



QUESTIONS & ANSWERS TO REQUEST FOR PROPOSALS

Municipal Advisor for Public Project Revolving Fund

DATE RFP ISSUED: May 15, 2025

DATE OF ANSWERS: May 29, 2025

Question 1: In looking through the Finance Authority’s postings on EMMA, we have a good understanding of the volume, size and number of transactions that have been issued historically. Is there anything else about the type (security), size or volume of transactions going forward that you think will be significantly different than what has occurred in the past?

Answer: The size and frequency of future PPRF bond issues is expected to be similar to the level of activity in recent years. The NMFA will determine whether to issue bonds on a senior or subordinate basis depending on various factors, including nature of the underlying borrowers, borrower structural requirements, and program debt service coverage targets. Additionally, the NMFA has established a third lien of the PPRF program that will be used primarily for borrowers that have not traditionally been part of the existing PPRF program (charter schools, special districts, etc.). The third lien was presented to Moody’s and S&P for preliminary rating indications last year and the NMFA is prepared to move forward with the first issue of third lien bonds as soon as a sufficient number of borrowers to that lien are identified. That is likely to occur in late 2025 or early 2026.

Question 2: Does the Finance Authority already have a pool of underwriters selected and if so, how long are those agreements in place? If not, we anticipate the need to assist in the preparation or prepare an underwriter RFP (with the Finance Authority’s involvement) and assisting in the evaluation of the responses. Please let us know if we have an accurate understanding of this element.

Answer: The NMFA is currently in the process of selecting underwriters for the July 1, 2025 – June 30, 2027 period. Proposals from underwriting firms were received on May 23, 2025. The municipal advisor selected as part of this process will not participate in that selection process. The NMFA selects underwriters for a two-year engagement, with specific senior and co-manager assignments on particular bond issues based on how the firms were scored during the review of the submitted proposals.

Question 3: How often does the Finance Authority go through an underwriting selection process?

Answer: Historically underwriter selection occurred annually. The NMFA now selects underwriters for a two-year engagement.

Question 4: In reading the RFP, we understand the Finance Authority has requested our fees be quoted based on hourly rates, in addition to a maximum amount per issuance based on various size parameters. Can you please advise us as to whether this is how you

have paid for municipal advisory services in the past and if not, what is driving the change in approach?

Answer: Historically the NMFA has compensated its municipal advisors based on a function of issue size. Given that NMFA staff perform many of the bond issue-related tasks that were traditionally handled by its municipal advisors, we believe that shifting municipal advisor compensation to an hourly-based fee is more consistent with how the NMFA currently operates.
