENTIAL



Capital
Markets

Transaction Summary

Series 2023	
Par:	\$113,425,000
Premium:	\$7,895,276
Total Proceeds:	\$121,320,276
Issue:	New Money
TIC:	4.302%
All-in-TIC	4.332%
Total Interest:	\$71,400,632
Total Debt Service:	\$184,825,632
Optional Redemption:	July 1, 2033
First Interest Payment:	January 1, 2024
Final Maturity	July 1, 2048
Sale Date:	October 17, 2023
Closing Date:	October 31, 2023

Transaction Participants	
Issuer	ABCWUA
Municipal Advisor	RBC Capital Markets
Bond Counsel	McCall, Parkhurst & Horton L.L.P.
Purchaser	New Mexico Finance Authority

Order Monitor at Closing



Series 2023 Overview

Sources of Funds

Series 2023	
Par Amount	\$ 113,425,000.00
Premium	7,895,276.25
	\$ 121,320,276.25

Uses of Funds

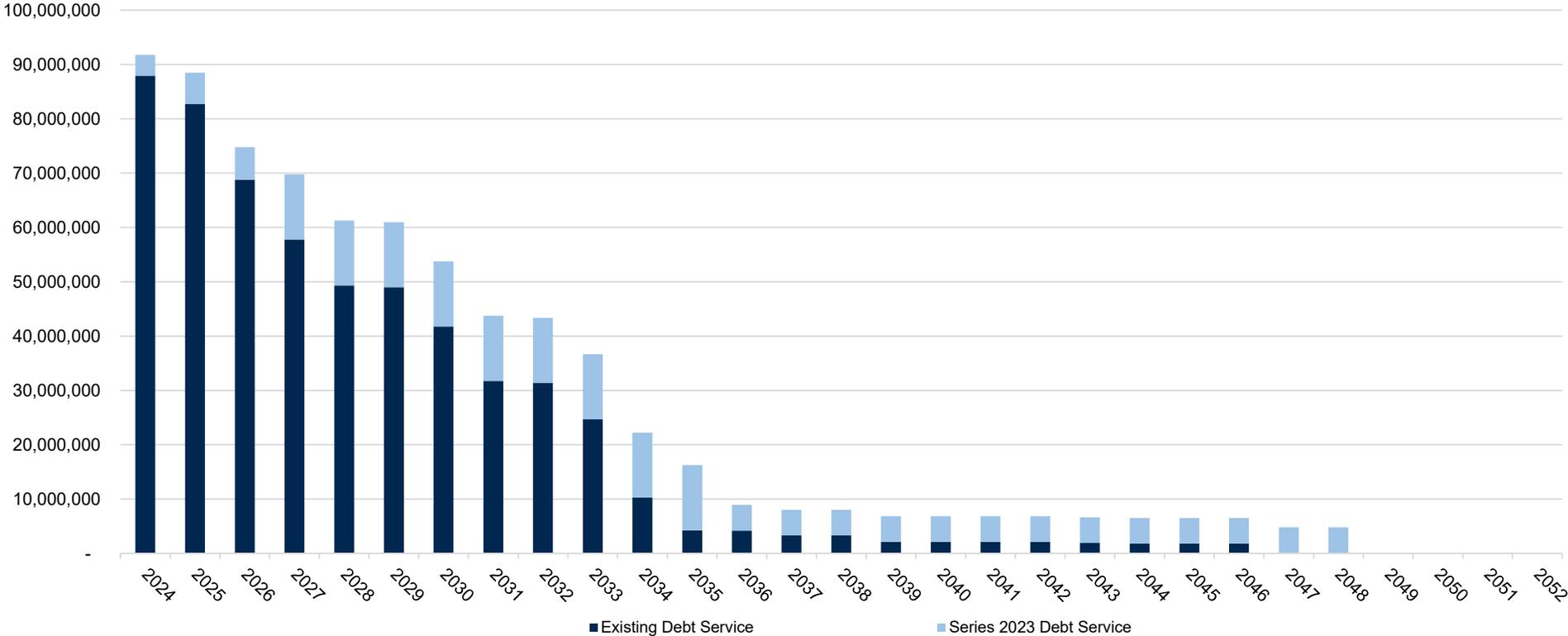
Series 2023	
Project Fund	\$ 121,000,000.00
Cost of Issuance	320,000.00
Deposit to Debt Service Fund	276.25
	\$ 121,320,276.25

Bond Statistics

Dated Date	10/31/23
Delivery Date	10/31/23
Last Maturity	7/1/48
Arbitrage Yield	4.056%
True Interest Cost (TIC)	4.302%
Net Interest Cost (NIC)	4.520%
All-in TIC	4.332%
Average Coupon	5.082%
Average Life (years)	12.39
Weighted Average Maturity (years)	12.31
Duration of Issue (years)	9.09
Total Interest	71,400,632
Total Debt Service	184,825,632
Maximum Annual Debt Service	11,985,300
Average Annual Debt Service	7,492,087

Period Ending	Principal	Coupon	Interest	Debt Service	Annual debt Service
01/01/2024			\$969,569.58	\$969,569.58	
07/01/2024			2,861,025.00	2,861,025.00	\$3,830,594.58
01/01/2025			2,861,025.00	2,861,025.00	
07/01/2025			2,861,025.00	2,861,025.00	5,722,050.00
01/01/2026			2,861,025.00	2,861,025.00	
07/01/2026	\$275,000	5.000%	2,861,025.00	3,136,025.00	5,997,050.00
01/01/2027			2,854,150.00	2,854,150.00	
07/01/2027	6,275,000	5.000%	2,854,150.00	9,129,150.00	11,983,300.00
01/01/2028			2,697,275.00	2,697,275.00	
07/01/2028	6,585,000	5.000%	2,697,275.00	9,282,275.00	11,979,550.00
01/01/2029			2,532,650.00	2,532,650.00	
07/01/2029	6,920,000	5.000%	2,532,650.00	9,452,650.00	11,985,300.00
01/01/2030			2,359,650.00	2,359,650.00	
07/01/2030	7,265,000	5.000%	2,359,650.00	9,624,650.00	11,984,300.00
01/01/2031			2,178,025.00	2,178,025.00	
07/01/2031	7,625,000	5.000%	2,178,025.00	9,803,025.00	11,981,050.00
01/01/2032			1,987,400.00	1,987,400.00	
07/01/2032	8,005,000	5.000%	1,987,400.00	9,992,400.00	11,979,800.00
01/01/2033			1,787,275.00	1,787,275.00	
07/01/2033	8,410,000	5.000%	1,787,275.00	10,197,275.00	11,984,550.00
01/01/2034			1,577,025.00	1,577,025.00	
07/01/2034	8,830,000	5.000%	1,577,025.00	10,407,025.00	11,984,050.00
01/01/2035			1,356,275.00	1,356,275.00	
07/01/2035	9,270,000	5.000%	1,356,275.00	10,626,275.00	11,982,550.00
01/01/2036			1,124,525.00	1,124,525.00	
07/01/2036	2,475,000	5.000%	1,124,525.00	3,599,525.00	4,724,050.00
01/01/2037			1,062,650.00	1,062,650.00	
07/01/2037	2,600,000	5.000%	1,062,650.00	3,662,650.00	4,725,300.00
01/01/2038			997,650.00	997,650.00	
07/01/2038	2,730,000	5.000%	997,650.00	3,727,650.00	4,725,300.00
01/01/2039			929,400.00	929,400.00	
07/01/2039	2,865,000	5.000%	929,400.00	3,794,400.00	4,723,800.00
01/01/2040			857,775.00	857,775.00	
07/01/2040	3,010,000	5.000%	857,775.00	3,867,775.00	4,725,550.00
01/01/2041			782,525.00	782,525.00	
07/01/2041	3,160,000	5.000%	782,525.00	3,942,525.00	4,725,050.00
01/01/2042			703,525.00	703,525.00	
07/01/2042	3,320,000	5.000%	703,525.00	4,023,525.00	4,727,050.00
01/01/2043			620,525.00	620,525.00	
07/01/2043	3,485,000	5.000%	620,525.00	4,105,525.00	4,726,050.00
01/01/2044			533,400.00	533,400.00	
07/01/2044	3,660,000	5.250%	533,400.00	4,193,400.00	4,726,800.00
01/01/2045			437,325.00	437,325.00	
07/01/2045	3,850,000	5.250%	437,325.00	4,287,325.00	4,724,650.00
01/01/2046			336,262.50	336,262.50	
07/01/2046	4,055,000	5.250%	336,262.50	4,391,262.50	4,727,525.00
01/01/2047			229,818.75	229,818.75	
07/01/2047	4,265,000	5.250%	229,818.75	4,494,818.75	4,724,637.50
01/01/2048			117,862.50	117,862.50	
07/01/2048	4,490,000	5.250%	117,862.50	4,607,862.50	4,725,725.00
	\$113,425,000		\$71,400,632.08	\$184,825,632.08	\$184,825,632.08

ABCWUA Debt Profile after 2023 Issuance



Market Update



Capital
Markets

Macroeconomic Commentary

Headline Risk Continues to Move Markets

- US stocks posted a mixed performance during a volatile week
 - The DJIA and S&P500 rose 0.8% and 0.5%, respectively, as the Nasdaq declined 0.2%
- Treasury trading was extremely volatile, as firmer-than-forecast inflation data and geopolitical tensions rattled the market
- CPI rose at an annualized pace of 3.7% in September, topping the consensus of 3.6%
 - Core CPI decelerated from 4.3% to 4.1% as expected
- September PPI rose at an annualized rate of 2.2%, and core PPI came in at 2.7%, both above expectations
- Treasury Secretary Yellen noted that higher rates may persist but insisted that the US economy is strong
- Several Fed officials have suggested the recent increase in rates and tightening of financial conditions may warrant a pause
 - Chair Powell is scheduled to address the Economic Club of New York on Thursday, leading a roster of 14 Fed speakers this week
- This week's highlights include retail sales, industrial production, housing starts/building permits, jobless claims, and Fed beige book

Bloomberg

Stocks Rise Amid Efforts to Stifle Israel Conflict

(Bloomberg: October 16, 2023)

- President Biden considers Israel trip in bid to contain war
- Wall Street strategists sound alarm on worsening profit views
- Stocks rose and bonds fell amid diplomatic efforts to prevent the Israel-Hamas war from expanding into a regional conflict
- Oil edged lower, following last week's rally

Stock Market Performance (S&P 500)

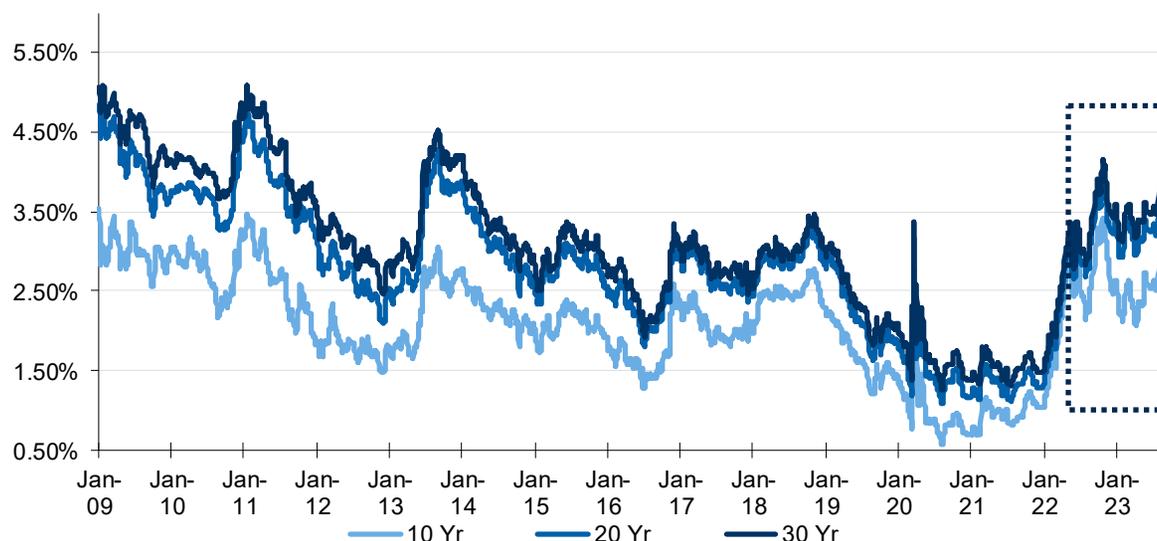


Source: Bloomberg, Refinitiv, and RBC Capital Markets as of October 13, 2023. For more sources, see disclaimer slide.

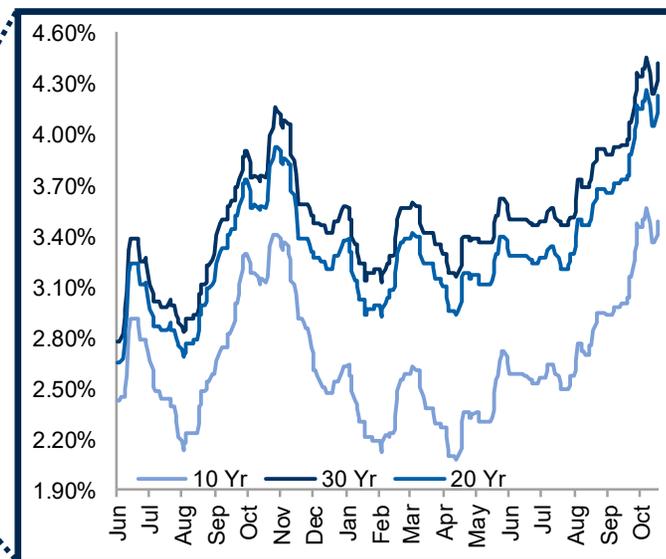
Current Municipal Market Conditions: “AAA” MMD

After closing at 4.24% the previous week, 30-year “AAA” MMD has increased eighteen basis points to 4.42%.

“AAA” MMD January 1, 2009 to Present



Shift in “AAA” MMD Since June 2022



January 1, 2009 to Present

	10 Year	20 Year	30 Year
Maximum	3.56%	4.89%	5.08%
Minimum	0.58%	1.08%	1.27%
Current	3.49%	4.23%	4.42%

Shift in 30-year “AAA” MMD

2016	2017	2018	2019	2020	2021	2022
0.27%	-0.51%	0.47%	-0.90%	-0.68%	0.09%	2.08%

May 1, 2022 to Present

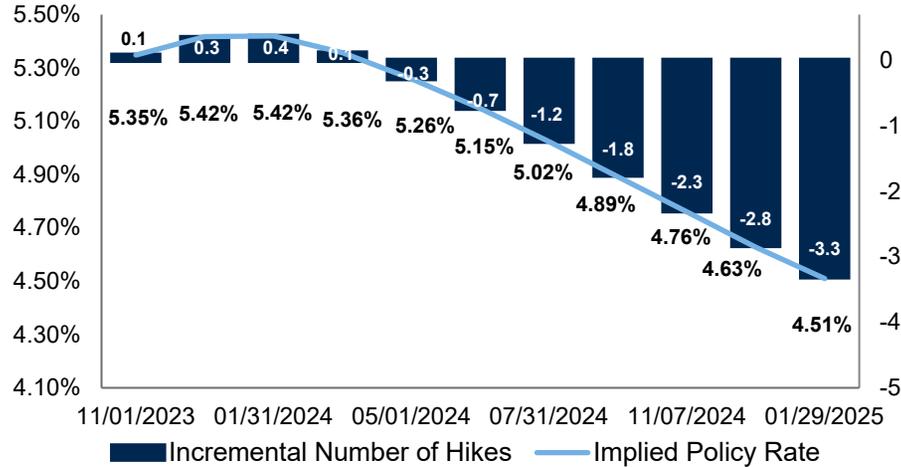
	10 Year	20 Year	30 Year
Maximum	3.56%	4.26%	4.45%
Minimum	2.08%	2.38%	2.51%
Average	2.67%	3.26%	3.45%

Source: Refinitiv
10, 20, and 30 year “AAA” MMD shown to represent different average lives of municipal transactions
Rates as of October 17, 2023.

Economic Overview Reflects Increased Volatility, Monetary Policy Focus and Geopolitical Tensions

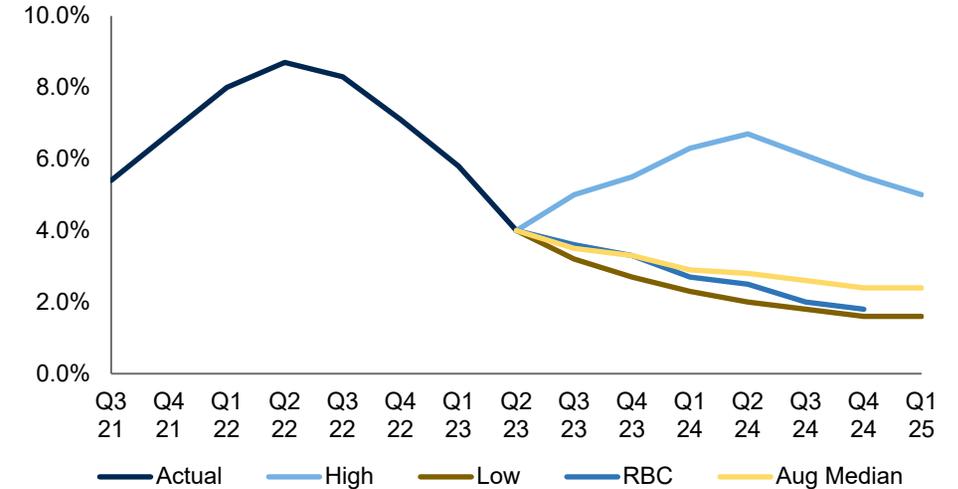
Persistent inflation and high interest rates may weigh on the pace of economic growth in coming quarters

Futures Market – Fed Funds Rate Hike Probability (Current Target Rate: 5.25% - 5.50%)



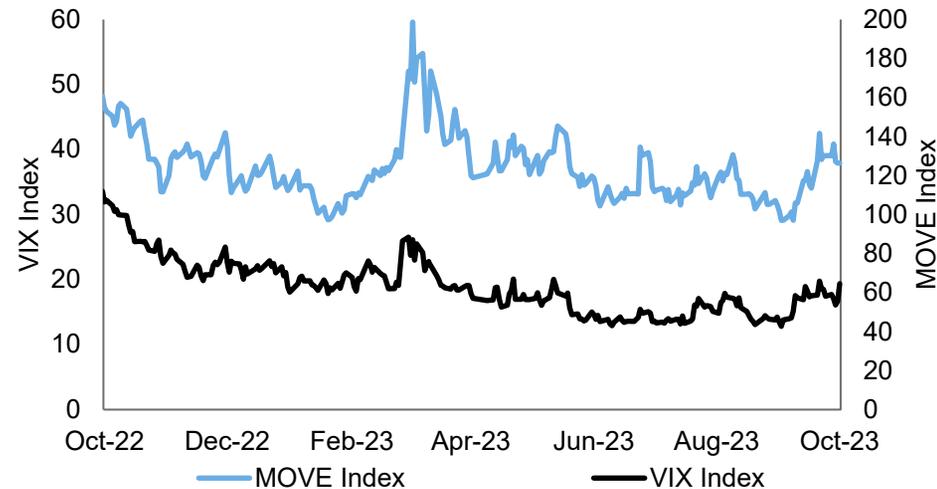
Source: Bloomberg, publicly traded securities as of market close October 13, 2023

Inflation Survey (Headline CPI – YOY%)



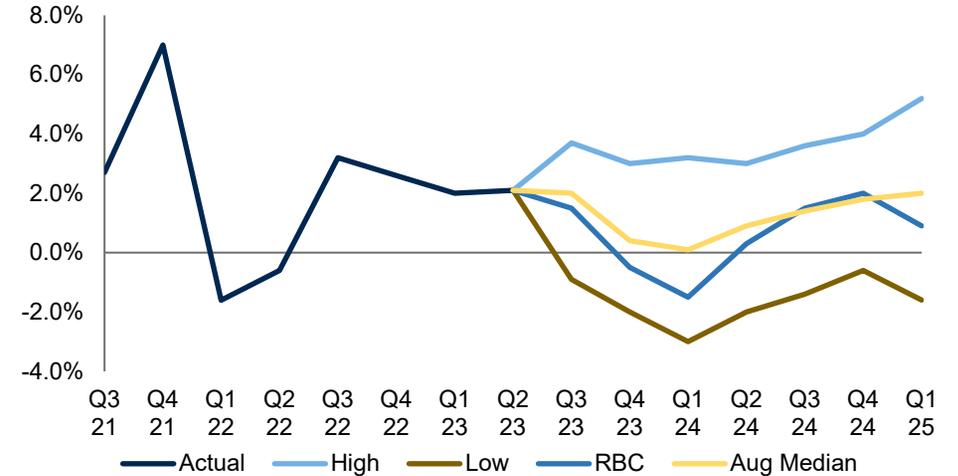
Source: Bloomberg, latest data for week ending October 13, 2023

Treasury & Equity Volatility Continues to be Elevated



Source: Bloomberg, latest data for week ending October 13, 2023

GDP Growth Rate Survey



Source: Bloomberg, latest data for week ending October 13, 2023

Interest Rate Forecasts – RBC Economics and Bloomberg Consensus

Anticipated market conditions through 2024

RBC Economics U.S. Interest Rate Forecast - October 2023

End of Quarter	Actual						Forecast					
	22Q1	22Q2	22Q3	22Q4	23Q1	23Q2	23Q3	23Q4	24Q1	24Q2	24Q3	24Q4
Fed funds	0.38	1.63	3.13	4.38	4.88	5.13	5.38	5.38	5.38	5.13	4.63	4.13
Three-month	0.52	1.72	3.33	4.42	4.85	5.43	5.55	5.30	5.23	4.93	4.43	3.93
Two-year	2.28	2.92	4.22	4.41	4.06	4.87	5.03	4.80	4.55	4.05	3.70	3.40
Five-year	2.42	3.01	4.06	3.99	3.6	4.13	4.60	4.40	4.20	3.85	3.65	3.50
10-year	2.32	2.98	3.83	3.88	3.48	3.81	4.59	4.50	4.40	4.20	4.05	3.95
30-year	2.44	3.14	3.79	3.97	3.67	3.85	4.73	4.70	4.65	4.55	4.50	4.45
Yield curve (10s-2s)	4	6	-39	-53	-58	-106	-44	-30	-15	15	35	55

Bloomberg's Consensus Economic Interest Rate Forecast

Tenor	Current	December 2024	Change
Fed Funds Upper Bound	5.50%	4.25%	-1.25%
3-Month SOFR	5.40%	4.26%	-1.14%
5-Year Treasury	4.65%	3.43%	-1.22%
10-Year Treasury	4.63%	3.59%	-1.04%
30-Year Treasury	4.78%	3.83%	-0.95%
10 to 30-yr Spread (bps)	15	24	9

Historical and Bloomberg's Projected Treasury Yields



Sources: Bloomberg and RBC Capital Markets as of October 13, 2023. <http://www.rbc.com/economics/>

Overview of Key US Municipal Market Themes

Market Commentary - Bonds

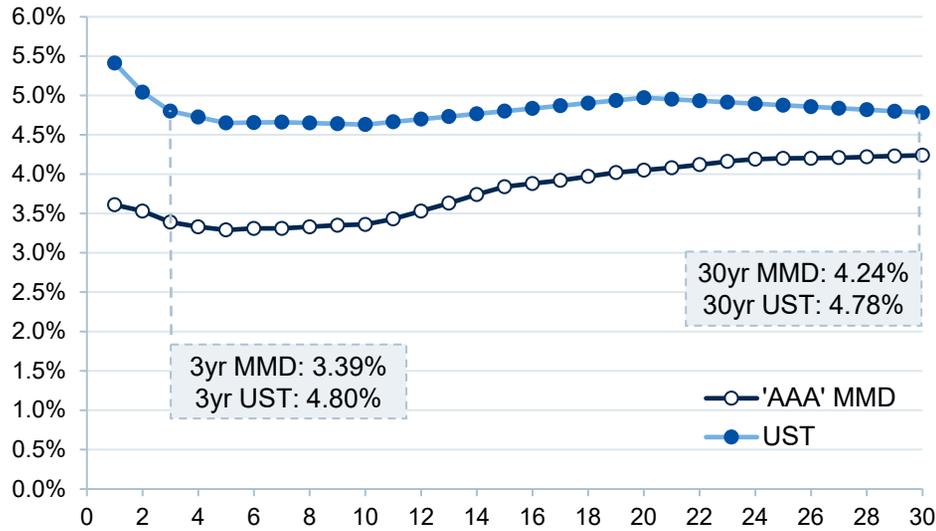
- Municipal issuance totaled \$5.4bn last week, with Wednesday's transactions benefitting from a sharp rally in rates
- This week's calendar is expected to total \$12.3bn, marking the second-heaviest week of issuance this year
- Municipal bond funds reported \$781mm of outflows last week, following outflows of \$1.27bn during the previous week
- US IG issuance totaled \$13.25bn last week, bringing YTD volume above \$1.0tn
 - This week's supply is forecast at \$25-30bn

Shift in "AAA" MMD Over the Last Year

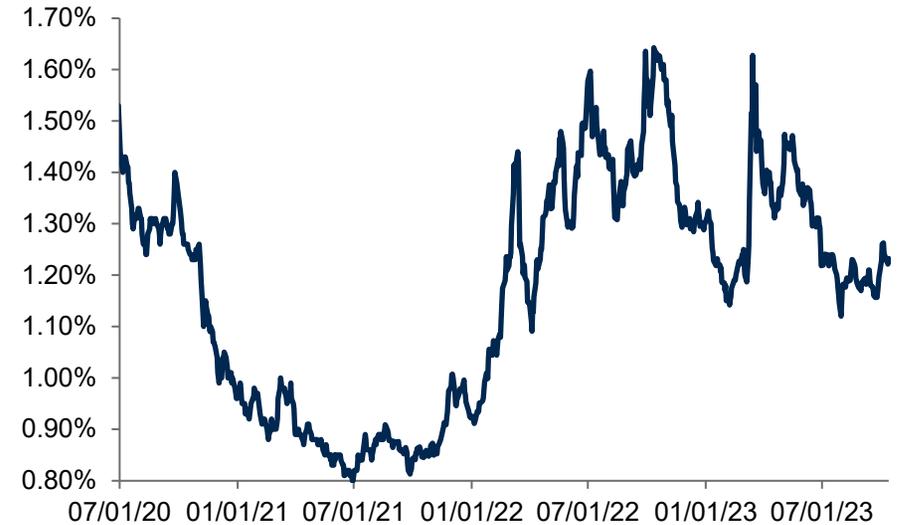


Current Taxable & Tax-Exempt Markets in Historical Context

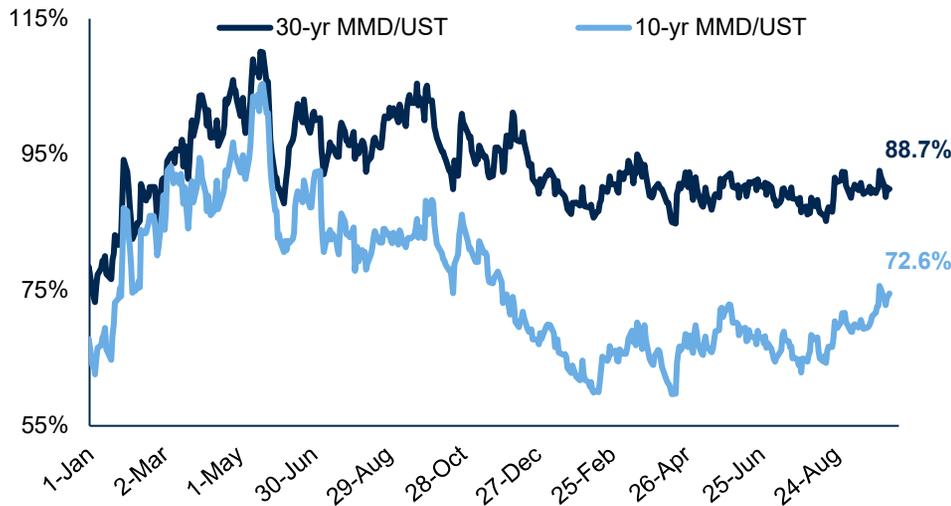
U.S. Treasury & 'AAA' MMD Yield Curves



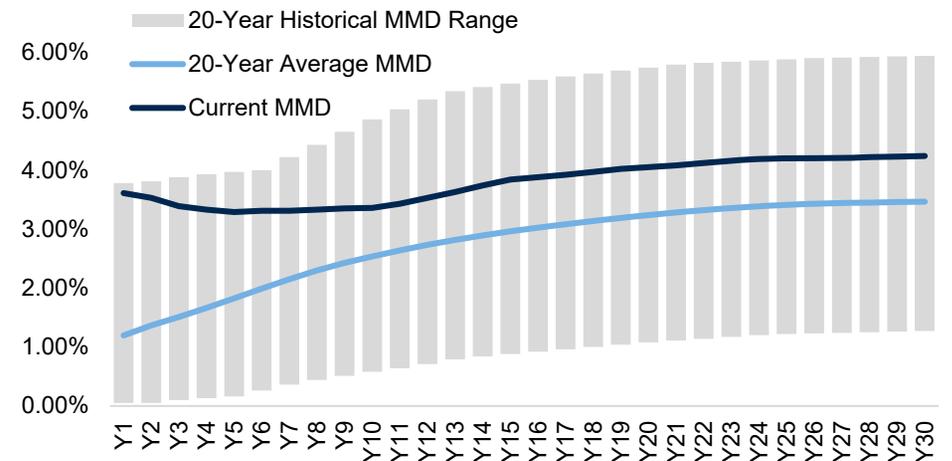
IG Corporate Bond Spreads (Proxy for Taxable Municipal Bonds)



10 & 30 Year MMD & UST Ratios



MMD Curves – 20-Year Historical Range

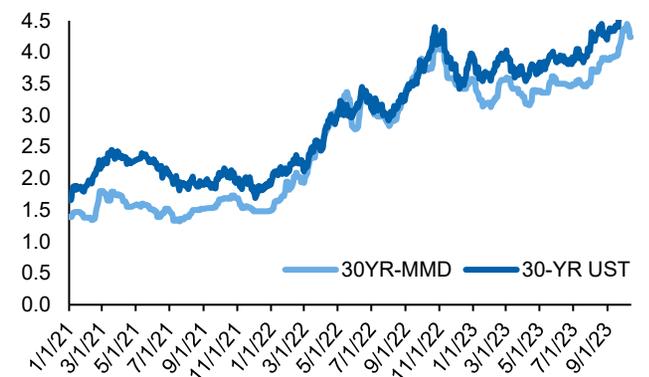
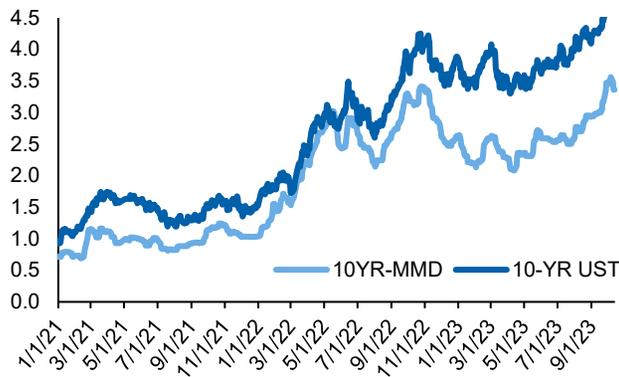
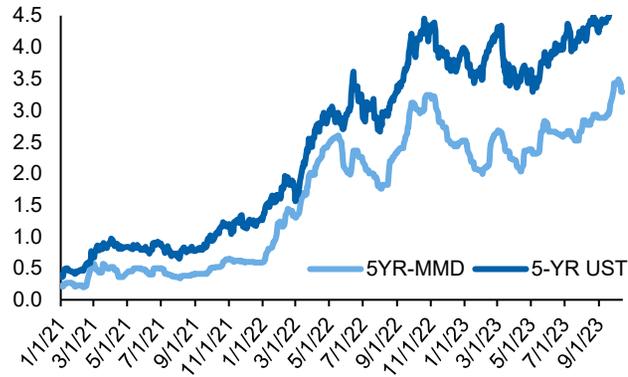


Source: Bloomberg as of October 13, 2023

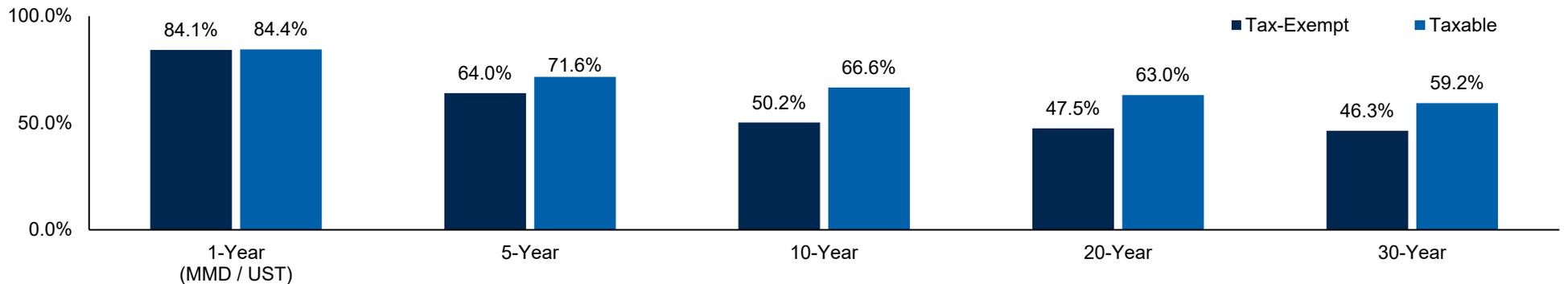
Tax-Exempt and Taxable Yields Moving Higher, Yields are Above Recent Historical Levels

Relative Performance of Municipals Versus Treasuries

MMD				UST				MMD / UST Ratio			
	01/03/2022	10/13/2023	Δ (bps)		01/03/2022	10/13/2023	Δ (bps)		01/03/2022	10/13/2023	Δ (%)
3yr MMD	0.36%	3.39%	303	3yr UST	1.04%	4.80%	376	3yr Ratio	35%	71%	36%
5yr MMD	0.60%	3.29%	269	5yr UST	1.37%	4.65%	328	5yr Ratio	44%	71%	27%
7yr MMD	0.87%	3.31%	244	7yr UST	1.55%	4.66%	311	7yr Ratio	56%	71%	15%
10yr MMD	1.04%	3.36%	232	10yr UST	1.63%	4.63%	300	10yr Ratio	64%	73%	9%
30yr MMD	1.50%	4.24%	274	30yr UST	2.01%	4.78%	277	30yr Ratio	75%	89%	14%



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

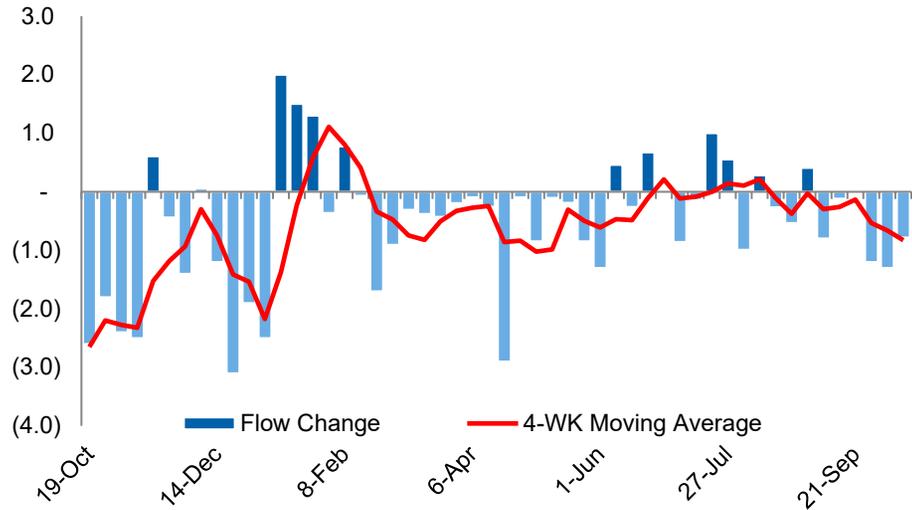


Sources: Bloomberg; Thomson Financial Municipal Market Monitor (TM3); RBC Capital Markets October 13, 2023

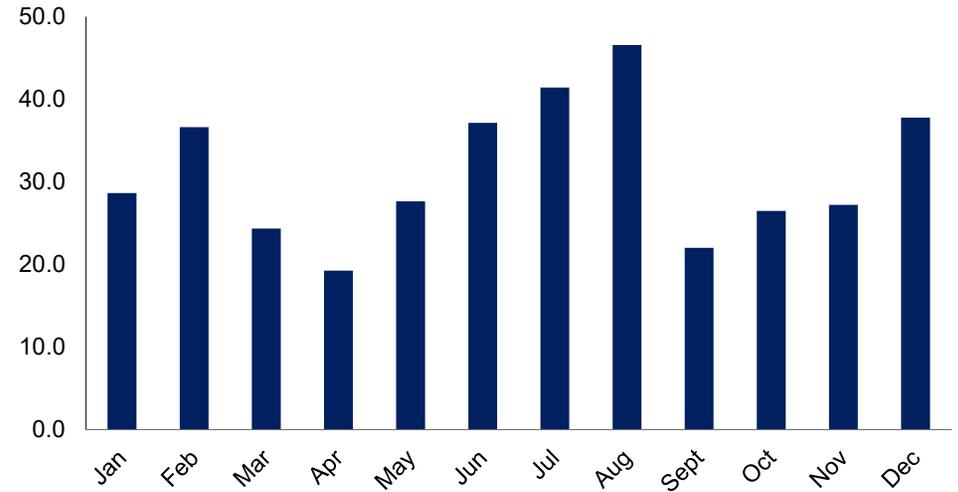
Municipal Market Themes – Bond Fund Flows and Supply Factors

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

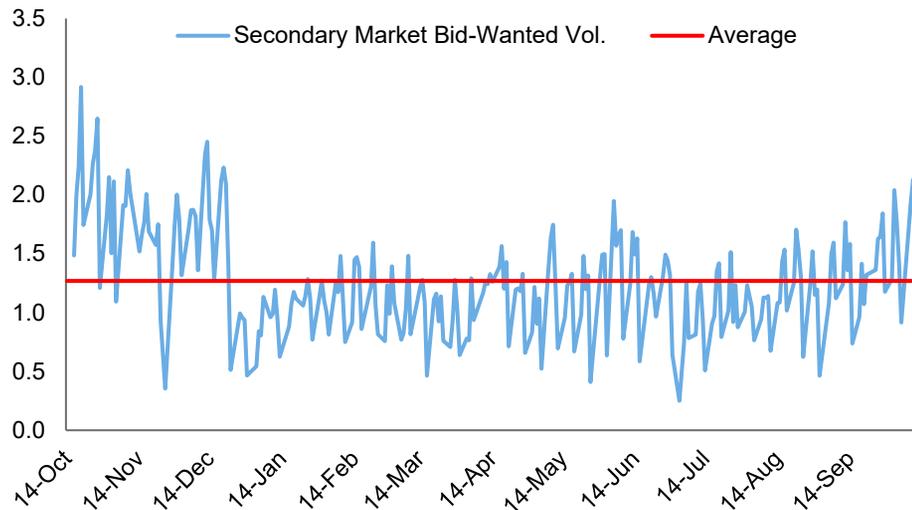
Weekly Municipal Bond Fund Flows (\$ billions)



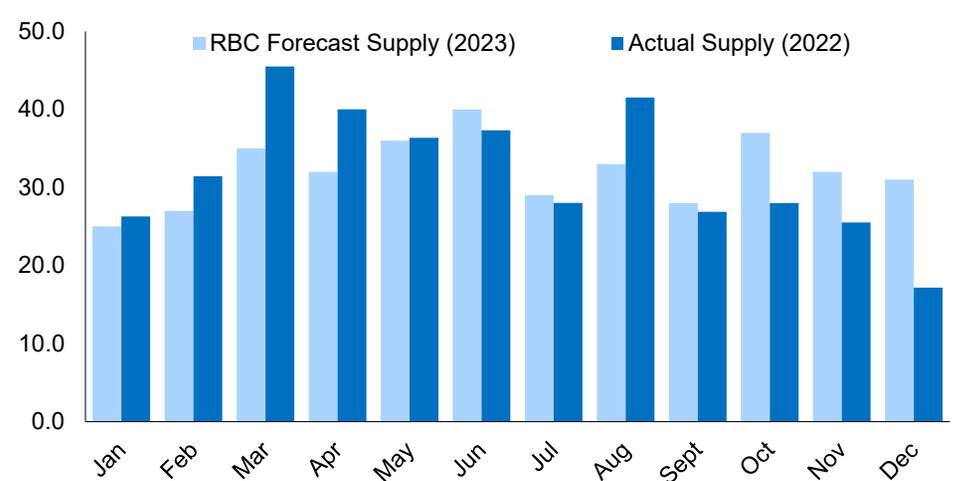
2023 Redemptions (\$ billions)



Municipal Bid-Wanted (\$ billions)



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



Source: Bloomberg as of October 13, 2023; Lipper for the week ended October 12, 2023

Disclaimer

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

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